

STIMULATING THE DEMAND FOR GOOD GOVERNANCE

**EIGHT STRATEGIC RECOMMENDATIONS
FOR INTENSIFYING THE ROLE OF
THE WORLD BANK**

Vinay Bhargava
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The Partnership for Transparency Fund (PTF) is an international non-government organization. It mobilizes expertise (volunteer development practitioners) and resources to provide advice and small grants to civil society organizations to engage citizens in actions to remove corruption in the public sector. PTF strives to support innovative approaches, learn from its work and share the knowledge gained.

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CONTENTS

| | |
|--|-----|
| Acknowledgements | v |
| Foreword | vii |
| Abbreviations and Acronyms | ix |
| Executive Summary | xi |
| Chapter 1. Introduction | 1 |
| Chapter 2. Documenting the Impact of DFGG on Development Effectiveness | 5 |
| Chapter 3. Global Experience with DFGG | 11 |
| Chapter 4. World Bank Experience with DFGG | 15 |
| Chapter 5. Constraints on the World Bank’s Ability to Support DFGG | 25 |
| Chapter 6. A Roadmap for Enhancing the World Bank’s Engagement in DFGG | 33 |
| Annex 1. Findings from Interviews with Selected Donors | 37 |
| Annex 2. Donor Involvement in DFGG | 47 |
| Annex 3. Evidence of DFGG Impact | 63 |
| Annex 4. World Bank Experience in Promoting DFGG Reforms | 79 |
| Bibliography | 91 |

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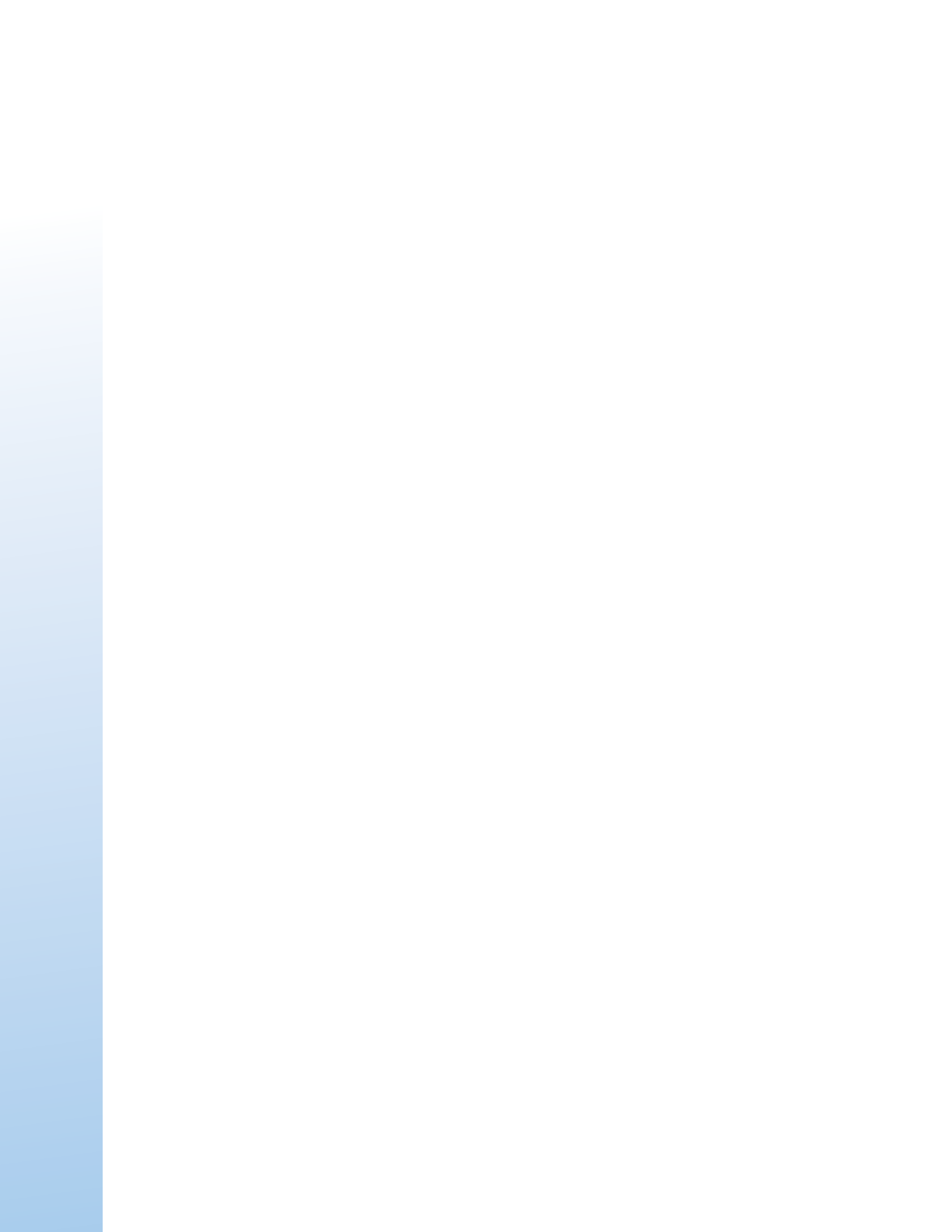
FOREWORD

This review was carried out by the Partnership for Transparency Fund (PTF), a non-governmental organization that has supported more than 150 demand for good governance (DFGG) projects over the past ten years, through small grants to civil society organizations (CSOs) around the world. The Report was funded by the World Bank Development Grant Facility sponsored initially by the Social Development Department and guided by the Public Sector Management Department (PRMPS) of the Poverty Reduction and Economic Management Vice Presidency. The funding is gratefully acknowledged but the views expressed in the report are strictly attributable to the PTF.

Based on DFGG activities carried out under difficult circumstances, PTF has learned that DFGG works best when there is at least some public access to information, a reasonable amount of media freedom, openness to the idea of citizen engagement to improve policies and programs, a notional acceptance of state's accountability to citizens, and the space for CSOs to operate independently. PTF experience also indicates that successful DFGG programs promote a collaborative—not confrontational—approach, rely on in-country reform champions, and are sustainable over the long term. These experiences, in common with those of other donors, suggest that DFGG works best when it is applied selectively and strategically.

The review identified 44 official aid agencies and foundations working on DFGG-related activities. While it is difficult to determine the precise level of funding, given the frequent lack of specific costing, it appears that the overall commitment by major donors may approach US\$1 billion a year for DFGG broadly defined. This amount includes major new programs such as the DfID £100 million Governance and Transparency Fund, the UN Democracy Fund (US\$23.7 million committed in 2008), the EU European Instrument for Democracy and Human Rights (€1.1 billion over 2007–2013), and significant funding by USAID, CIDA, SIDA, AusAID, and other bilateral agencies.

Supporting citizen engagement in the fight against corruption and improving government accountability and transparency is a relatively new undertaking for the World Bank. This Report is designed to provide guidance to the Bank for making DFGG an integral part of the Bank's development agenda to combat corruption and enhance the development effectiveness of the projects and programs it supports.



ABBREVIATIONS AND ACRONYMS

| | |
|----------------------|--|
| AAA | Analytical and Advisory Activities |
| AGI | Actionable Governance Indicators |
| ANSA | Affiliated Networks for Social Accountability |
| AusAID | Australia Agency for International Development |
| CAS | Country Assistance Strategy |
| CCZs | Established Community Centers |
| CDF | Constituency Development Fund |
| CESD | Center for Economic and Social Development |
| CIDA | Canada International Development Agency |
| CoST | Construction Sector Transparency Initiative |
| CPS | Country Partnership Strategy |
| CSO | Civil Society Organization |
| CSRC | Community Self Reliance Center |
| CV& A | Citizens' Voice and Accountability |
| DANIDA | Danish International Development Agency |
| DEC | Development Economics Group |
| DFGG | Demand for Good Governance |
| DfID | Department for International Development (UK) |
| DGTTF | UNDP's Democratic Governance Thematic Trust Fund |
| DPL | Development Policy Loan |
| DSG | Demand Side Governance |
| EIA | Environmental Impact Assessment |
| EIDHR | European Commission's European Instrument for Human Rights |
| EITI | Extractive Industries Transparency Initiative |
| EXT | External Affairs Department, World Bank |
| EXT (CommGAP) | Communication for Governance and Accountability |
| GAC | Governance and Anti-Corruption |
| GCF | Asia Development Bank's Government Cooperation Fund |
| GPF | Governance Partnership Facility |
| GTZ | The Deutsche Gesellschaft für Internationale Zusammenarbeit (german development agency) |
| HD | Human Development Department, World Bank |
| IDA | International Development Association |
| IDASA | Institute for Democracy in South Africa |
| IDS | Institute of Development Studies |
| IEG | Independent Evaluation Group |
| IMT | Interim Management Team |

| | |
|------------------|---|
| INVs | Investment Loans |
| ISN | Interim Strategy Notes |
| ISR | Implementation Status Report |
| JICA | Japan International Cooperation Agency |
| M & E | Monitoring and Evaluation |
| MDG | Millennium Development Goals |
| MeTA | Medicines Transparency Alliance |
| MUHURI | Muslims for Human Rights |
| NGO | Non-Governmental Organization |
| OECD/DAC | Organization for Economic Cooperation and Development |
| OPCS | Operational and Country Services, World Bank |
| ORAF | Operational Risk Analysis Framework |
| PETS | Public Expenditure Tracking Surveys |
| PTF | Partnership for Transparency Fund |
| PREM | Poverty Reduction and Economic Management Vice Presidency |
| PRIA | Participatory Research in Asia |
| PRMPS | Public Sector Governance Department |
| PSAM | Public Service Accountability Monitor |
| PWI | Procurement Watch Inc. |
| QAG | Quality Assurance Group |
| SDN | Sustainable Development Network |
| SDV | Social Development Department |
| SIDA | Sweden International Development Agency |
| SOFAZ | State Oil Fund of Azerbaijan |
| StAR | Stolen Assets Recovery Initiative |
| TI | Transparency International |
| UNDP | United Nations Development Program |
| UNIFEM | United Nations Development Fund for Women |
| UNODC | United Nations Office of Drugs and Crime |
| USAID | United States Agency for International Development |
| WBG | World Bank Group |
| WBI | World Bank Institute |

EXECUTIVE SUMMARY

This report examines the impact that citizen demand for good governance (DFGG) can have on development effectiveness. It analyzes World Bank and other donor experience with support for DFGG; constraints to intensifying support for DFGG within the World Bank; and possible ways to enhance the impact of DFGG on development outcomes.¹

What is Demand for Good Governance?

The importance of citizen engagement for good governance is widely recognized by development actors. Concepts such as accountability, transparency, participatory monitoring, voice, democratization, rule of law, access to information, social inclusion, women's empowerment, and civil society capacity development are routinely used to guide the design of programs in sectors ranging from infrastructure to environment to health to public sector reform. All of these terms reflect aspects of what the World Bank has broadly termed the demand side of governance, or, more precisely, the "demand for good governance."

There are a number of working definitions of DFGG in use at the Bank, depending on how the approach is operationalized and which indicators are monitored. Taking account of its range of operational meanings, we define DFGG broadly as:

Development interventions that enhance the ability and extent of citizens, civil society organizations, and other non-state actors to hold the state accountable and to make it responsive to their needs. In doing so, DFGG enhances the capacity of the state to become more transparent, participatory, and accountable in order to respond to these demands.

Examples of demand-side actions to help ensure good governance in development programs include participation in policy formulation, program design, and project implementation; the use of budget and expenditure information to monitor procurement; third-party oversight of processes and results public service delivery; and exposure of officials' abuses of public power for private gain.

Good governance also depends on supply-side actions; that is, actions governments can take to create effective and accountable public programs and services. Supply-side good governance efforts include financial management reforms; civil service, judiciary, and procurement reforms; campaign reforms; the passage of anti-corruption laws and right-to-information laws; and the establishment of monitoring agencies.

Over the past fifteen years, the largest share of donor funding for good governance has gone to governments, while DFGG efforts have largely depended on support from foundations and some bilateral agencies. This balance began to shift in the early part of the decade, as evidence mounted of the dismal failure of supply-side governance investments, while evidence of the effectiveness of community-based power became more compelling. The *World Development Report 2004: Making Services Work for Poor People*, argued that the "short route of accountability"

¹ This assessment is based on examination of more than 100 literature sources, websites of 44 donors and foundations, more than 40 interviews and surveys with academics, donor representatives, World Bank managers and civil society organizations, focus group discussions in the Bank and the experience of the Partnership for Transparency Fund in financing civil society organizations using DFGG approaches.

using citizens and communities as checks on power constituted a key, and underutilized, force for governance improvements. Also about that time, donor programs began to rely more on results-based financing, which depends on transparency and third party monitoring. In 2007, as part of the preparation for its Governance and Anti-Corruption (GAC) Strategy, the Bank held consultations in 47 countries that revealed widespread support for DFGG as an integral part of governance reforms. There was also consensus that the Bank should play a leading role in intensifying that effort.

Specific DFGG efforts have since been documented in the GAC Strategy Implementation Progress Report and a number of other studies, and the preponderance of evidence indicates that DFGG contributes to transparency, greater accountability, improved governance and—most critically—better development outcomes.

World Bank Experience with DFGG

The GAC Strategy, adopted in 2008, intensified the Bank's work on DFGG. Assessment of this work has been constrained by a lack of regular monitoring; however, stocktaking by the Regions and Networks, as well as the baseline Quality Assurance Group (QAG) study, provide a number of insights into how the DFGG effort has evolved since the GAC Strategy was adopted.

- DFGG elements were present in about 40 percent of the country assistance strategies (CASs) and investment projects approved by the Board in FY08, the year the strategy was adopted.
- Among the three types of GAC interventions at the project level—DFGG, fiduciary measures, and political economy analysis, those involving DFGG were utilized the least.
- A wide variety of demand-side measures have been used in lending operations, but have not been well targeted or customized to address GAC risks.
- Task teams and clients would benefit from guidance on how to exercise selectivity in customizing demand-side instruments to GAC risks.
- Anecdotally, many DFGG efforts are producing results such as increased citizen demand for good government; increased civil society influence on government and within society at large; greater capacity in financial and budget analysis among CSOs and government; and better government practices.
- More systematic studies are needed to measure DFGG's impact in quantitative terms.
- The CSOs undertaking DFGG work need more human and financial resources to continue and expand their efforts.
- DFGG initiatives are spreading and the demand for them is continually growing, but they continue to be constrained government mistrust and lack of cooperation, and by lack of access to information on government activities.

One of the guiding principles of the GAC Strategy is that the Bank will engage systematically with a broad range of government, business, and civil society stakeholders in supporting GAC reforms (Box 1). This principle is the basis for scaling up DFGG work in the Bank. However, this scaling up is being hampered by several factors. First, executive branch consent is still required for the Bank to directly support DFGG work by non-executive branch stakeholders, and such funding is not priority for most governments. Second, opportunities for such funding, where available, may not have been publicized. Third, many CSOs and accountability institutions believe that funding through the executive branch will undermine their independence. Fourth, innovative funding mechanisms to provide resources to GAC stakeholders outside of the executive branch, on terms suitable for DFGG activities, are not yet in place. And fifth, there is an inherent conflict of interest in a CSO accepting funds from a government agency or the World Bank and then engaging in independent monitoring of that same agency in a Bank-financed project.

Box 1**Guiding Principle No. 5 of the World Bank GAC Strategy:
Multi-stakeholder engagement**

“Engaging systematically with a broad range of government, business, and civil society stakeholders is key to GAC reform and development outcomes—so, consistent with its mandate, the WBG will scale up existing good practice to engage with multiple stakeholders in its operational work, including by strengthening transparency, participation and third-party monitoring of its own operations.”

In spite of these obstacles, evidence continues to mount that citizen engagement can be a powerful instrument for managing the risks of corruption. Phase 2 of the Governance and Anti-Corruption Strategy² provides an opportunity for the Bank to become more selective and strategic in its DFGG efforts, which will make those efforts more effective. Experience suggests that selectivity should be based on the following considerations:

- Enabling conditions for DFGG vary from country to country, sector to sector, and project to project; and expectations for scaling up and mainstreaming interventions should be tailored accordingly.
- The use of DFGG tools—citizen report cards, participatory expenditure tracking surveys (PETS), grievance mechanisms, social audits—should be based on a clear understanding of their purpose and methodology.
- The capacity of CSOs and implementing organizations to design, implement, monitor, and evaluate DFGG interventions should be realistically assessed, and the interventions planned accordingly.

Emerging Risks

There are several emerging risks that need to be managed as Bank support for DFGG is intensified:

RISK 1: DFGG BECOMES AN UNFUNDED MANDATE.

Much of the DFGG work to date has been funded through the Governance Partnership Facility or the special-purpose GAC funding arrangements. When these temporary funding mechanisms expire, permanent arrangements will need to be put in place to sustain this work. Otherwise, the use of DFGG approaches could become an unfunded mandate, which is likely to diminish the quality of DFGG work and lead to poorer development outcomes.

RISK 2: DFGG BECOMES SYNONYMOUS WITH CIVIL SOCIETY.

Some of the best-known DFGG work at the Bank and elsewhere has involved citizen-centered interventions such as citizen score cards and participatory budgeting. Yet strengthening the demand for good governance, and enhancing governments’ ability to satisfy that demand, entails working with a wide variety of stakeholders. DFGG approaches may involve the media, parliament, the judiciary, and other non-executive branch government agencies. Moreover, an important aspect of DFGG is putting in place mechanisms for the executive branch to respond to good governance demands. Focusing on civil society to the exclusion of the government, the media,

² Operational guidelines and funding and management arrangements for Phase 2 are expected in 2010-11 as part of the GAC strategy’s institutionalization.

and other non-state actors risks alienating them and undermining the success of the approach. Moreover, confining DFGG work to civil society is likely to make it less appealing to the many project managers who work primarily with the executive branch.

RISK 3: THE LACK OF A DFGG FOCAL POINT DISSIPATES TIME, ENERGY, AND FUNDING.

DFGG is, by its nature, a cross-cutting enterprise. Citizens demand transparency and accountability from government in all spheres—in schools, hospitals, road building projects, water projects—and DFGG tools are used at the Bank in all of these areas. While the DFGG team in SDV is perhaps the most visible, there are also important advocates of DFGG in PREM, DEC, WBI, OPCS, GAC in projects, the HD and Infrastructure Anchors, and EXT (CommGAP). While this diversity of implementers is encouraging, having so many different groups working in isolation risks a loss of momentum and—eventually—resources for DFGG approaches. The Bank’s matrix structure means that for this work to receive the attention it requires, it needs a dedicated or core unit—a champion—to develop the theoretical foundations for DFGG, lead the dissemination of best practices, advocate for resources, and serve as a knowledge center for DFGG practitioners around the Bank.

RISK 4: DFGG BECOMES A SAFEGUARD.

The idea of empowering citizens to demand improvements in governance and service delivery is compelling, to the point that some senior Bank managers have considered requiring the incorporation of social accountability elements, including DFGG, in every new project. While this study calls for intensifying DFGG at the Bank, it is important to note that DFGG is not always successful everywhere it is applied. As discussed in Chapter 5, PTF and other practitioners’ experience has shown that DFGG approaches are most effective when applied in countries with a minimum threshold of openness to civil society and a notional acceptance of accountability to citizens. While there is not enough evidence to say conclusively where DFGG can be most effective, it is evident that DFGG is not always the best tool in every context to achieve development results. Rather, citizen demand should be cultivated and used strategically according to the country context.

When its use is mandated for all projects, DFGG effectively becomes a safeguard, with a number of potentially negative outcomes. First, overuse threatens to “debase the currency” of DFGG; if it is applied indiscriminately, it can lead to negative results. Second, requiring the use of DFGG will likely lead some task leaders to see it as just another item on their checklist, and not take due care in putting DFGG techniques into practice. By contrast, when DFGG approaches are encouraged but not required, they are more likely to be implemented strategically by task managers who believe that they will yield positive results.

The Way Forward: Eight Strategic Recommendations for Intensifying DFGG

Development organizations have been supporting DFGG activities for many years, but none has taken a key role in promoting, or establishing the evidentiary basis for, what could become a key tool for enhancing development effectiveness. Many are looking to the World Bank, with its broad experience and convening power, to play a leadership role in both these areas. Although integrating DFGG into the Bank’s way of doing business will be tantamount to shifting to a new development paradigm—after decades of focusing almost exclusively on the executive branch—it is important to take advantage of the momentum created by the Governance and Anti-Corruption Strategy to move the DFGG agenda forward.

Given the already stretched staff capacity at the Bank and the labor-intensiveness of DFGG, the program must be planned carefully and realistically. To move the agenda forward, this report makes eight strategic recommendations, which can be put in place as part of the operational guidelines and funding and management arrangements for Phase 2 of the GAC Strategy. We also offer some suggestions on how to proceed—recognizing that, particularly in a budget-constrained environment, the way forward will ultimately depend on the art of the possible. Inevitably there will be tradeoffs between intensification goals and available resources. But the bottom line is that an unfunded mandate will not succeed.

RECOMMENDATION 1: FOCUS THE GAC STRATEGY PHASE 2 ON STRATEGICALLY AND SELECTIVELY SUPPORTING DFGG ACTIVITIES AT PROJECT AND COUNTRY LEVELS.

The evidence reviewed for this report suggests that DFGG is a powerful instrument to combat corruption, engage citizens to demand improved governance, and provide incentives for transparency and accountability, among other benefits. Accordingly, the primary recommendation flowing from this study is to support more DFGG work at the Bank, but strategically and selectively. A logical place to articulate and intensify this support is within the Phase 2 GAC Strategy document. That document could reiterate the corporate commitment to expanding multi-stakeholder engagement, and outline steps the Bank plans to take to scale up DFGG in its own work. To provide guidance to operational staff, the document should outline a clear definition of what types of activities “count” as DFGG at the country and project levels. Defining DFGG is also necessary to guide budgeting for, monitoring, and evaluating the use of DFGG. This should be followed up with explicit guidance to staff—as part of the guidelines to staff on GAC in CAS, GAC in projects and the ORAF—on integrating DFGG activities into overall GAC reforms and results frameworks at the project and country levels.

RECOMMENDATION 2: FUND DFGG IN NEW, INNOVATIVE WAYS.

The GAC Strategy’s promise to support DFGG institutions and programs at the country and project levels is being severely hampered by a lack of appropriate funding mechanisms. The Bank needs to find new ways to support and fund multi-stakeholder engagement, consistent with its Articles. While the Bank currently has limited ways to provide resources to stakeholders outside the executive branch, particularly at the country level, alternative funding mechanisms could be established to help build country-level DFGG accountability institutions. These new, innovative arrangements might take the form of a multi-donor trust fund, a set-aside within the next IDA replenishment, a partnership among regional development banks and the World Bank, or an independent grant-making facility. An essential aspect of these arrangements would be the funding mechanism’s independence from (i) the executive branch of government; and (ii) direct management by the World Bank and other donors whose programs might be monitored. Such independent funding arrangements will avoid the conflict of interest inherent in funding CSOs through projects to monitor the implementation of those same projects, as well as issues involved in the Bank directly managing DFGG country systems.

RECOMMENDATION 3: LEARN FROM THE EXPERIENCE OF OTHERS.

Although donors have been implementing key elements of the DFGG agenda for years, knowledge and learning about what works, and why, is still not widely shared. Most stakeholders would like the Bank to provide leadership in moving the agenda forward because of its particular strengths in generating or disseminating knowledge, and convening stakeholders from around the world. It is also in the Bank’s interest to leverage the accumulated experience and knowledge of outside experts in this area. There are a number of ways in which the Bank could do so. The

World Bank Institute's Affiliated Network for Social Accountability initiative could play a role and deserves sustained support. International conferences could be organized; communities of practice using Web 2.0 tools or the Global Development Learning Network could be set up; a global experts working group could be established to advise the Bank on DFGG; a small fund to pilot innovative DFGG approaches (similar to the work PTF does) could be established with the explicit aim of extracting useful lessons for the Bank's work; and outside experts could be available for consultation on an ad hoc basis as the need arises.

RECOMMENDATION 4: ANCHOR DFGG WORK WITHIN THE BANK, BY CREATING A FOCAL POINT AND ENSURE THAT THE MANDATE IS ADEQUATELY FUNDED.

We believe the DFGG agenda needs a home and an institutional champion, anchored in a specific part of the World Bank's matrix structure. Having a single group of people officially designated to serve as the Bank's authorities on DFGG will help the Bank to move beyond the pilot stages and onto the strategic use of DFGG approaches. We note that as of the end of 2010, the Bank is planning to propose sustainable management and budget arrangements for supporting the overall GAC reform agenda. We recommend that a focal point for the DFGG agenda be designated within that proposal. In addition, there is the critical need to ensure adequate funding for the mandate (as articulated in the GAC Phase 2 strategy) to expand DFGG. Experience so far is that the costs involved in fulfilling the DFGG mandate are not being explicitly budgeted and funded by either the client or the Bank. This is setting the stage for underachievement. We strongly recommend that in the next phase, the mandate and funding should be consistent.

RECOMMENDATION 5: MEASURE, EVALUATE, AND REPORT ON THE BANK'S DFGG WORK.

To intensify its engagement with DFGG, the Bank will need to track its current level of effort with greater precision, and monitor future work. Without a baseline, it will be difficult to determine how effective the intensification effort has been. A first step would be to develop a set of key performance indicators for tracking DFGG inputs, outputs, and outcomes in Bank-financed projects and CASs. Then an associated monitoring system could be put in place to track the progress of the interventions in CASs. What gets measured gets attention, so a DFGG monitoring and evaluation system will also indirectly help to accomplish many of the other recommendations of this study.

RECOMMENDATION 6: EXPLICITLY BUDGET FOR ESTIMATED COSTS OF DFGG INTERVENTIONS IN LENDING OPERATIONS.

The QAG Benchmarking Review found that DFGG measures in projects are seldom explicitly budgeted in the project cost table, and that only 40 percent of projects allocate funds from their supervision budget for GAC. We recommend that Bank staff be asked to budget explicitly for the costs of implementing DFGG approaches in any project where they are used. This will generate several benefits. Identifying and recognizing the costs of using DFGG strategies in the Bank's work will improve selectivity, client ownership, and results focus. Coupling the measurement of outputs and outcomes from DFGG with a sound approximation of its costs will help to determine which approaches add value and which do not.

RECOMMENDATION 7: BUILD THE BANK'S ANALYTICAL CAPACITY TO DO DFGG WORK BETTER.

There are already small cadres of professionals with DFGG experience dispersed throughout the Bank who use DFGG in different ways. To intensify its engagement in this relatively new area of business over the intermediate and long term, the Bank will need to train or hire additional staff with the appropriate skills for this work. Part of the challenge will be to recognize its staff members who are already skilled in DFGG and to make their expertise available to their peers, perhaps through a DFGG help desk. In addition, there is a growing knowledge base on DFGG that could be imparted through training courses, particularly as the Bank begins to learn more about which DFGG approaches are most effective and in what circumstances. We note that a GAC Knowledge and Learning platform has recently been launched; that the GAC Strategy Implementation Plan recognizes the need for skills and knowledge in GAC; and that many learning programs have already been initiated. We recommend that explicit provision be made for the DFGG practice area within these training programs. The GAC Phase 2 program would be well advised to estimate the incremental staffing cost for an intensified program, ideally through a FY11-13 business plan for DFGG learning and knowledge activities.

RECOMMENDATION 8: CHOOSE THE RIGHT CONTEXTS, TOOLS, AND PARTNERS TO INTENSIFY DFGG WORK.

The 2008 QAG Benchmarking Review noted that the Bank's use of DFGG tools suffers from a "lack of strategic selectivity" and "weak follow-up during implementation." Our review reinforces this finding. How should DFGG be applied strategically? First, DFGG approaches should be used only where enabling conditions exist or can be ensured during implementation. Political economy analysis tools will be particularly helpful in this regard. Second, it is important to select the right DFGG tool—public expenditure tracking survey, citizen report cards, grievance redress mechanisms, social audit—and use it for the purpose for which it was designed. When a DFGG tool is misused or overused, the likelihood of poor outcomes increases, and along with it the risk of client backlash and loss of support for DFGG approaches. Third, choose the right partners. The GAC Strategy appropriately calls for "engaging systematically with a broad range of government, business, and civil society stakeholders." Experience has shown that high-quality DFGG work should not be limited to NGOs, but should also involve groups such as parliamentary accountability institutions, the judiciary, business or professional associations, think tanks, and others.

THE WAY FORWARD.

The World Bank possesses many advantages that could allow it to step into the role of the global agenda-setter in DFGG in the coming years. Although a number of organizations have been using, developing or funding DFGG approaches for many years, none of these has taken a leadership role to drive the DFGG agenda forward at a global level. Many DFGG stakeholders have high expectations of Bank playing a leadership role in this potentially key area for enhancing development effectiveness. Intensifying the World Bank's engagement in the Demand for Good Governance will undoubtedly be a challenging task. Integrating DFGG into the Bank's way of doing business is tantamount to shifting to a new development paradigm after decades of focusing almost exclusively on the executive branch. It is important to take advantage of the existing momentum for DFGG work during the last three years and intensify this work. Many of this report's recommendations can be put in place as part of the operational guidelines and funding and management arrangements that are expected in 2010-11 as part of the Phase II of the GAC strategy's institutionalization.

CHAPTER 1

INTRODUCTION

Case Study 1

Mobilizing Against Corruption in Nicaragua

In Nicaragua, where more than 75 percent of the population lives on less than US\$2 a day, the national chapter of Transparency International (*Ética y Transparencia*) launched a television campaign in 2003 to highlight the fact that more than 200 public officials were being paid more than US\$40,000 a year, and that former presidents and vice presidents who went on to serve in other offices were collecting full pensions in addition to their salaries. (When the campaign was implemented, even the president was collecting his pension as a former vice president.) The television spots, stylishly produced and with a soundtrack donated by the award-winning pop musician Juan Luis Guerra, caused a public outcry. As a result, the Nicaraguan parliament passed a law eliminating the pension benefits of retired officials who hold another elected office, and reducing the salaries of the 236 highest-paid officials by 10 percent.

Two years later, in an effort to build on the success of its television campaign, *Ética y Transparencia* proposed the creation of a master's degree program in investigative journalism at Nicaragua's prestigious Polytechnic University, to train journalists to detect government corruption. However, *Ética y Transparencia* lacked the experience to design and implement an appropriate curriculum, the classes conflicted with the schedules of many journalists, and *Ética y Transparencia's* relationship with the university soured on a number of issues. Eventually, the master's program was downgraded to "specialization," and many of the students dropped out of the program. *Ética y Transparencia* ended its involvement in higher education.

These examples, from the same organization in the same country two years apart, demonstrate both the challenges and the potential impact of citizen organizations demanding greater transparency and accountability from their governments. Development institutions have been promoting citizen engagement in public affairs for a generation, using a variety of terms and activities, including:

- Civic Engagement
- Social Accountability
- Voice
- Democratic Policy Reform
- Electoral Systems and Processes
- Human Rights /Rule of Law/Peace and Security
- Access to Information
- Social Inclusion
- Women's Empowerment
- Civil Society Capacity Development

The common theme among these ideas and activities is that the effectiveness and integrity of government institutions and the delivery of public services can be enhanced through the participation of citizen groups and other non-governmental institutions. Citizens and civil society organizations (CSOs) can participate in decisions on the use of budget resources, insist on information to monitor the use of public funds, hold public servants accountable for results, and demand redress where appropriate. Citizens' participation in decision-making and their insistence on transparency and accountability has come to be referred to in the World Bank as the "demand for good governance" (DFGG).

The Bank's involvement in good governance has historically focused on the "supply side"—building government capacity in financial management, public procurement, supreme audit institutions. The Bank has also supported citizen participation through community-driven development programs. Direct involvement with citizen organizations has traditionally been limited by the Bank's Articles, which require lending only to governments (or with a government

guarantee), and prohibit support for political actors who might challenge the country's governance structure.

More recently, however, development practitioners have begun to use citizen participation in the design and implementation of development projects as a means to help ensure project sustainability and development effectiveness. At the same time, much of the development community now recognizes multi-stakeholder engagement as an important instrument in fighting corruption.

The World Bank's anti-corruption strategy, "Strengthening World Bank Group Engagement in Governance and Anticorruption" (the GAC Strategy),³ approved by its Board of Executive Directors in March 2007, explicitly acknowledges that citizens play an important role in ensuring good governance. As the strategy states, "strengthening accountability requires capacity in government and institutions outside central government, such as parliament, civil society, the media, and local communities, as well as an enabling environment in which these stakeholders can operate responsibly and effectively."

The Bank has been engaging with civil society organizations, the media, parliaments, and communities for more than a decade, but only on a small scale. Making demand for good governance a central feature of the anti-corruption strategy is a new venture, and finding the right approaches and applying them strategically has not been easy.

In a 2008 review of the Bank's existing GAC efforts, the Bank's Quality Assurance Group (QAG) examined all 180 investment projects in the FY08 lending program. The review looked at three dimensions of GAC: (i) attention to governance and political economy in project design and management (supply side of governance); (ii) fiduciary controls (transparent budgeting, procurement, and auditing); and (iii) provision for citizens' participation (demand side of governance). It found that a significant number of projects paid attention to political economy concerns, and that even more incorporated fiduciary controls in financial management and procurement. A key finding, however, was that only about 40 percent of the projects in the portfolio had provided any adequate tools for citizens' participation (World Bank QAG 2009).

To address this lag in developing demand-side tools, and examine the potential of DFGG to reduce corruption and enhance development outcomes, the Bank's Social Development Department (SDV) commissioned this study of global and World Bank experience with DFGG. The aim of the study is to identify constraints to intensifying DFGG work in the Bank, and possible ways to move the agenda forward. Its four main objectives are to:

- Document the value-added of DFGG; how it improve development effectiveness;

- Describe global experience in promoting citizen participation and its impact on government transparency and accountability;
- Analyze the Bank's experience in promoting multi-stakeholder engagement in good governance, and the constraints that limit the Bank's involvement; and
- Suggest a strategy for mainstreaming DFGG at the Bank that is consistent with the Bank's Articles.

Defining the Demand for Good Governance

One of the first findings of the review was that there is no common understanding within the Bank or elsewhere of what constitutes "Demand for Good Governance," much less a single, settled definition for the term. The Demand for Good Governance Stocktaking Report (Chase and Anjum 2008), prepared by the Bank's Sustainable Development Department, noted this lack of a prevailing definition⁴:

It should be noted that there is no one way of defining DFGG. The concept of DFGG differs from person to person because the term is so closely linked to similar ideas, namely, social accountability, participatory, democratic governance, etc. (Chase and Anjum 2008).

In looking at a number of definitions, this review found that the term "demand for good governance" encompasses concepts as disparate as community-driven development, parliamentary reform, human rights advocacy, and gender-based monitoring and evaluation. Some parts of the Bank use the term "demand for good governance"; others use "demand side of governance." While such diversity may make the concept more inclusive, it also hampers the effort to define, discuss, monitor and evaluate DFGG objectively. As a pragmatic solution, this report has adapted the definition used in the Stocktaking Report (Chase and Anjum 2008), which itself was taken from a DFGG project in Cambodia. This definition makes clear that DFGG is not just about civil society engagement, but also about the relationship between citizens and government, since experience has shown that demand-side governance efforts are rarely successful if government is not a willing partner. In this report, therefore:

³ Available from <http://go.worldbank.org/6HHK3NDGL0>.

⁴ The term is not defined in the GAC Strategy paper or its subsequent progress reports. The Stocktaking Report notes the lack of definitional clarity, as does virtually every paper within the DFGG literature.

DFGG refers to development interventions that enhance the ability and extent of citizens, civil society organizations, and other non-state actors to hold the state accountable and to make it responsive to their needs. In doing so, DFGG enhances the capacity of the state to become transparent, participatory, and accountable in order to respond to these demands.

This definition captures the three main pillars of DFGG—transparency, participation, and accountability—while also emphasizing the duality of DFGG work. Not only are DFGG activities designed to strengthen citizens’ voice and skills to demand good governance, but they should also provide ways for governments to respond appropriately and effectively to citizens’ demands.

Structure of the Report

This introduction is followed by five chapters:

Chapter 2, Documenting the Value-added of DFGG, seeks to answer the questions, “Why support DFGG? How does it contribute to development effectiveness?” It is based on a comprehensive review of Bank literature and external studies on DFGG and related issues,⁵ as well as a survey of CSOs involved with DFGG, interviews with practitioners from the World Bank and other agencies, and the direct experiences of the Partnership for Transparency Fund.

Chapter 3, Global Experience with DFGG, reviews the experience of the broader development community in utilizing DFGG approaches. The chapter identifies those donors and foundations that are most engaged in the DFGG agenda, and reflects their views (based on interviews) of the Bank’s leadership in this area.

⁵ The literature encompassed recent studies on social accountability, voice and accountability, civic engagement, participation in governance, and the difficulties of measuring impact of these and other governance reform projects.

Chapter 4, World Bank Experience with DFGG, analyzes the Bank’s implementation experiences with DFGG at the project, country, and global levels. It draws on project documents and on keyword searches of the project database to identify DFGG-related activities carried out by the Bank between 2000 and 2009.

Chapter 5, Constraints on the World Bank’s Ability to Support DFGG, identifies the major factors, both internal and external to the Bank, that are slowing its adoption of DFGG strategies. The nature of these constraints begins to suggest a strategy for the Bank to intensify its support for DFGG in a manner consistent with its Articles.

Chapter 6, A Roadmap for Enhancing the World Bank’s Engagement in DFGG, identifies the major risks facing the DFGG agenda at the Bank in the coming years, and suggests concrete steps for intensifying the Bank’s engagement with DFGG in the most effective and practical manner.

A Final Word about Terminology

A principal conclusion of this report is that the Bank ought to intensify its efforts to promote DFGG. We have tried to avoid terms such as “mainstream” and “scaling up,” not only because they are jargon but also because they misrepresent the intent of this report. We believe DFGG needs to be used strategically and selectively in the right environments—and not in every operation—or its effectiveness will be lost.

We hope that this study will contribute to a clearer understanding of how the Bank can use DFGG as an effective development tool. Supporting DFGG efforts is at once risky, challenging, and rewarding. As the initial two examples in Nicaragua attest, not all DFGG projects lead to success. Yet, when used strategically and skillfully, DFGG approaches have a great potential to improve development outcomes, by empowering citizens and encouraging governments to do better.

CHAPTER **2****DOCUMENTING THE VALUE-ADDED OF DFGG****Case Study 2****The Philippines Textbook Count Program**

In 2002, a Filipino NGO called Government Watch (G-Watch) began a small pilot Textbook Count program in conjunction with the Department of Education. The program's modest objective was to confirm that textbooks purchased by the government actually arrived at the designated schools. G-Watch found that 40 percent of the textbooks were lost in transit.

The following year, with a Partnership for Transparency Fund (PTF) grant of about US\$25,000, G-Watch and the Department of Education initiated Textbook Count 2. The NGO coordinated a network of CSOs to track 37 million textbooks, valued at 1.5 billion pesos (US\$30 million), to 5,500 delivery points. The tracking effort improved the delivery rate, but 21 percent of the textbooks were delivered only to district warehouses, and the more rural elementary schools lacked the means to retrieve them.

In 2004, Textbook Count 3 enlisted the help of two innovative new players: Coca-Cola and the Boy and Girl Scouts of the Philippines. Coca-Cola trucks were already traveling to remote rural districts on a regular basis, and the company agreed to transport the textbooks to rural schools at no charge. With the help of about 6,000 volunteers from elementary schools around the country, the Boy and Girl Scouts reported back to G-Watch and the Department of Education once the textbooks reached their destinations. The scouts also confirmed that the books were in good condition.

By 2007, the delivery rate had increased from 60 to 95 percent. An independent evaluation of Textbook Count 4 commissioned by PTF estimated that the savings from books that did not disappear in transit amounted to 151 million pesos (US\$3.6 million)—many times that amount of the PTF grant plus about \$43,000 in counterpart contributions combined.

DFGG projects such as this one have the potential not only to improve immediate governance outcomes, but also to encourage citizens, even young citizens, to take an interest in the proper functioning of government. The 10-year-old Girl Scout who volunteered to ensure that government-issued textbooks arrived at her school may run for provincial governor 30 years later. DFGG projects can also empower citizens to hold their elected representatives to account—shifting power from the government to the people.

Unfortunately, measuring the impact of most DFGG projects is not as straightforward as G-Watch's metrics for success (delivered textbooks and money saved). Whether one seeks to measure transparency (Blanton 2005), accountability (Andrews 2003), or participation (McDevitt 2008), there is a significant debate about the indicators and methodology that should be used to carry out an evaluation.

The measurement of related concepts such as governance (Mimicopoulos et al 2007) and corruption (Kalnins 2005) also presents significant challenges. The difficulties inherent in measuring these aspects of good governance are not the focus of this paper, but they help to explain why the successes of many DFGG projects have not been adequately documented and disseminated.

Taking these challenges into account, what evidence exists that DFGG programs and projects help to improve governance and, in the end, benefit the poor? To examine this question, we undertook four principal lines of inquiry: an extensive literature review, interviews with practitioners in the Bank and in a dozen other institutions, a survey of civil society organizations involved in DFGG, and an analysis of the experience of the Partnership for Transparency Fund over the past several years.

Literature Review

The literature review covered a wide range of project-specific evaluations, cross-country studies, journal articles, and books. Many of the small-scale studies and much of the anecdotal evidence supports the conclusion that DFGG approaches have important positive impacts (Annex 3 gives more than 70 examples). Nonetheless, there is a need for more extensive and rigorous impact assessments.

EVIDENCE FROM PROJECT EVALUATIONS

Much of the evidence for DFGG's impact derives from project monitoring and evaluation reports, and from targeted assessments of individual DFGG initiatives. Several of these small-scale assessments are summarized below.

- A World Bank Public Expenditure Tracking Survey (PETS) assessed the impact of a DFGG intervention in the Uganda primary education sector in the late 1990s. The study looked at the effects of a government newspaper campaign encouraging schools and parents to monitor local officials' handling of a large school-grant program. A PETS carried out before the campaign had revealed that schools were receiving only about 20 cents for every dollar the government spent on education. The PETS carried out after the newspaper campaign, in 2001, showed that more than 80 cents of every dollar was now reaching the intended beneficiaries (Reinikka and Svensson, 2003).
- In another study in Uganda, researchers conducted a randomized field experiment on the effects of citizen report cards on the uptake and quality of health services. The study found that as communities systematically monitored their local health facilities, they tended to use them more, and their health outcomes improved. One year into the report card project, average utilization was 16 percent higher in the target communities, the weight of infants was higher, and the number of deaths among children under five was markedly lower" (Björkman and Svensson 2007).
- An assessment of a Danish program in northwest Thailand also showed quantifiably positive results. The program, DANCED, aimed to reduce uncontrolled forest fires through the formation of participatory village watershed networks. Pre-project satellite images and land surveys showed that 20 percent of the land in the project area had been burned during 1998. There were laws against starting uncontrolled fires, but the government had been unable to enforce them, in part because it was difficult to identify who started the fires and in part because imprisoning or levying heavy fines

on members of rural communities created antagonism between the communities and forest officials. The village watershed networks discussed cooperative ways to reduce uncontrolled fires, monitor fire starters, and enforce existing laws. The project also funded small prizes for rural communities with the best fire management. As a result, only 2 percent of the land area was affected by fires in 1999 and 2000 (Hoare 2004).

ANECDOTAL EVIDENCE

A second source of evidence for the efficacy of DFGG interventions comes from the large number of practitioners around the world who have observed positive outcomes from citizens' good governance efforts. As a complement to the results of randomized field experiments, the sheer volume of these positive experiences is striking.

- In South Africa's East Cape Province, where audit disclaimers were attached to more than 90 percent of the budget in 2002, there have been important improvements in fiscal transparency and accountability due to the work of the Public Services Accountability Monitor (PSAM) and the Institute for Democracy in South Africa (IDASA). Publicity surrounding PSAM's documentation of widespread corruption and mismanagement of funds helped persuade the South African cabinet to appoint an interim management team (IMT) in 2003 to improve financial management in the province. As a result, audit disclaimers for the 2005 budget fell by almost half, to 54 percent (Ramkumar 2008, McNeil and Mumvuma 2006).
- In Brazil, hundreds of municipalities have implemented participatory budgeting, following the model of Porto Alegre, which pioneered this approach. The increased citizen interest and involvement in government have yielded substantial and tangible benefits. In Porto Alegre between 1989 and 1996, the number of households with access to water services rose from 80 to 98 percent; and the percentage of the population served by the municipal sewerage system increased from 46 to 85 percent. The number of children enrolled in public schools doubled. Moreover, owing at least partly to increased municipal transparency and citizen engagement in local government, tax revenues increased by nearly 50 percent; and property tax payments rose from about 5.8 percent to more than 18 percent (World Bank 2003, de Sousa Santos 1998, Cagatay 2000).
- The use of citizen report cards in Bangalore, India resulted in three agencies (Bangalore Telecom, the Electricity Board, and the Water and Sewerage Board) streamlining their bill collection systems; two large

public hospitals setting up help desks to assist patients, and training staff to be more responsive to patients' needs; and the Bangalore Development Authority establishing a forum of officials and NGO representatives to identify solutions to high-priority problems (Ramkumar 2008, Ravindra 2004, Paul 2002).

EVIDENCE FROM CROSS-COUNTRY STUDIES AND REVIEWS

In recent years, a number of broader cross-country studies and reviews of DFGG or similar programs have also been undertaken. Since the terms used in these studies—"voice and accountability," "social accountability," "civic engagement," "demand-side of governance"—may not completely correspond with the definition of DFGG used in this report, it is difficult to draw firm conclusions from these evaluations. Nevertheless, they yield some useful insights.⁶

- A recent review of the citizens' voice and accountability (CV&A) programs of seven OECD/DAC members found mixed results. The study, carried out by DFID, concluded that the interventions had some limited positive impacts in terms of raising citizen awareness, empowering certain marginalized groups, and changing the behavior of state officials, but that these impacts have been difficult to measure or scale up. The study noted the general consensus among donors that such approaches contribute to poverty reduction and sustainable development, but found no evidence in the sample that CV&A interventions contributed to poverty alleviation or achievement of the Millennium Development Goals. The report recommended that donors to give higher priority to monitoring and evaluation, and emphasized the importance of generating evidence about the effectiveness of donor activities in this area (Rocha Menocal and Sharma 2008).
- An innovative but controversial evaluation of USAID democracy and governance programs from 1990–2003 developed a statistically based counterfactual by modeling what the level of democracy in target countries *would have been* if USAID had not engaged in democracy-promoting foreign assistance. The largest part of USAID's democracy-promotion agenda focuses on DFGG through the provision of assistance to civil society groups. The study found that, in any given year, US\$10 million of USAID democracy and governance program funding produces about a five-fold increase in

the amount of democratic change over what the average country would otherwise be expected to achieve (Finkel, Pérez-Liñán, and Seligson 2007).

- The World Bank has published several stocktaking reports of DFGG and other social accountability experiences in different regions (Chase and Anjum 2008; Caddy, Peixoto, and McNeil 2007; McNeil and Mumvuma 2006; Arroyo and Sirker 2005). While these reports do not assess the programs' impacts, they do provide a useful catalog of DFGG-type interventions, and show the range and diversity of available tools.
- There have also been evaluations of specific types of DFGG budget interventions applied in more than one country. The International Budget Project, for example, analyzed the impacts of applied budget work and found "a wide array of instances where budget groups have achieved significant impact on budget accountability and policies (de Renzio and Krafchik 2009). The Institute of Development Studies (IDS) at Sussex University also assessed the impact of independent budget analysis in six countries, and concluded that, despite important obstacles and difficulties, non-governmental public action did increase the accountability of decision makers (Robinson and Friedman 2006). More recently, IDS published a study of how citizen action has brought about "significant policy change at the national level and helped to build responsive and accountable states" in nine countries (Chase and Anjum 2008; Caddy, Peixoto, and M. McNeil 2007; McNeil and Mumvuma 2006; Arroyo and Sirker 2005).

CONSTRAINTS TO MORE SYSTEMATIC IMPACT ASSESSMENTS OF DFGG

The literature review identified four main reasons for the lack of more systematic evaluation of DFGG impacts: (a) DFGG work is very recent; (b) it is often evaluated as part of other programs rather than as a separate activity; (c) there are few suitable indicators for measuring results; and (d) even where indicators exist, it is difficult to isolate the effect of specific interventions or to demonstrate causality.

Interviews with DFGG Practitioners

In addition to the literature review, the study owes many of its insights to DFGG experts from a number of donor organizations, including UNDP, UNIFEM, United Nations Democracy Fund, DANIDA, CIDA, Aga Khan Foundation;

⁶ There is significant debate about the validity the methods—case studies, statistical modeling, or other tool—used to evaluate some of these programs. For a good summary of this debate, and particularly the challenges of evaluating voice and accountability projects, see O'Neil, Foresti, and Hudson 2007.

and from agencies such as PRIA India, the Institute of Development Studies, and Harvard Business School. Interviews with these development practitioners contributed immeasurably to the study.

Many of these DFGG practitioners expressed the view that promoting the demand side of governance has become a critically important aspect of development effectiveness and a strong tool for combating corruption. They noted considerable success in individual projects and interventions, but also shared the sense that DFGG is not yet anchored in a systematic evaluation of its impact on government effectiveness, efficiency, accountability, or corruption. (The interview questions and informants' responses are summarized in Annex 1.)

Several common themes emerged from the interviews:

- **DFGG-type activities require more extensive, systematic, and broad-based investment.** DFGG is a long-term and deep agenda, involving changes in attitudes, values, behaviors, and incentives. It is not well-suited to a traditional project-based, investment approach, since it requires a long-term perspective, persistence, and sustained follow-through.
- **Knowledge and learning about what works and why are still not widely shared.** There are few mechanisms available for practitioners and organizations to exchange information, share experiences, and collaborate on activities. Different organizations bring different advantages to DFGG, from the access and convening power of the multilateral organizations; to the longstanding experience of bilateral donors in citizen engagement; to the independence of foundations and grassroots involvement of NGOs and CSOs. Collaboration and knowledge sharing would enrich and strengthen the work of all these groups.
- **CSOs represent the front line of the DFGG agenda, and their independence and flexibility need to be maintained.** Governments are strong and CSOs and NGOs are generally weak. Donors must be sensitive while supporting these organizations, so as not to undermine their flexibility and independence. At the same time, donors must remain their working relationship with government agencies.
- **The lack of political will is the principle obstacle to DFGG.** Government is not always open to citizen involvement in governance processes. Relations between states and civil society actors vary enormously, but mutual distrust is a common scenario—and an important obstacle to DFGG. To bring governments on board, it is essential to demonstrate not only that DFGG has concrete benefits for citizens, but also that it can

serve the government's interest, by helping to reduce leakage and improve the efficiency of services. .

- **To be effective, DFGG approaches must focus on both the supply side and the demand side of good governance.** It is particularly important to work not just with civil society on the one hand and government on the other, but to focus on the *interface* between the two—creating spaces and mechanisms that link citizens and the state and help to make their interactions as constructive, effective, and equitable as possible. Some sources suggested that the World Bank may be particularly well placed to support “the supply side of demand-side approaches”—by helping governments to become more transparent, more open and responsive to civil society inputs, and more accountable for their policies and actions.
- **Parliaments and autonomous constitutional bodies play a critical role in DFGG efforts.** Both elected bodies (national parliaments, state legislatures, local government councils) and autonomous constitutional bodies (human rights commissions, electoral commissions, ombudsmen) play an essential role in linking citizens to the state. Many donors emphasized the importance of working with and through such groups. Several sources identified parliaments (and parliamentary committees), in particular, as a critically important entry point for promoting DFGG.

Interviews with World Bank Senior Managers

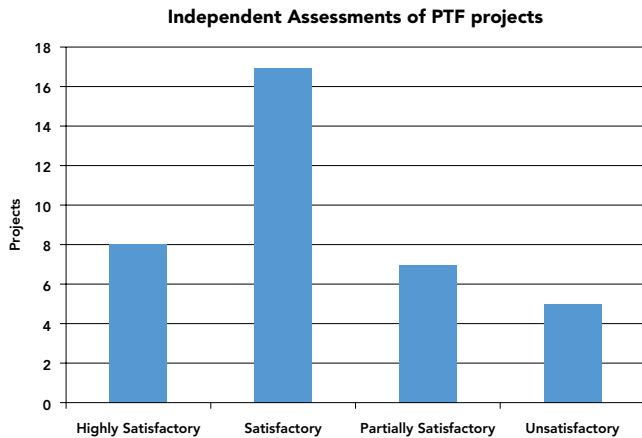
The DFGG approach has been supported and accelerated by the GAC agenda and funding from the Governance Partnership Facility (GPF). As a result, practitioners in the Bank are steadily accumulating more experience.

Some senior managers interviewed for this study are actively engaged in DFGG work; others are not. All agreed that DFGG is a tool with considerable potential, but many wondered how the DFGG approach can be used without violating the Bank's commitment to its principal partners: national governments. Some representative comments:

I strongly believe in the [DFGG] approach, but it is based on a thin layer of analysis for the most part. —Country Director, East Asia and Pacific

Social and financial audits (or the threat of audits) are the only way to curb corruption. If there is no accountability, there will be no change. Social audits by communities add a critical “horizontal” dimension to the typical “vertical” accountability mechanisms. —Sector Director, Anchor

Figure 1. PTF Assessments of Its Grant-Funded Projects



Sources: Assessments by independent experts.

In LAC, CSOs are moving from passive to protagonists. More transparency has not led to greater citizen respect and appreciation for government, but it has reduced the ease of corruption. —Sector Director, LAC

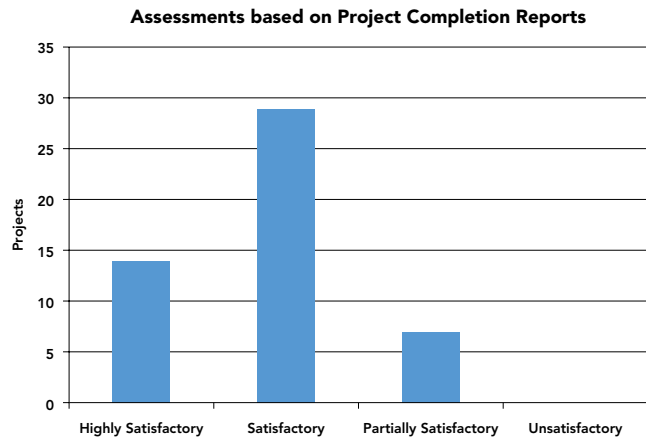
DFGG... is being recognized as an important contributor to effective development. There is a business logic to DFGG. It can represent an entirely new way for the Bank to approach development. —PREM Manager

A Civil Society Perspective

The CSOs surveyed for this study (31 organizations doing DFGG work in 16 countries) have all received grants from the Partnership for Transparency Fund to carry out projects in the areas of procurement monitoring, service delivery, citizen advocacy campaigns, freedom of information, or media campaigns. The principal findings were:

- DFGG is effective. More than 80 percent of the respondents (self-) reported that their projects had been successfully completed and had measurable impact;
- A major challenge for CSOs is the hostility of public authorities—finding a mechanism for constructive engagement is essential;
- Most DFGG efforts lack sustainable funding; for CSOs to continue their work, they need a reliable source of funding that is independent of government.

Figure 2. Grant Recipient Self-Assessments of PTF-Funded Projects



Sources: Beneficiaries' Project Completion Reports.

Independent Evaluations of DFGG Projects Funded by PTF

Over the past decade, the Partnership for Transparency Fund has supported more than 150 projects in 45 countries. Every project is evaluated by the beneficiary organization once it is completed, and PTF also assesses about half of these projects based on best practice criteria. In addition, PTF's work has been independently evaluated by two of its principal funders, UNDP and the World Bank. A third evaluation, funded by DFID, is about to begin.

Both the self-assessments and PTF's own evaluations of its grant-funded projects show that most have been executed satisfactorily. The PTF's independent assessments of projects (Figure 1) generally agree with the end-of-project reports by the beneficiaries (Figure 2). While these findings cannot be directly compared, as they do not cover the same set of projects, they do suggest a certain consistency of results.

PTF's own assessments concluded that more than 70 percent of the projects were successful, and that only 5 of the 37 projects reviewed failed to achieve their objectives.

On a broader level, both of the donor-funded assessments of PTF-funded DFGG projects commended the approach and the results of PTF's efforts to stimulate citizen engagement. The Executive Summary to the World Bank-funded evaluation begins:

The evaluation finds, like the earlier one, that PTF is a highly valuable and effective mechanism for support of small-scale civil society efforts to fight corruption and promote greater transparency and accountability in government. ... Through the use of unusually small grants, it has helped civil society

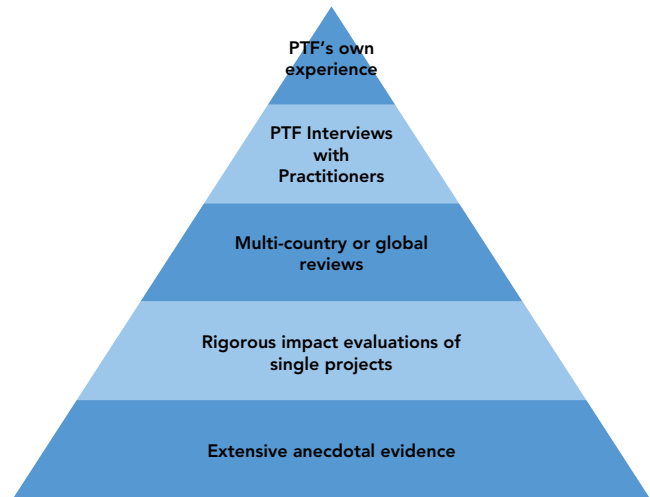
organizations to innovate and do projects that they may not have been able to do before, and thereby enhances their experience, their visibility, and their voice. *Some 25 of the 29 projects examined for this review achieved all or most of their objectives, which amounts to a success rate of 86 percent [emphasis added].*

The PTF funds micro-projects primarily at the local level, and requires that its beneficiaries find partners in the public sector that wish to collaborate in improving governance and efficiency. Whether these experiences can be replicated on a broader scale remains a question to be examined. But experience suggests that DFGG does make a difference and does have an impact where it is applied.

DFGG and Development Effectiveness

In summary, the preponderance of evidence suggests that DFGG approaches have led to improvements in citizen participation and greater transparency and accountability in government. While there is no single, methodologically

Figure 3. The Preponderance of Evidence Supports DFGG's Effectiveness as a Development Tool



rigorous worldwide study that conclusively proves the effectiveness of DFGG approaches, it is clear that DFGG has considerable potential for improving development outcomes and fighting corruption.

CHAPTER **3**

GLOBAL EXPERIENCE WITH DFGG

Case Study 3**Monitoring the State Oil Fund of Azerbaijan**

In 2008, the Partnership for Transparency Fund invested US\$20,000 in a project to monitor expenditures of the State Oil Fund of Azerbaijan (SOFAZ), in particular its social investment program to help the poor. SOFAZ had received clean audit opinions from Ernst & Young or Deloitte every year since 2002, and Azerbaijan was one of the first countries to sign on to the Extractive Industries Transparency Initiative (EITI), eventually achieving “Compliant” status. Yet the investigation, carried out by Azerbaijan’s Center for Economic and Social Development (CESD), led to the discovery of US\$50 million in stolen oil revenues and its return to the treasury.

CESD, an independent research and policy institute based in Baku, found numerous instances of corruption or apparent corruption—wildly inflated construction prices, shoddy workmanship and materials, shell companies created specifically to avoid paying the valued-added tax, and no-bid contracts awarded to a construction firm owned by the brother of a high-ranking SOFAZ official. CESD’s report and the ensuing scandal prompted Azerbaijan’s parliament to conduct its own investigation and audit, and to demand return of the US\$50 million. Perhaps more important than the recovery of the money, CESD’s work sparked a public debate about ways to enhance the accountability of the state oil fund, which handles several billion dollars in oil revenues each year. CESD and other CSOs pressured the parliament to enact a law requiring SOFAZ to publish its audited financial statements and to make its budget information public. The CSOs also won representation on the board that selects SOFAZ’s external auditor. By ending the presumption of secrecy in the management of state oil revenues, CESD has helped to make the use or misuse of state oil funds a part of the public conversation—a topic for TV talk shows and newspaper editorials.

CESD’s work depends on a large number of outside donors in addition to PTF. The organization’s website lists 21 different funders, including multilateral institutions such as the World Bank and the Asian Development Bank, bilateral donors such as USAID and JICA, and a number of private foundations, such as the Eurasia Foundation and the Open Society Institute.

Indeed, the international development community, especially bilateral donors and foundations, have been supporting citizen empowerment and engagement for a generation, even though the term “demand for good governance” has not traditionally been used to describe such activities.

Chapter 3 analyzes global experience in promoting citizen engagement in the demand for good governance. It is based on interviews with selected bilateral and international aid agencies and a review of the websites of a number of aid agencies, foundations, and development consulting firms. It also analyzes PTF’s experience as one of the first international non-profit organizations to focus specifically on accountability and transparency to combat corruption.

The Contours of Global Support for DFGG

A review of global trends in DFGG funding over the past five years shows that both major donors and smaller organizations support a wide range of DFGG programs (see Annex 2). The review categorizes the work of 44 official donor agencies (Table 1) and public and private foundations (Table 2) according to their foreign aid objectives and mission statements, types and description of programs, and funding allocations specifically for DFGG. Judging by the information provided on their websites, Category 1 organizations have a high involvement in programs and activities supporting DFGG; Category 2 organizations emphasize DFGG in foreign aid objectives and mission statements; and Category 3 organizations have comparatively less involvement in DFGG than other similar aid organizations.

In general, it appears that official aid organizations have focused primarily on the supply side of good

Table 1. Official Donor Involvement in DFGG

| Category 1. High Involvement | Category 2. Medium Involvement | Category 3. Limited Involvement |
|--|--|--|
| UN Development Program (UNDP) | UN Office of High Commissioner for Human Rights (OHCHR) | Norwegian Agency for Development Cooperation (NORAD) |
| UN Democracy Fund (UNDEF) | UN Office of Drugs and Crimes (UNODC) UN Capital Development Fund (UNCDF) | Netherlands International Development Agency (SNV) |
| UN Social and Cultural Organization (UNESCO) | UN Research for Social Development (UNRSD) | Belgian Technical Cooperation (BTC) |
| UN Development Fund for Women (UNIFEM) | Asian Development Bank (ADB) | Finland International Development Agency (FINIDA) |
| UN Department of Economic and Social Affairs (UNDESA) | Inter-American Development Bank (IADB) | |
| European Union (EU) Multilateral | Canadian International Development Agency (CIDA) | |
| Department for International Development (DFID), UK | Swedish International Development Agency (SIDA) | |
| United States Agencies for International Development (USAID) | Austrian Development Agency (ADA) | |
| Australian Aid Agency (AusAID) | Japan International Cooperation Agency (JICA) | |
| Danish International Development Agency (DANNIDA) | | |
| German Society for Technical Cooperation (GTZ) | | |

Table 2: Foundation Involvement in DFGG

| Category 1. High Involvement | Category 2. Medium Involvement | Category 3. Limited Involvement |
|---|--------------------------------|---------------------------------|
| Ford Foundation | MacArthur Foundation | IBM Corporate Citizenship |
| The Open Society Institute / Soros Foundation | Rockefeller Foundation | Kellogg Foundation |
| Mott Foundation | Agha Khan Foundation | Rotary Foundation |
| Rockefeller Brothers' Fund | Connect USA | Gates Foundation |
| Omidyar Network | Wallace Global Foundation | |
| Hewlett Foundation | Oak Foundation | |
| Inter-America Foundation | BBC World Trust Fund | |
| National Endowment for Democracy | | |
| Westminster Foundation for Democracy | | |
| Kettering Foundation | | |

governance—institutional reforms and improvements in the environment for good governance such as legislation, public sector reforms, development of public institutions of accountability. Private and public foundations, on the

other hand, have focused more on the demand side—human rights and citizen empowerment.

Given the breadth of these programs and the frequent lack of specific costing of individual projects and programs,

Table 3. Enabling Conditions for Successful PTF Projects

| DFGG programs add value when the following enabling conditions exist: | | | | |
|---|------------------------------------|-----------------------------------|---|--------------------------------------|
| Public access to information | Reasonable amount of media freedom | Space for civil society operation | Notional acceptance of accountability to citizens | Receptivity to citizen participation |

Table 4. Success Factors for DFGG Programs

| Successful DFGG programs rely on: | | | |
|--|---|----------------------------------|---|
| A collaborative not confrontational approach | Reform champions within the targeted public agencies or outside political support | Persistence and a long-term view | Aggregating a large number of small DFGG initiatives to build a critical mass |

and the fact that some agencies report multi-year project costs while others report annual expenditures, it is difficult to precisely estimate the volume of funding for DFGG. Nonetheless, the review suggests that the overall commitment of these organizations for DFGG, broadly defined, may approach \$1 billion a year. This includes major new programs such as DFID's Governance and Transparency Fund (£100 million), the UN Democracy Fund (US\$23.7 million committed in 2008), the EU's European Instrument for Democracy and Human Rights (€1.1 billion over 2007–2013), and significant funding by USAID, CIDA, SIDA, AusAID and other bilateral agencies. The multilateral banks have been involved in the supply side of public sector reform for years, but are only recently becoming more active on the demand side, where their financial support remains very modest.

The PTF Model for DFGG Funding and Key Lessons

In the 10 years since PTF was created, it has funded the piloting and use of a number of innovative tools to support citizen-driven DFGG. Such tools include integrity pacts, “mystery shopper” tests of public agencies, citizen report cards, corruption risk mapping, social audits, perception of transparency surveys and indexes, citizen charters, textbook delivery tracking, the use of SMS messaging to track misuse of government vehicles, and stolen asset recovery tools. Two major lessons have emerged from this experience. For DFGG efforts to be successful: (i) they need the right enabling conditions (Table 3); and (ii) they need to be built around several key components (Table 4).

CHAPTER **4**

WORLD BANK EXPERIENCE WITH DFGG

Case Study 4**Cambodia Demand for Good Governance Project**

The Cambodia Demand for Good Governance Project, funded by a US\$20 million IDA grant in December 2008, is using demand-side interventions to address governance weaknesses identified in the Country Assistance Strategy. The project supports a mix of state agencies and non-state actors selected on the basis of their track record with DFGG activities. State agencies include the national radio station, the national labor arbitration council, and a ministry that investigates corruption. The non-state actors, to be competitively selected and funded through a fast-track small-grant facility, are expected to include grassroots organizations, independent policy and research centers, independent media, professional associations, business associations, and trade unions.

In announcing the project's approval, the task team leader, Bhuvan Bhatnagar, said, "The DFGG project... recognizes that the Government alone cannot address the multiple dimensions of governance challenges—no matter how much it is supported by donors—unless there is a complementary effort involving citizens and a broader range of stakeholders."

This project, the only one like it in the World Bank, is scheduled to run through 2012. As noted in the project appraisal document, the project's direct support for non-state actors "is highly unusual for a Bank-financed project; hence it is admittedly untried, untested and risky." Yet the project team expects strong positive returns from bringing citizens' groups and government officials together to work toward positive governance outcomes.

How well is the Bank keeping pace with the growing trend among donors to support citizen-driven good governance efforts? The Cambodia DFGG project is perhaps the highest-profile example of the World Bank's emerging support for demand-side solutions to governance weaknesses. But are there a sufficient number of other projects with noteworthy DFGG interventions.

In keeping with the framework presented in the Bank's GAC Strategy, the Bank's efforts to implement DFGG take place on three different levels: the project level, country level, and global level. An examination of all of these areas gives a clearer picture of the Bank's achievements in DFGG.

DFGG at the Project Level

At the project level, DFGG means opening up the Bank's own governance processes to input (*ex ante*) and feedback (*ex post*) from project beneficiaries. The involvement of citizens in projects from start to finish is intended to enhance project design, supervision, and evaluation (World Bank 2009). To this end, the Bank's GAC Strategy in 2007

mandates the engagement of "multiple stakeholders in its operational work, including by strengthening transparency, participation, and third-party monitoring in its own operations." The GAC Strategy also directs the Bank Group to "strive to strengthen, rather than bypass, country systems," since "better national institutions are the more effective and long-term solution to governance and corruption challenges and to mitigating fiduciary risk." Moreover, using DFGG mechanisms in projects can help to pilot new approaches, which country authorities can later scale up to the sector level and beyond.

The Bank has already carried out several reviews of its progress in integrating DFGG strategies into its operational work:

- *Governance and Anti-corruption in Lending Operations: A Benchmarking and Learning Review by the Quality Assurance Group* (a Bank-wide review by QAG);
- *Demand-side Governance Instruments in HD Projects: An Analysis Based on a Review of HD Projects Approved in FY08* (a sector-wide review by the Human Development Network);

- *Mainstreaming Social Accountability/Demand For Good Governance (DFGG) Approaches in the World Bank’s Portfolio in Nepal: A Comparative Analysis of Current Experiences and Future Needs of Nine Selected Projects* (a country-wide review);
- *A Review of Demand for Good Governance Activities in Eleven World Bank Projects in Bangladesh* (a country-wide review);
- *Dealing with Governance and Corruption Risks in Project Lending: Emerging Good Practices* (a Bank-wide review by the OPCS Working Group for GAC in Projects); and
- *Coverage of Governance and Corruption (GAC) Issues in FY 2006–08 Country Assistance Strategies* (a Bank-wide review by PREM), carried out for the PREM Public Sector Governance Department (PRMPS) Vinay Bhargava (November 2008).

All of these reports reached similar conclusions about the Bank’s success using DFGG approaches at the project level.

BANK-WIDE REVIEW OF PROJECT-LEVEL DFGG

The QAG Benchmarking Review assessed the extent to which DFGG approaches were used in projects approved in

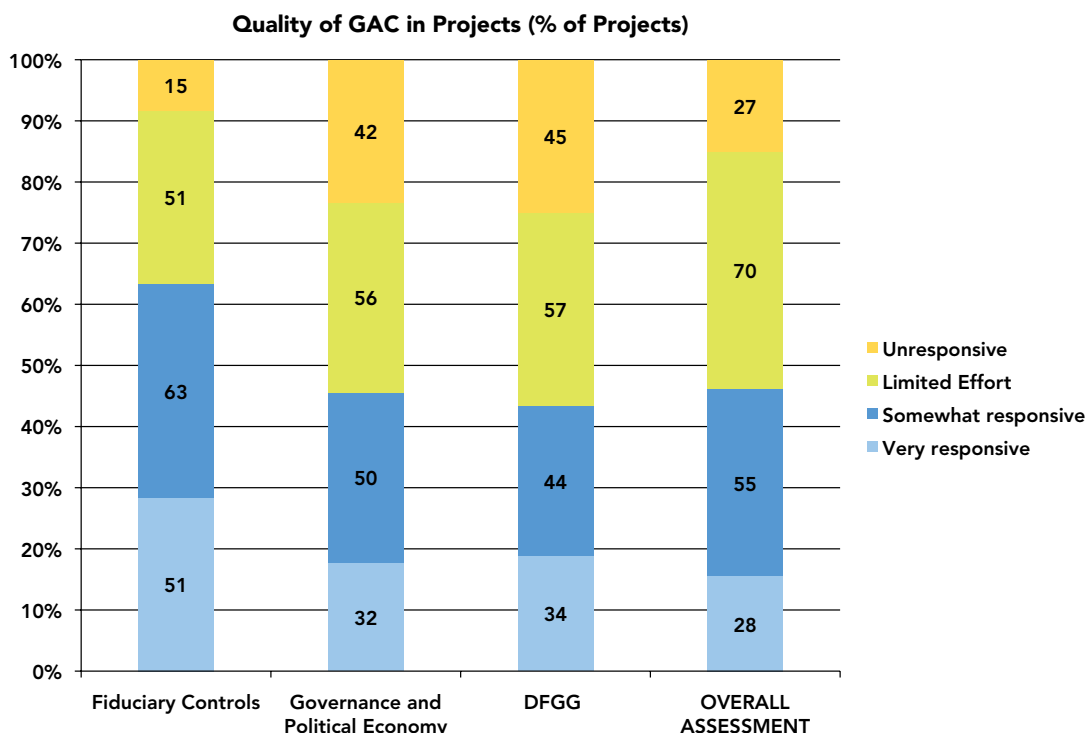
FY08, the first year the GAC strategy was implemented. Its intention was to provide a baseline number of all GAC activities in the areas of DFGG, political economy analysis, and fiduciary controls, for the first full year the GAC strategy was implemented. The review found that among the three types of GAC activities, DFGG mechanisms were used less often than either political economy analysis or fiduciary controls (Figure 4).

The QAG assessment also found important differences among the regions and across networks and sectors. The QAG review found that the South Asia (SA) and Latin America and Caribbean (LAC) regions had the most projects that were either “Very responsive” or “Somewhat responsive” to DFGG approaches (i.e., they had a larger number of DFGG elements). The Africa and Middle East and North Africa (MENA) regions were less responsive (Figure 5).

Among the networks examined in the QAG review, the Sustainable Development Network was, not unexpectedly, ahead of the other networks—Poverty Reduction and Economic Management, Human Development, and Finance and Private Sector Development—in implementing DFGG mechanisms. Figure 6 shows this breakdown by network.

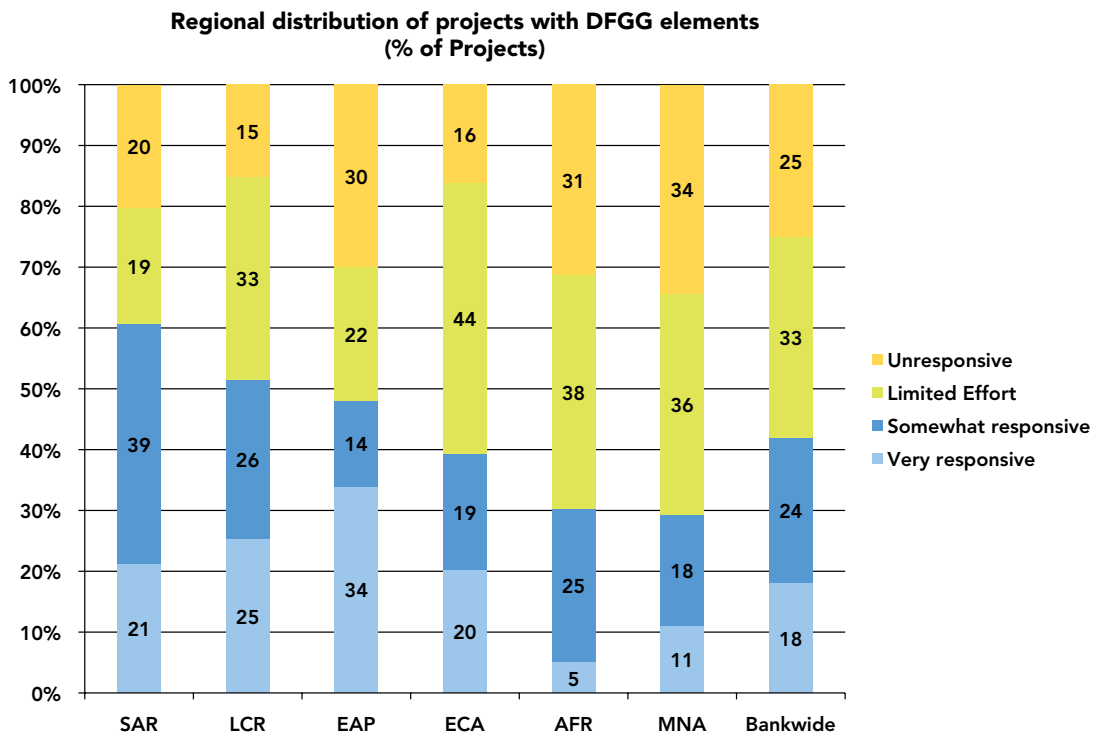
For a more granular analysis, Figure 7 shows the sector distribution of project-level DFGG mechanisms. There are some surprises here, such as the Water Sector Board’s

Figure 4. QAG Benchmarking Review’s Analysis of Project-Level GAC Activities



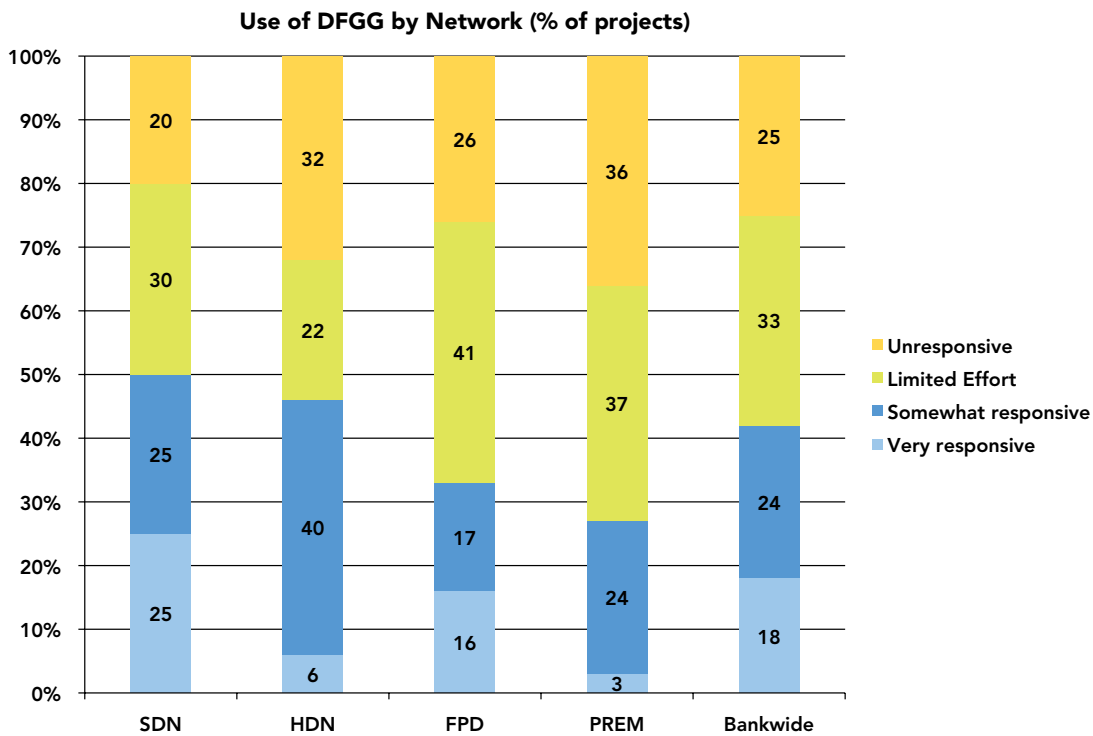
Source: Quality Assurance Group (2010) FY08

Figure 5. Project-Level DFGG Activities, Regional Distribution



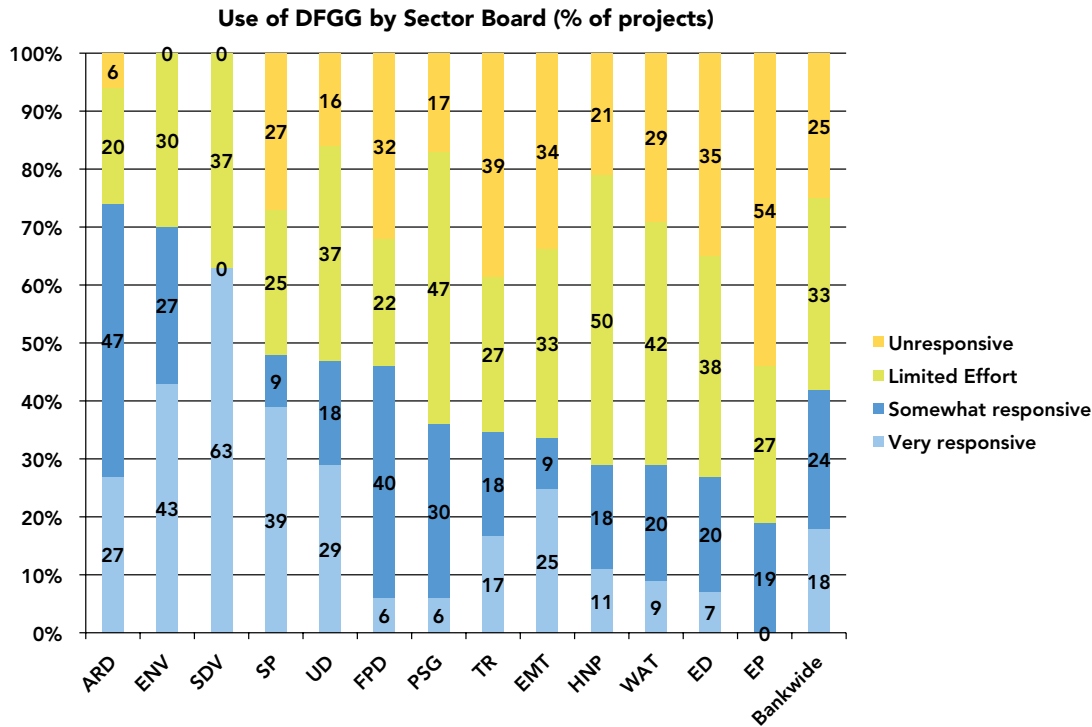
Source: Quality Assurance Group (2010) FY08

Figure 6. Distribution of DFGG Elements across Networks



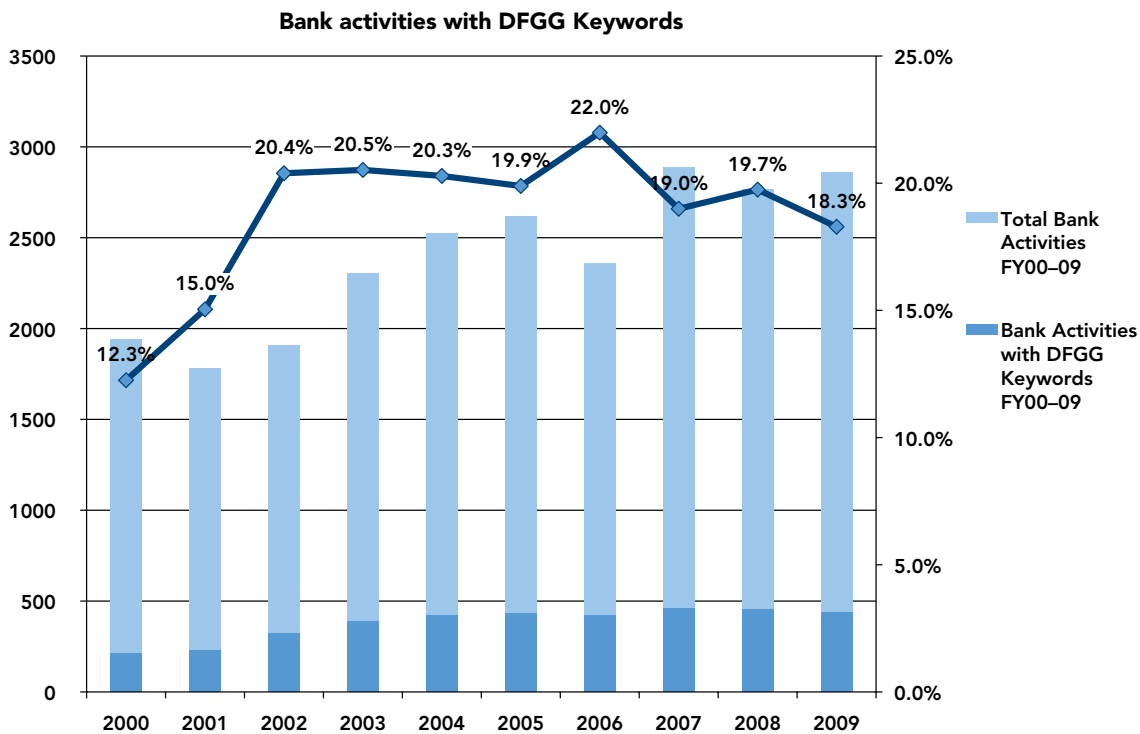
Source: Quality Assurance Group

Figure 7. Distribution of DFGG Elements across Sectors



Source: Quality Assurance Group 2008.

Figure 8. Incidence of DFGG Activities in World Bank Activities (FY00-09)



Source: World Bank projects database, FY2000-2009.

relatively low level of responsiveness. For the most part, however, the sectors that historically have incorporated citizen participation into their mandate, tended to display higher levels of DFGG responsiveness in the QAG review.

To complement the QAG Benchmarking Review, a search of the World Bank's projects database was carried out for FY2000 through FY2009 to ensure that all project-level DFGG activities were accounted for. The search included the following key words and phrases, all of which are commonly associated DFGG activities: accountability, anti-corruption, beneficiary participation, budget oversight, citizen engagement, civic engagement, community-driven development, community empowerment, community participation, demand for good governance, freedom of information, good governance, judicial reform, legal reform, media, parliamentary strengthening, participatory monitoring and evaluation, right to information, social accountability, social capital, and transparency.

This approach to data gathering had some obvious drawbacks. First, the words or phrases used to describe an activity may not reflect the true content of the work. Second, some DFGG-related work may not have been picked up in the search because it was not identified by one of the recognizable terms of art.

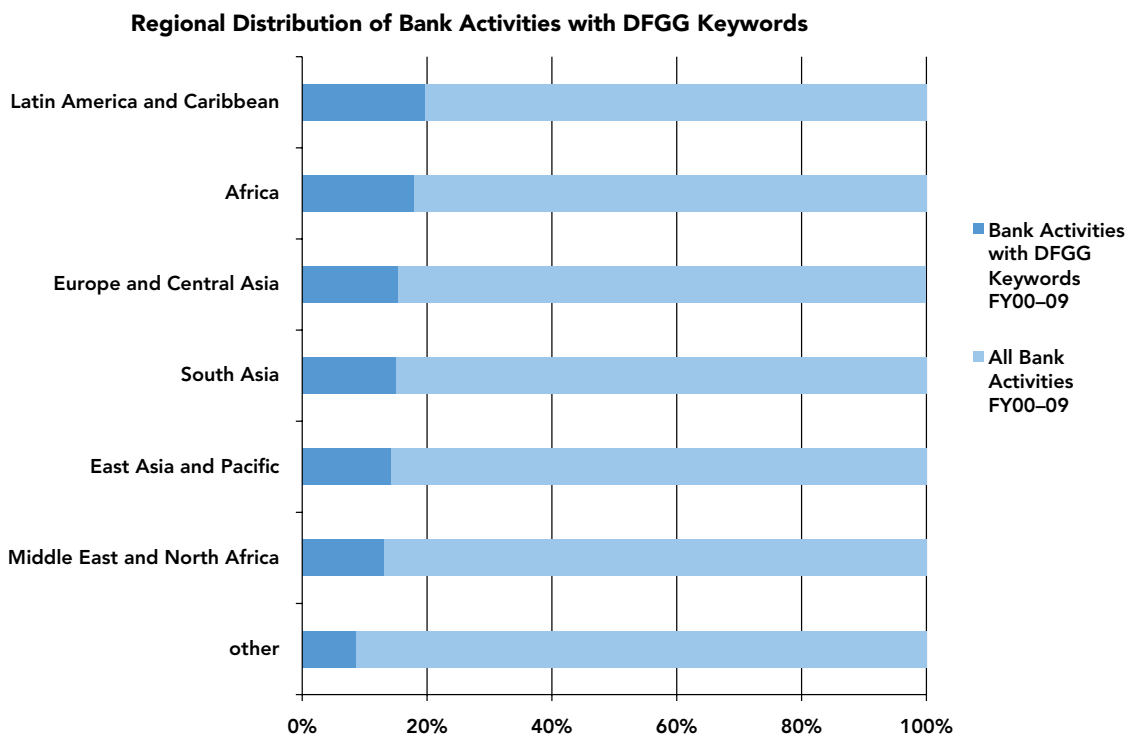
Taking these caveats into account, the search indicated that the incidence of DFGG activities in Bank work grew significantly in the early years of the decade, possibly as a

result of the increasing use of community-driven development approaches. Over the past few years, however, DFGG leveled off and remained relatively flat as the total number of Bank activities grew significantly. Between 2007 and 2009, according to the keyword search, fewer than 20 percent of Bank activities—lending, AAA, technical assistance, IDF grants and other products—included some dimension of DFGG (Figure 8).

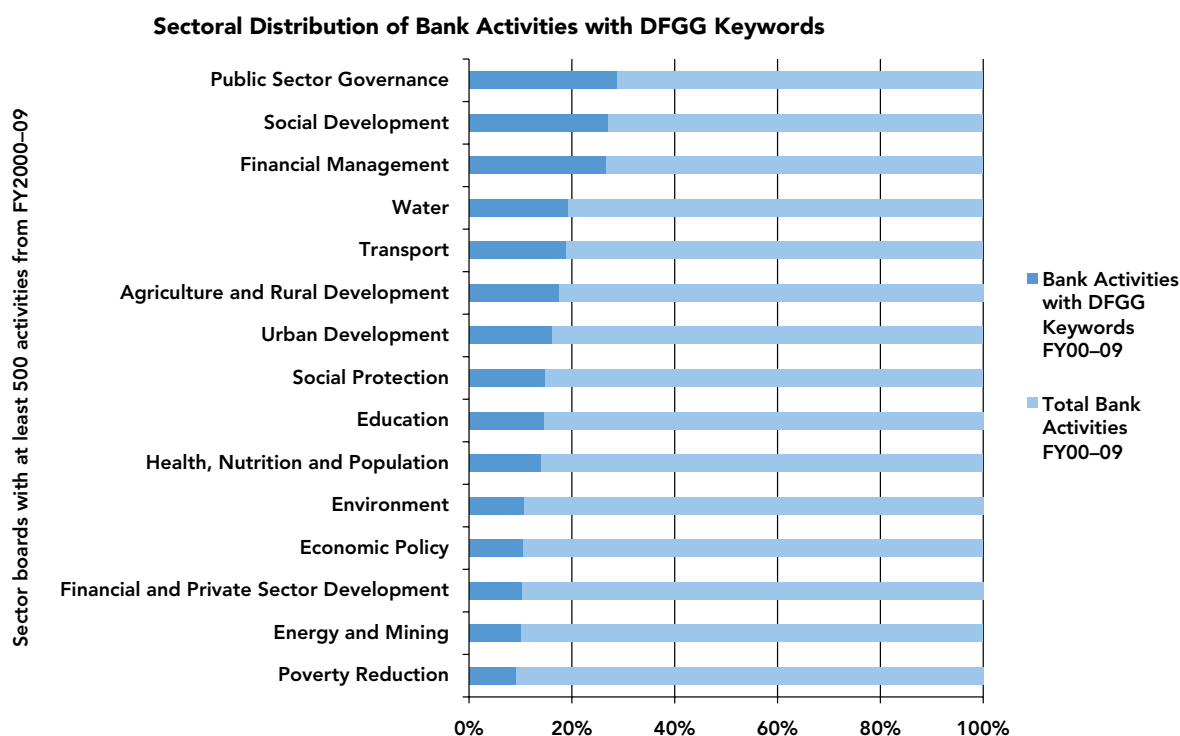
The difference between the QAG review, which indicated that 40 percent of projects approved in FY08 had elements of DFGG, and the finding of the database search, which found a DFGG incidence of less than 20 percent, can be explained in part by differences in the information base. The data search reviewed not only projects but the whole range of Bank products—27,000 lending, analytical work, technical assistance IDF grants and other activities.

Using the same data derived from the keyword search, it is possible to compare the incidence of DFGG-related activities across regions during this 10-year period. The LAC Region has generated more DFGG-related activities during this period than any other region, while the MENA Region has lagged (Figure 9). It should be noted that this aggregate 10-year snapshot masks fluctuations over time. So, for example, if the South Asia Region has increased its use of DFGG activities during the last few years of the decade (as appears anecdotally to be the case), that increase would not be visible here.

Figure 9. Regional Distribution of DFGG Activities at the World Bank (FY00–09)



Source: World Bank projects database, Fy2000–200.

Figure 10. Sectoral Distribution of DFGG activities at the World Bank (FY00–09)

Source: World Bank projects database, FY2000–2009.

Similarly, we can compare the incidence of DFGG-related activities across sectors (Figure 10). Here, it is notable that the Public Sector Governance and Financial Management sectors have a relatively large share of DFGG activities, in spite of the fact that these sectors work almost exclusively with government counterparts. This can be explained by the fact that many supply-side activities are designed to create avenues for citizen participation or oversight of government (for example, transparent financial management or procurement systems, which can be subject to citizen oversight).

Both the QAG and database reviews confirm that DFGG still represents a modest part of the Bank's work and that the Social Development and Public Sector Governance groups are in the forefront.

DFGG at the Country Level

Project-level DFGG initiatives not only improve the effectiveness of individual projects; they also generate lessons and experience that can be useful for the planning and execution of government projects. As Bank staff engage in a continuous dialogue with country authorities about development priorities, the Bank is particularly well positioned to encourage the uptake of DFGG practices in different kinds of

development projects. However, there is less evidence of the Bank's country-level work in encouraging the greater use of DFGG. The available data can be used to draw preliminary conclusions, but there is a clear need for systematic monitoring and evaluation of the Bank's engagement in DFGG at the country level. Some recommendations for doing so are given in Chapter 6.

This study examined the Bank's experience in two aspects of country-level intervention: (i) country assistance strategies (CASs) and interim strategy notes (ISNs); and (ii) support for country efforts to strengthen governance and reduce corruption.

The analysis of these issues was based on the following sources:

- A retrospective of FY06-08 CASs and ISNs, *Coverage of Governance and Corruption (GAC) Issues in FY 2006–08 Country Assistance Strategies*, carried out for the PREM Public Sector Governance Department (PRMPS) by Vinay Bhargava (November 2008); and
- DFGG and social accountability stocktaking exercises in OECD countries, the East Asia and Pacific Region, Anglophone Africa, and globally, carried out by CSOs and other organizations (described in more detail below).

Table 6. Discussion and Support for DFGG Mechanisms in CASs and ISNs (FY06–08)

| Indicator | Discuss | | Support | |
|---|----------|----------|----------|----------|
| | % of CAS | % of ISN | % of CAS | % of ISN |
| <i>A. Does the CAS discuss and support checks and balances institutions for good governance and controlling for corruption?</i> | | | | |
| Within government | 97 | 86 | 82 | 61 |
| Outside government | 64 | 64 | 28 | 25 |
| <i>B. Does the CAS discuss any of the following check-and-balance institutions?</i> | | | | |
| Freedom of information laws | 45 | 39 | 16 | 11 |
| Media | 41 | 39 | 24 | 4 |
| Civil society organizations | 67 | 79 | 53 | 46 |
| Community participation | 60 | 68 | 56 | 54 |
| Supreme audit institution | 72 | 50 | 66 | 46 |
| Chambers of commerce | 13 | 0 | 8 | 0 |
| Judiciary | 73 | 50 | 63 | 39 |
| Legislature | 60 | 71 | 48 | 57 |
| Anti-corruption agencies | 44 | 36 | 29 | 25 |
| Ombudsmen | 9 | 7 | 5 | 4 |

Source: Bhargava 2008. Coverage of Governance and Corruption (GAC) Issues in FY 2006–08 Country Assistance Strategies (CAS).

THE CAS RETROSPECTIVE: PROMOTION OF DFGG THROUGH COUNTRY ASSISTANCE STRATEGIES

The CAS and ISN retrospective showed that about half of the 82 the CASs and ISN reviewed promoted DFGG in the context of support for independent institutions of accountability, particularly the judiciary. Rarely did the CAS support other non-executive-branch oversight institutions such as CSOs, ombudsmen, supreme audit institutions, investigative arms of the legislative branch, or other country systems for the investigation and prosecution of corruption. The use of social accountability instruments, or of increased disclosure and transparency, were proposed in only one out of three cases (Table 4).

This research offers the first hard data on the Bank's expressed support for DFGG in client countries. While it is an internal report that looks only at the Bank's support for certain accountability institutions and mechanisms, it does suggest the following conclusions:

- The Bank's main counterparts continue to be country governments, which is why CASs pay significantly more attention to government systems of checks and balances (supply-side interventions) than to external, citizen-led organizations (demand-side interventions).
- Even externally oriented government institutions such as ombudsmen and freedom of information laws do

not receive significant attention or support in CASs. These mechanisms provide the tools—information and a mechanism for airing complaints—for demand-side interventions to flourish.

- Nonetheless, civil society organizations (a very broad category, to be sure) are discussed in a surprising number of CASs, and supported.

The GAC Strategy directs the Bank “to give explicit consideration, underpinned by improved diagnostic work, to governance shortcomings and corruption in the country,” and to find “ways in which private sector engagement and domestic accountability mechanisms can be used to support and strengthen . . . implementation and governance outcomes.” Clearly, if the Bank is to follow through on this directive to incorporate DFGG and other anti-corruption mechanisms into CASs and Country Partnership Strategies (CPSs), there must be a more systematic and in-depth effort to assess compliance with this requirement.

STOCKTAKING EXERCISES: SUPPORTING COUNTRY EFFORTS TO STRENGTHEN GOVERNANCE AND REDUCE CORRUPTION

Knowledge of DFGG activities undertaken outside the Bank is drawn from a wide variety of sources, some of which are mentioned in Chapter 2. They encompass studies and

evaluations of individual projects, reports from good-governance CSOs on their own activities, and reports from smaller organizations—such as the International Budget Project and the Partnership for Transparency Fund—that maintain close relationships with actors and organizations on the ground.

Recently, the Bank has been leading an effort to compile this information into regional and global stocktaking reports. These reports are a compilation of practices rather than evaluations. While they attempt to draw some common lessons from the experiences they examine, the scope of the exercise is so broad that the lessons are similarly general. The reports undertaken so far (by World Bank staff except where noted) are:

- *World Bank Group Sectors and Regions* (Chase and Anjum 2008)
- *OECD Countries* (Caddy, Peixoto, and McNeil 2007)
- *South Asia* (Public Affairs Foundation, Sirker, and Cosic 2007)⁷
- *Anglophone Africa* (McNeil and Mumvuma 2006)
- *Asia and Pacific Region* (Arroyo and Sirker 2005).

These reports provide relatively detailed accounts of DFGG activities in different regions. Some common conclusions can be drawn:

- DFGG initiatives are widespread, and the demand for them is continually growing.
- Civil society has in general been much more proactive and successful than the World Bank and other donors in developing DFGG and tools.
- Anecdotally, many DFGG efforts have made noticeable impacts in areas such as:
 - Increased citizen demand for good government
 - Increased civil society influence on government and within society
 - Greater capacity in financial and budget analysis among CSOs and government
 - Better governance practices.
- There is a need for systematic studies to measure the impact of DFGG approaches with more precision.
- The CSOs undertaking DFGG need more human and financial resources to continue and expand their work.
- Citizens engaged in DFGG continue to confront mistrust and lack of cooperation by government.
- DFGG efforts are further hampered by a lack of access to information on government activities.

⁷ This study is not technically a stocktaking exercise, but a compendium of 13 case studies of social accountability projects in South Asia.

Many of these conclusions reinforce or confirm the findings from others sources. More than anything, however, these stocktaking efforts underscore remaining gaps in knowledge:

- Regional stocktaking exercises have not yet been completed for Latin America the Caribbean; the Middle East and North Africa; non-Anglophone Africa; and Eastern Europe and Central Asia.
- No formal country-level stocktaking exercises appear to have been done. Such studies could provide useful inputs into the Country Assistance Strategies.
- None of the stocktaking exercises attempts to evaluate what works, and what doesn't work, and why, which is the critical outstanding question in DFGG theory and practice.
- Finally, none of the stocktaking exercises addresses the costs of these efforts—a vital factor in scaling up DFGG.

The existing stocktaking reports acknowledge these limitations, and note that they need to be addressed if donors are to achieve the goal of systematically aiding country efforts to strengthen governance and reduce corruption through demand-side strategies.

DFGG at the Global Level

At the global level, the World Bank has used its convening power to support several new global initiatives. The most significant and well-known of these include:

- **Extractive Industries Transparency Initiative (EITI).** This initiative, launched in 2003, aims to improve governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining contracts. Its requirements represent a global standard for transparency and accountability in the extractive industries. Two countries, Azerbaijan and Liberia, have achieved EITI Compliant status, and 30 others are currently EITI Candidate Countries.
- **Stolen Asset Recovery (StAR) Initiative.** The StAR initiative was launched in 2007 in partnership with the United Nations Office of Drugs and Crime (UNODC), to help developing countries recover assets stolen by corrupt public officials. StAR promotes global knowledge sharing and advocacy with the aim of lowering barriers to asset recovery, building national capacity to recover assets and deter new flows, and sharing information on transnational recovery efforts.

- **Construction Sector Transparency (CoST) Initiative.** CoST, launched in 2008, aims to introduce greater transparency and accountability to the construction sector, with a specific focus on public disclosure of information. Modeled after EITI, its ultimate goal is to enhance the accountability of procuring bodies and construction companies regarding the cost and quality of public sector projects. CoST is being piloted in seven countries: Ethiopia, Malawi, Philippines, Tanzania, United Kingdom, Vietnam, and Zambia. Why the United Kingdom?
- **Medicines Transparency Alliance (MeTA).** MeTA is a multi-stakeholder alliance, modeled after EITI and launched in May 2008, which works to reduce the cost of medicines and expand access to the poor. In the seven pilot countries—Ghana, Jordan, Kyrgyzstan, Peru, the Philippines, Uganda, and Zambia—representatives of government, the private sector, and civil society have formed working groups to examine and publish information on every link in the medicines supply chain, from manufacturer to patient.

With the exception of a study commissioned by the EITI Secretariat, no attempt has yet been made to evaluate the effectiveness of these initiatives. It is clear, however, that the EITI model of setting global standards for transparency in specific sectors has had a significant impact on the global approach to good governance.

As the study noted, not only has EITI made “a number of direct and indirect contributions to good governance with respect to natural resource revenues” (Malleret, Thierry, and Kapstein 2009), but it has become a global standard for transparent reporting by both corporations and governments, and a model for multi-stakeholder dialogue on critical issues of public policy. One of the outstanding features of the initiative is its global network of civil servants, corporate executives, and representatives of global civil society “who share a commitment to revenue transparency in the hope of promoting economic development and poverty reduction” (Malleret, Thierry, and Kapstein 2009). The study also noted, however, that only a few countries have so far achieved EITI Compliant status, and that there are not many incentives (positive or negative) for countries to spend their time and resources to reach compliance. In short, while EITI has accomplished a great deal, many of its greatest challenges lie ahead.

World Bank Support for DFGG

The foregoing discussion makes clear that adoption of the Governance and Anti-Corruption Strategy strengthened the Bank’s involvement in and support for DFGG on the project, sector, country, and global levels. Efforts to incorporate DFGG in the Bank’s business on a more systematic basis, however, face a number of constraints. These are the focus of the next chapter.

CHAPTER **5****CONSTRAINTS ON THE WORLD BANK'S ABILITY TO SUPPORT DFGG****Case Study 5****The DFGG Peer Learning Network**

In January 2008, the World Bank's Social Development Department launched the Demand for Good Governance Peer Learning Network to facilitate the exchange of "knowledge, innovations, and good practices among the diverse actors engaged in this work." In its first month, the Network attracted more than 200 Bank staff at HQ and in field offices, as well as representatives from 20 other organizations working in DFGG. Fourteen months later, membership had more than doubled, to 525 people.

In 2010, with more than 500 members from the World Bank and some 50 outside organizations, the DFGG Peer Learning Network continues to grow. It manages an email distribution list, maintains a website and database of DFGG-related studies and Bank projects, and conducts seminars and conferences, such as the DFGG Learning Summit in June 2008. The Network also serves as a knowledge resource for Bank management, and advocates for more resources and attention to governance issues.

Proposals on the Network's website, for a DFGG Multi-Donor Trust Fund and a DFGG Working Group, highlight the level of financial and political support that the Bank will need to provide if the DFGG Peer Learning Network and similar efforts are to have an impact on development practice.

Despite the Bank's strong interest in the demand side of good governance, it has so far put most of its analytical weight behind procurement and financial controls, and most of its operational support to government-led initiatives such as the "Managing for Results" performance framework. Because of the Bank's supply-side focus, CSOs and smaller donors have taken the lead in pioneering new approaches to demand for good governance. The Bank can learn from these early innovators, and potentially apply its considerable resources and staff expertise to the study and implementation of DFGG mechanisms and best practices. In order to play a leadership role, however, the Bank will need to overcome several challenges.

This chapter is a diagnostic exercise, meant to systematically identify the endogenous and exogenous constraints to scaling up DFGG in the Bank's work. The diagnostic is followed by the final chapter, which presents a roadmap for mainstreaming DFGG at the Bank.

Mainstreaming DFGG in the Bank: Endogenous Constraints

A growing number of World Bank staff members, represented by the DFGG Peer Learning Network, are seeking to promote the use of DFGG strategies inside the Bank. What are the internal barriers to their doing so? Based on interviews with Bank managers and members of the DFGG Network, six main obstacles were identified:

- Potential limitations imposed by the Bank's Articles
- Scarce DFGG expertise and capacity at the Bank
- No focal point for DFGG at the Bank
- Lack of M&E systems for DFGG
- Lack of funding for DFGG research and knowledge sharing

POTENTIAL LIMITATIONS IMPOSED BY THE BANK'S ARTICLES

The appropriateness of the Bank's support for governance activities by CSOs was the subject of intense debate before the GAC Strategy was adopted in March 2007. During Board discussions of the draft strategy in mid-2006, and at the Development Committee meeting during the Annual Meetings in Singapore later that year, some shareholders argued that such engagement with civil society was in contravention of the Bank's charter, which limits the Bank to engaging with governments (i.e., the executive branch). Specifically, Article IV, Section 10 of the International Bank of Reconstruction and Development's Articles of Agreement states that:

The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

Other shareholders argued that supporting participation and oversight by civil society, media, and communities has a strong development justification. The final Development Committee communiqué (DC2006-0017) included the following guidance and opened the door for Bank support for DFGG:

Governments are the key partners of the Bank in governance and anti-corruption programs, while, within its mandate, the Bank should be open to involvement with a broad range of domestic institutions taking into account the specificities of each country.

This communiqué was followed by extensive international consultations with representatives from aid agencies, CSOs, the private sector, media, academic institutions, and the executive, legislative, and judicial branches of governments. These stakeholders reached a consensus that the GAC Strategy should endorse demand-side governance approaches, and that the Bank should support DFGG activities.

In parallel with the consultations, a review of anti-corruption initiatives in ongoing Bank operations revealed that the Bank was *already* engaging with stakeholders outside of the executive branch. In fact, the Bank's first anti-corruption strategy, adopted in 1997, stressed the role of voice and participation in public sector reform. The 2000 Public Sector Governance Strategy and the 2004 *World Development Report* on service delivery reinforced this acknowledgement of the value of DFGG approaches. And a 2006 internal stocktaking

of DFGG work revealed that a number of demand-side interventions and social accountability mechanisms were already in place in Bank projects, including participatory prioritization of policies and public spending, citizen participation in and oversight of service delivery, community score cards, CSO monitoring of procurement, capacity building of supreme audit institutions, and work with parliamentarians and the media.

The overwhelming support for DFGG emerging from the consultations, along with evidence that the Bank was already supporting many demand-side activities, led the GAC Council to adopt the fifth guiding principle of the GAC Strategy in 2007. This principle has become the foundation for the Bank's strategy and actions related to DFGG:

Engaging systematically with a broad range of government, business, and civil society stakeholders is key to GAC reform and development outcomes—so, consistent with its mandate, the WBG will scale up existing good practice in engaging with multiple stakeholders in its operational work, including by strengthening transparency, participation, and third-party monitoring in its own operations.

Thus, the perception of restrictions on DFGG work imposed by the Bank's charter has been evolving over the years. While the Bank's main counterparts will continue to be country authorities, this expansion of its mandate vis-à-vis governance has created space for the Bank to engage with new development partners.⁸ At the same time, the differing interpretations of the Bank's charter continue to create uncertainty about what limitations the Bank's charter actually imposes.

SCARCE DFGG EXPERTISE AND CAPACITY AT THE BANK

Another issue confronting the Bank is the lack of staff experienced in DFGG practices. Though the World Bank plays a leadership role in the donor community through the expertise it brings to a wide range of development issues, it is not clear whether the Bank has the expertise needed to scale up its DFGG work in more countries and more sectors. The QAG finding that 40 percent of the lending operations in FY08 contained DFGG measures, and that this proportion is likely to increase, is a leading indicator of the growing need for relevant knowledge products and staff skills.

The GAC Strategy Implementation report emphasized that *GAC skills development needs to be institutionalized throughout the Bank*. Some important knowledge and

⁸ The Cambodia DFGG project, for example, provides competitive grants to non-state entities, as well as micro-grants through a separate fast-track facility. The Asia Foundation, a U.S.-based NGO, was contracted to manage the "non-state actor" component of the project.

learning initiatives to achieve this goal are already underway, including training, online portals, and communities of practice. It will also be important to emphasize demand-side approaches to GAC in the Bank's knowledge and learning programs.

In addition to providing staff training and developing knowledge products, the Bank could do a better job of leveraging the expertise that already exists in:

- The Social Development (SDV) department, and in particular its DFGG Team;
- The World Bank Institute (WBI), which supports parliamentarians, Affiliated Networks for Social Accountability (ANSA), and access to information;
- The "GAC in Projects" teams and governance specialists in the Regions and Anchors;
- The two sectoral GAC teams, which support the sector boards for Infrastructure (energy, transport, water) and Human Development (education, health, social protection);
- The External Affairs (EXT) department, in particular its Communication for Governance and Accountability Program (CommGAP);
- The Development Economics Group (DEC), which is studying the development impact of GAC.

The primary mechanism for these Bank staff to come together, and to meet with outside experts, is the DFGG Peer Learning Network. This strategically important initiative is in its infancy, but its events are already in high demand and its membership has more than doubled in the past year. Proposals to significantly expand DFGG knowledge and learning activities include a DFGG Working Group; a multi-donor Trust Fund for DFGG; field-based development assignments at external institutions (e.g., the Public Affairs Center in Bangalore); a set of core courses on DFGG; a DFGG Help Desk; and an External Advisory Group on DFGG. No matter how it is done, the work of mainstreaming DFGG will require more investment in knowledge and staff skills development.

No Focal Point for DFGG at the Bank

Of the three main types of GAC tools (political economy tools, fiduciary controls, and demand-side approaches), DFGG is the least developed and needs special attention. Yet there is no one at the Bank with the responsibility or budget for advancing the Bank's use of DFGG. Other analogous disciplines have established communities of practice, budgets, organizational units, and staff. For example, the Financial Management and Procurement Networks have specialists in regions, networks, and country offices. There are also considerable resources devoted to public financial management,

community-driven development, and environmental and social safeguards. Comparable arrangements for DFGG work do not yet exist.

Lack of M&E and Reporting Systems for DFGG

Although many projects across the Bank contain DFGG components, the lack of suitable M&E and reporting systems inhibits regular monitoring. A proper baseline, actionable performance indicators, and a results framework are necessary for effective management and reporting of this work. The Bank also needs systems to collect information, on a real-time or annual basis, about how the CASs, lending operations, and analytical and advisory activities (AAA) are incorporating both supply and demand-side governance interventions. Without such systems, it will not be possible—except with costly special-purpose surveys—to determine whether the Bank is achieving its objective of intensifying engagement with DFGG.

LACK OF FUNDING FOR DFGG INITIATIVES, RESEARCH, AND KNOWLEDGE SHARING

The implementation of DFGG mechanisms requires extra staff time and additional financial resources. Yet the QAG review found little explicit costing of DFGG measures included in project designs, and almost no explicit allocations for DFGG in supervision plans. DFGG efforts need to be explicitly budgeted wherever possible, so that managers can determine which interventions are most cost effective.

Funds will also need to be explicitly allocated to scaling up DFGG, as they were for scaling up the GAC effort. The implementation of GAC has been built around special-purpose arrangements—a GAC Council and Secretariat, and large volumes of earmarked resources from both the Bank's administrative budget (with committed resources for FY09 to FY11) and the multi-donor Governance Partnership Facility (GPF). The DFGG work will also need multi-year special-purpose funding and organizational arrangements to ensure that it becomes a regular part of the Bank's way of doing business.

In the absence of such arrangements, much of the Bank's DFGG work to date has been supported by GAC resources. However, the competition for these funds is fierce—the second-year GAC progress report noted that there were nearly 500 expressions of interest from within the Bank for the first 56 grants from the GPF. More urgently, the special-purpose arrangements for GAC are coming to an end. All GPF funds (approximately US\$65 million) have now been committed, and the earmarked resources from the World Bank Group's administrative budget only run through FY 2011. Clearly, long-term financing arrangements will need to be put in place for DFGG.

Mainstreaming DFGG in the Bank: Exogenous Constraints

In addition to constraints within the World Bank, there are other factors limiting the widespread adoption of DFGG that are beyond the Bank's control. Some constraints are context specific, and new barriers to implementing DFGG are likely to appear with each new situation. Others are mentioned so often in the literature that they appear to be nearly universal:

- Few studies on what works and does not work
- Low administrative capacity among many NGOs and CSOs
- Scarcity of sustainable financing for DFGG organizations
- Conflicts of interest
- Weak political and governance institutions.

Each of these cross-cutting constraints is discussed briefly below.

Few Studies on What Works and Does Not Work

The lack of sound research on *which* DFGG strategies are effective, *when*, and *where*, is the constraint most often noted in the literature. Even where anecdotal evidence and experiences suggest that demand-side interventions can improve governance and reduce corruption, it is difficult to make the case to country authorities or project managers without rigorous studies to document these claims. Further, when DFGG mechanisms are put in place, there is not enough research to guide project managers in selecting the best approaches. This raises the question of whether resources are being used in the most effective ways possible.

A related concern is the lack of systematic collection of on-the-ground experience. In cases where Bank projects have successfully utilized a DFGG tool, there are few opportunities to capture, document, and disseminate the lessons learned from these experiences (Chase and Anjum 2008). More established communities of practice at the Bank have resources and personnel available to prepare and circulate policy briefs, or post blog entries or web stories, to report their lessons learned and successes.

LOW ADMINISTRATIVE CAPACITY AMONG MANY NGOS AND CSOS

Most NGOs and CSOs in developing countries operate with very scarce resources, and many lack the formal systems that the Bank expects from counterparts, such as sound accounting and financial reporting processes, systematic institutional record keeping, transparent procurement and hiring processes. The lack of such systems compounds the

difficulty of working with non-government counterparts, since the Bank is required to account to its members for the way loan and grant funds are utilized.

A paradoxical result of this constraint is that organizations that are best equipped to work with the World Bank or other donors may be sub-optimal from a DFGG standpoint. Further, the need for CSOs to invest significant resources in administrative infrastructure means that a significant portion of their resources may not be available for core DFGG functions or for maintaining close connections with their communities.

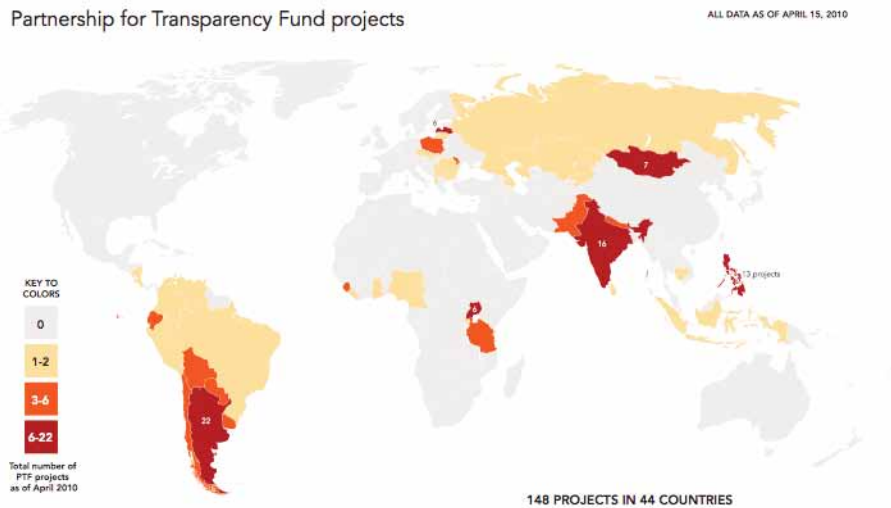
SCARCITY OF SUSTAINABLE FINANCING FOR DFGG ORGANIZATIONS

Adequate funding, of course, is part of the solution to nearly all of the constraints mentioned so far. Most CSOs in the developing world face significant challenges in raising funds, and DFGG-focused organizations are no exception. In a survey by the Partnership for Transparency Fund, 26 of 31 CSOs that received PTF grants listed "Funding Resources" as a *Very Difficult* or *Moderately Difficult* constraint. The survey indicated that funding is far and away the greatest challenge for both new and more established CSOs—no other constraint was cited as consistently. To make matters worse, the funding for most CSOs has been negatively affected by the global economic crisis, the food crisis before that, and ongoing climate change, according to a study commissioned by the United Nations (Hanfstaengl 2010).

Funding is further complicated by several interrelated challenges. First, the organization's work must align with donors' priorities, and many donors are not yet working on demand-side governance (see Chapter 3). Second, DFGG organizations must have adequate administrative capacity to account for donor money according to the donors' requirements; expectations for accountability and transparency are even higher for DFGG organizations, given their programmatic focus. Yet, as discussed above, many CSOs have relatively low administrative capacity. Third, most donors require that their beneficiaries be financially self-sustaining, which in practice means that CSOs working on DFGG must obtain money from various sources. The search for ever greater numbers of donors sometimes threatens to distract from the primary mission of the organization.

CONFLICTS OF INTEREST

Another challenge of fundraising, unique to DFGG organizations, is that DFGG programs often involve monitoring the implementation of government policies, overseeing procurement, or assessing the execution of donor-financed projects. There is an inherent conflict of interest in a CSO accepting

Figure 11. Global Distribution of PTF-Funded Projects

Source: Partnership for Transparency Fund 2010.

funds from a government agency or donor and then engaging in independent monitoring of that same agency or project. This complicates the Bank’s role in assisting DFGG organizations. Not only must Bank task managers be persuaded that independent citizen oversight of their projects is worthwhile, but funding must be found from outside the Bank—beyond the task manager’s control—to pay for that oversight. Clearly, developing a funding modality that is relatively free of conflicts of interest, but remains engaged enough to allocate funds responsibly, is a challenge that will require an innovative solution.

WEAK POLITICAL AND GOVERNANCE INSTITUTIONS

The second most prevalent constraint identified in the PTF survey was “Political Environment.” This constraint was described as *Very Difficult* or *Moderately Difficult* by 13 out of 31 respondents. As noted in Chapter 1, where the government is unwilling to or incapable of working with civil society, it is unlikely that DFGG interventions will succeed. This is the reason PTF requires the CSOs it funds to gain the cooperation of the affected public agencies. Extensive field experience has shown that working consensually on a particular corruption issue yields much better results than merely confronting public officials with accusations of corruption.

In an effort to confirm what appears anecdotally to be true, PTF compared its portfolio of projects to maps depicting the Global Integrity Index and Voice and Accountability ratings. The global distribution of PTF-supported DFGG

projects is shown in Figure 11. The Global Integrity Index map is shown in Figure 12.

The Global Integrity Index assesses the existence, effectiveness, and citizen access to key national-level anti-corruption mechanisms used to hold governments accountable. The Index is generated by aggregating more than 300 Integrity Indicators systematically gathered by local experts in each country covered.⁹ The areas with greater access to anti-corruption mechanisms, and thus a better Global Integrity score, appear in green. The areas in red have a lower score.

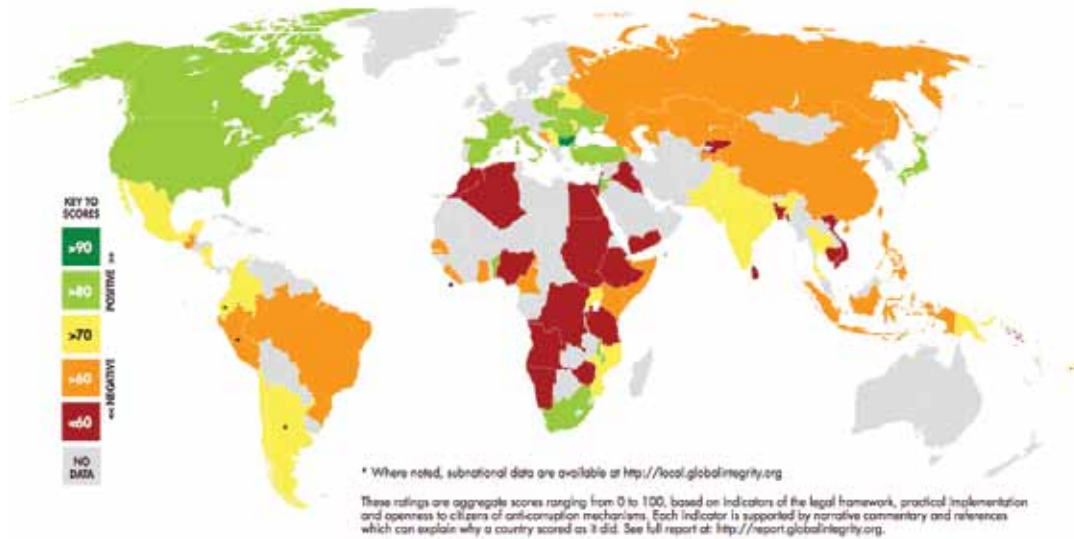
Finally, the Voice and Accountability map (Figure 13), based on the World Bank’s Governance Matters indicators (Kaufmann, Kraay, and Mastruzzi 2009) depicts countries with a higher score in shades of green, and those with a lower score in shades of red.

The maps show that most of the DFGG projects funded by PTF have been carried out in developing countries with relatively higher governance scores. Since PTF’s work is largely demand driven—project requests originate with local CSOs—these maps tend to support the claim that responsive political and governance institutions are more conducive to DFGG activities.

This observation, if true everywhere, has important implications for determining where and when to scale up DFGG. For instance, it implies that DFGG may not be appropriate in fragile states, since, by definition, CSOs lack capable government counterparts. Another possible

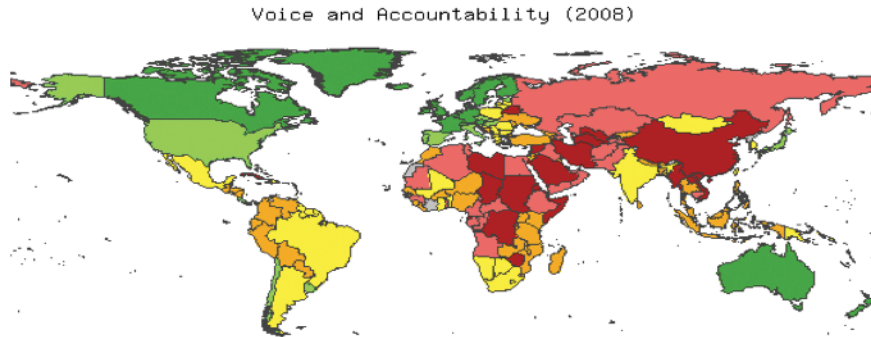
⁹ For more information, see the Global Integrity website: www.globalintegrity.org.

Figure 12. Global Integrity Index, Distribution of High and Low-Scoring Countries



Source: Global Integrity Index 2006, 2007, 2008.

Figure 13. Map of World Bank Governance Indicators



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996–2008

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

implication is that DFGG may not be particularly useful as a risk mitigation tool for the riskiest World Bank projects. The QAG Benchmarking study found that Bank task team leaders use DFGG mechanisms much less frequently in at-risk projects. If DFGG is less likely to work in high-risk environments, where government is an unreliable partner, this may have been prudent. More research is necessary to confirm these anecdotal findings, and also to better understand the key characteristics of civil society–government interactions that lead to improved transparency and accountability.

BOTTLENECKS TO SCALING UP DFGG

The constraints outlined above are difficult, but not insurmountable, obstacles to scaling up DFGG. Addressing the endogenous challenges will require a firm commitment from the Bank’s leadership, which already supports the related GAC agenda. Strengthening the commitment to DFGG is in line with the Bank’s ultimate goals of enhancing governance and reducing corruption at the project, country, and global levels. This commitment could be demonstrated, in part,

through new guidelines and legal opinions, targeted staff hires, increased funding for DFGG, and a realignment of incentives in favor of DFGG approaches. Some practical suggestions are outlined in the next chapter.

The Bank is also well positioned to take a leadership role in addressing exogenous challenges, by mobilizing support for DFGG among client countries and other donors. In

particular, in line with its aim of being at the cutting edge of global development, the Bank can support needed research into what works in DFGG. The Bank can also help to mitigate the problems of scarce funding and the capacity weaknesses of CSOs, by finding innovative ways to support the citizen sector, both directly and indirectly. The next chapter offers some practical suggestions.

CHAPTER **6****A ROADMAP FOR ENHANCING THE WORLD BANK'S
ENGAGEMENT IN DFGG**

The successful use of DFGG approaches to promote transparency and accountability in countries as varied as Nicaragua, the Philippines, Azerbaijan, and Cambodia demonstrates the potential value of civil society engagement in improving development outcomes. However, there is not yet a consensus within the Bank about when and how to use DFGG to reduce poverty. The successful use of DFGG strategies and instruments, as a regular part of the Bank's development toolkit, will require a coordinated and sustained effort across regions, networks, and sectors. In addition, there are a number of risks to be managed:

RISK 1: DFGG BECOMES AN UNFUNDED MANDATE.

Much of the DFGG work to date has been funded through the Governance Partnership Facility or the special-purpose GAC funding arrangements. When these temporary funding mechanisms expire, permanent arrangements will need to be put in place to sustain this work. Otherwise, the use of DFGG approaches could become an unfunded mandate, which is likely to diminish the quality of DFGG work and lead to poorer development outcomes.

RISK 2: DFGG BECOMES SYNONYMOUS WITH CIVIL SOCIETY.

Some of the best-known DFGG work at the Bank and elsewhere has involved citizen-centered interventions such as citizen score cards and participatory budgeting. Yet strengthening the demand for good governance, and enhancing governments' ability to satisfy that demand, entails working with a wide variety of stakeholders. DFGG approaches may involve the media, parliament, the judiciary, and other non-executive branch government agencies. Moreover, an important aspect of DFGG is putting in place mechanisms for the executive branch to respond to good governance demands. Focusing on civil society to the exclusion of the government, the media, and other non-state actors risks alienating them and undermining the success of the approach. Moreover,

confining DFGG work to civil society is likely to make it less appealing to the many project managers who work primarily with the executive branch.

RISK 3: THE LACK OF A DFGG FOCAL POINT DISSIPATES TIME, ENERGY, AND FUNDING.

DFGG is, by its nature, a cross-cutting enterprise. Citizens demand transparency and accountability from government in all spheres—in schools, hospitals, road building projects, water projects—and DFGG tools are used at the Bank in all of these areas. While the DFGG team in SDV is perhaps the most visible, there are also important advocates of DFGG in PREM, DEC, WBI, OPCS, GAC in projects, the HD and Infrastructure Anchors, and EXT (CommGAP). While this diversity of implementers is encouraging, having so many different groups working in isolation risks a loss of momentum and—eventually—resources for DFGG approaches. The Bank's matrix structure means that for this work to receive the attention it requires, it needs a dedicated or core unit—a champion—to develop the theoretical foundations for DFGG, lead the dissemination of best practices, advocate for resources, and serve as a knowledge center for DFGG practitioners around the Bank.

RISK 4: DFGG BECOMES A SAFEGUARD.

The idea of empowering citizens to demand improvements in governance and service delivery is compelling, to the point that some senior Bank managers have considered requiring the incorporation of social accountability elements, including DFGG, in every new project. While this study calls for intensifying DFGG at the Bank, it is important to note that DFGG is not always successful everywhere it is applied. As discussed in Chapter 5, PTF and other practitioners' experience has shown that DFGG approaches are most effective when applied in countries with a minimum threshold of openness to civil society and a notional acceptance of accountability to citizens. While there is not enough evidence to say conclusively where DFGG can be

most effective, it is evident that DFGG is not always the best tool in every context to achieve development results. Rather, citizen demand should be cultivated and used strategically according to the country context.

When its use is mandated for all projects, DFGG effectively becomes a safeguard, with a number of potentially negative outcomes. First, overuse threatens to “debase the currency” of DFGG; if it is applied indiscriminately, it can lead to negative results. Second, requiring the use of DFGG will likely lead some task leaders to see it as just another item on their checklist, and not take due care in putting DFGG techniques into practice. By contrast, when DFGG approaches are encouraged but not required, they are more likely to be implemented strategically by task managers who believe that they will yield positive results.

The Way Forward: Eight Strategic Recommendations for Intensifying DFGG

Development organizations have been supporting DFGG activities for many years, but none has taken a key role in promoting, or establishing the evidentiary basis for, what could become a key tool for enhancing development effectiveness. Many are looking to the World Bank, with its broad experience and convening power, to play a leadership role in both these areas. Although integrating DFGG into the Bank’s way of doing business will be tantamount to shifting to a new development paradigm—after decades of focusing almost exclusively on the executive branch—it is important to take advantage of the momentum created by the Governance and Anti-Corruption Strategy to move the DFGG agenda forward.

Given the already stretched staff capacity at the Bank and the labor-intensiveness of DFGG, the program must be planned carefully and realistically. To move the agenda forward, this report makes eight strategic recommendations, which can be put in place as part of the operational guidelines and funding and management arrangements for Phase 2 of the GAC Strategy. We also offer some suggestions on how to proceed—recognizing that, particularly in a budget-constrained environment, the way forward will ultimately depend on the art of the possible. Inevitably there will be tradeoffs between intensification goals and available resources. But the bottom line is that an unfunded mandate will not succeed.

RECOMMENDATION 1: FOCUS THE GAC STRATEGY PHASE 2 ON STRATEGICALLY AND SELECTIVELY SUPPORTING DFGG ACTIVITIES AT PROJECT AND COUNTRY LEVELS.

The evidence reviewed for this report suggests that DFGG is a powerful instrument to combat corruption, engage citizens to demand improved governance, and provide incentives for transparency and accountability, among other benefits. Accordingly, the primary recommendation flowing from this study is to support more DFGG work at the Bank, but strategically and selectively. A logical place to articulate and intensify this support is within the Phase 2 GAC Strategy document. That document could reiterate the corporate commitment to expanding multi-stakeholder engagement, and outline steps the Bank plans to take to scale up DFGG in its own work. To provide guidance to operational staff, the document should outline a clear definition of what types of activities “count” as DFGG at the country and project levels. Defining DFGG is also necessary to guide budgeting for, monitoring, and evaluating the use of DFGG. This should be followed up with explicit guidance to staff—as part of the guidelines to staff on GAC in CAS, GAC in projects and the ORAF—on integrating DFGG activities into overall GAC reforms and results frameworks at the project and country levels.

RECOMMENDATION 2: FUND DFGG IN NEW, INNOVATIVE WAYS.

The GAC Strategy’s promise to support DFGG institutions and programs at the country and project levels is being severely hampered by a lack of appropriate funding mechanisms. The Bank needs to find new ways to support and fund multi-stakeholder engagement, consistent with its Articles. While the Bank currently has limited ways to provide resources to stakeholders outside the executive branch, particularly at the country level, alternative funding mechanisms could be established to help build country-level DFGG accountability institutions. These new, innovative arrangements might take the form of a multi-donor trust fund, a set-aside within the next IDA replenishment, a partnership among regional development banks and the World Bank, or an independent grant-making facility. An essential aspect of these arrangements would be the funding mechanism’s independence from (i) the executive branch of government; and (ii) direct management by the World Bank and other donors whose programs might be monitored. Such independent funding arrangements will avoid the conflict of interest inherent in funding CSOs through projects to monitor the implementation of those same projects, as well as

issues involved in the Bank directly managing DFGG country systems.

RECOMMENDATION 3: LEARN FROM THE EXPERIENCE OF OTHERS.

Although donors have been implementing key elements of the DFGG agenda for years, knowledge and learning about what works, and why, is still not widely shared. Most stakeholders would like the Bank to provide leadership in moving the agenda forward because of its particular strengths in generating or disseminating knowledge, and convening stakeholders from around the world. It is also in the Bank's interest to leverage the accumulated experience and knowledge of outside experts in this area. There are a number of ways in which the Bank could do so. The World Bank Institute's Affiliated Network for Social Accountability initiative could play a role and deserves sustained support. International conferences could be organized; communities of practice using Web 2.0 tools or the Global Development Learning Network could be set up; a global experts working group could be established to advise the Bank on DFGG; a small fund to pilot innovative DFGG approaches (similar to the work PTF does) could be established with the explicit aim of extracting useful lessons for the Bank's work; and outside experts could be available for consultation on an ad hoc basis as the need arises.

RECOMMENDATION 4: ANCHOR DFGG WORK WITHIN THE BANK, BY CREATING A FOCAL POINT AND ENSURE THAT THE MANDATE IS ADEQUATELY FUNDED.

We believe the DFGG agenda needs a home and an institutional champion, anchored in a specific part of the World Bank's matrix structure. Having a single group of people officially designated to serve as the Bank's authorities on DFGG will help the Bank to move beyond the pilot stages and onto the strategic use of DFGG approaches. We note that as of the end of 2010, the Bank is planning to propose sustainable management and budget arrangements for supporting the overall GAC reform agenda. We recommend that a focal point for the DFGG agenda be designated within that proposal. In addition, there is the critical need to ensure adequate funding for the mandate (as articulated in the GAC Phase 2 strategy) to expand DFGG. Experience so far is that the costs involved in fulfilling the DFGG mandate are not being explicitly budgeted and funded by either the client or the Bank. This is setting the stage for underachievement. We strongly recommend that in the next phase, the mandate and funding should be consistent.

RECOMMENDATION 5: MEASURE, EVALUATE, AND REPORT ON THE BANK'S DFGG WORK.

To intensify its engagement with DFGG, the Bank will need to track its current level of effort with greater precision, and monitor future work. Without a baseline, it will be difficult to determine how effective the intensification effort has been. A first step would be to develop a set of key performance indicators for tracking DFGG inputs, outputs, and outcomes in Bank-financed projects and CASs. Then an associated monitoring system could be put in place to track the progress of the interventions in CASs. What gets measured gets attention, so a DFGG monitoring and evaluation system will also indirectly help to accomplish many of the other recommendations of this study.

RECOMMENDATION 6: EXPLICITLY BUDGET FOR ESTIMATED COSTS OF DFGG INTERVENTIONS IN LENDING OPERATIONS.

The QAG Benchmarking Review found that DFGG measures in projects are seldom explicitly budgeted in the project cost table, and that only 40 percent of projects allocate funds from their supervision budget for GAC. We recommend that Bank staff be asked to budget explicitly for the costs of implementing DFGG approaches in any project where they are used. This will generate several benefits. Identifying and recognizing the costs of using DFGG strategies in the Bank's work will improve selectivity, client ownership, and results focus. Coupling the measurement of outputs and outcomes from DFGG with a sound approximation of its costs will help to determine which approaches add value and which do not.

RECOMMENDATION 7: BUILD THE BANK'S ANALYTICAL CAPACITY TO DO DFGG WORK BETTER.

There are already small cadres of professionals with DFGG experience dispersed throughout the Bank who use DFGG in different ways. To intensify its engagement in this relatively new area of business over the intermediate and long term, the Bank will need to train or hire additional staff with the appropriate skills for this work. Part of the challenge will be to recognize its staff members who are already skilled in DFGG and to make their expertise available to their peers, perhaps through a DFGG help desk. In addition, there is a growing knowledge base on DFGG that could be imparted through training courses, particularly as the Bank begins to learn more about which DFGG approaches are most effective and in what circumstances. We note that a GAC Knowledge and Learning platform has recently been launched; that the GAC Strategy Implementation Plan recognizes the need

for skills and knowledge in GAC; and that many learning programs have already been initiated. We recommend that explicit provision be made for the DFGG practice area within these training programs. The GAC Phase 2 program would be well advised to estimate the incremental staffing cost for an intensified program, ideally through a FY11–13 business plan for DFGG learning and knowledge activities.

RECOMMENDATION 8: CHOOSE THE RIGHT CONTEXTS, TOOLS, AND PARTNERS TO INTENSIFY DFGG WORK.

The 2008 QAG Benchmarking Review noted that the Bank’s use of DFGG tools suffers from a “lack of strategic selectivity” and “weak follow-up during implementation.” Our review reinforces this finding. How should DFGG be applied strategically? First, DFGG approaches should be used only

where enabling conditions exist or can be ensured during implementation. Political economy analysis tools will be particularly helpful in this regard. Second, it is important to select the right DFGG tool—public expenditure tracking survey, citizen report cards, grievance redress mechanisms, social audit—and use it for the purpose for which it was designed. When a DFGG tool is misused or overused, the likelihood of poor outcomes increases, and along with it the risk of client backlash and loss of support for DFGG approaches. Third, choose the right partners. The GAC Strategy appropriately calls for “engaging systematically with a broad range of government, business, and civil society stakeholders.” Experience has shown that high-quality DFGG work should not be limited to NGOs, but should also involve groups such as parliamentary accountability institutions, the judiciary, business or professional associations, think tanks, and others.

ANNEX 1

FINDINGS FROM INTERVIEWS WITH SELECTED DONORS¹⁰

Summary of Interview Questions

1. Would you please very briefly describe the experience of your organization in the field of Demand for Good Governance (DFGG)/social accountability/participatory governance/citizen empowerment? (What is your organization's policy or strategy to address Demand for Good Governance work? Do you have a separate program on this or have you integrated this into your regular programs? Are there new vision/program strategies envisioned to support this type of work in the near future?)
2. What are your partnership arrangements with civil society groups in DFGG work? What are the funding mechanisms?
3. What has your experience been in working with the government and its bodies to promote DFGG activities?
4. What best practices and/or lessons learned have emerged from your work in this area?
5. What is your/your organization's perception of the current impact/value added of this field of work?
6. What do you/your organization see as current priorities and/or gaps in this field?
7. What is your/your organization's perception of the World Bank's role in this area? What advice or recommendations would you make to the World Bank about its work in this area? In your view, what is the single most important contribution the World Bank could/should make in the field of DFGG?

¹⁰ Conducted by Carmen Malena, PTF Consultant, August–September 2009

| Current DFIGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|--|---|--|---|---|--|--|
| <p>Working actively in this area since the early 1990s.</p> <p>DFGG is a key (and growing) focus area for DANIDA.</p> <p>Human Rights and Good Governance Program has been major program in Nepal since 1998.</p> <p>Three components:</p> <p>(i) Inclusive democracy (e.g., electoral reform, voter registration, advocacy); (ii) HR and justice (e.g., impunity issues, victims' rights); (iii) local governance (support to multi-donor local governance and community development (LG&CD) program.</p> | <p>Previously used, demand-driven, project-based approach. Funded 60+ NGO partners in Nepal over past decade.</p> <p>Have more recently adopted an organizational support approach, offering longer-term funding to 13 strategically selected NGO partners. Includes institutional assessments of each partner and support for strategic planning and capacity development.</p> | <p>No direct partnerships with government in the area of DFIGG.</p> <p>Govt. not always open to citizen/ civil society involvement. Relations marred by mutual mistrust.</p> <p>Do support the multi-donor-supported Local Government and Community Development Program (hosted by the Ministry of Local Government).</p> <p>Partner (and/or dialogue) with a number of multi-stakeholder commissions (e.g., Elections Commission, National HR Commission, Commission for women, dalits, etc.)</p> | <p>Working differently with NGOs (i.e., longer-term, strategic partnership approach, including core funding and support for capacity development).</p> <p>Need to ensure a balance and support both demand and supply-side initiatives (e.g., the LG&CD program provides support to local govt. and also helps community groups to engage more effectively).</p> <p>Forums/committees that bring together state and non-state actors (e.g., the new multi-stakeholder management committee of the recently created Local Governance Accountability Facility).</p> <p>Strong focus on political empowerment/ participation of marginalized groups (e.g., women, dalits, indigenous minority groups).</p> | <p>Have collected little "hard," objectively verifiable evidence to date. For now, mostly anecdotal. Hoping to develop indicators in coming year.</p> <p>Check 2008 "Citizen Voice & Accountability" report</p> | <p>Better coordination at all levels. Impact can be enhanced by merging of activities and more concerted efforts.</p> <p>Engaging with political parties—a difficult area for donors, but essential to DFIGG. (In Nepal, in early stages of a gradual process, beginning with establishing informal dialogue with mid-level party leadership). Groups such as DfID, National Democratic Institute (NDI), International Institute for Democracy and Electoral Assistance (IDEA) also interested/involved.</p> | <p>Need to ensure balance between demand-side and supply-side approaches.</p> <p>Use leverage to bring govt. and CSOs together in joint forums.</p> <p>Promote/facilitate multi-stakeholder policy dialogue.</p> <p>Enhance coordination with other donors.</p> <p>More emphasis on transparency and multi-stakeholder participation in WB operations.</p> <p>WB's big comparative advantage is the resources it brings. Invest more in both the demand- and supply-side of good governance.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|---|---|---|---|--|---|---|
| <p>UNDEF funds CSO projects aimed at promoting democracy; disburses about \$250,000/year.</p> <p>UNDEF is a UN Secretary General's (SG) trust fund financed by voluntary donations from (currently 36) member states.</p> <p>Cannot meet enormous current demand. (In last year, received 2,200 applications and could only fund 70).</p> | <p>Flexible, don't dictate issues. "Invest in strengthening CS voice; don't tell that voice what to say."</p> | <p>Do not fund govt. projects (only CSOs are eligible); and purposefully do not consult govts. in the selection of projects.</p> <p>Relations with govts. not always easy; not always keen on such activities.</p> <p>More contact with autonomous constitutional bodies (e.g., HR commissions, electoral commissions, ombudsmen), helping them to be more publicly responsive.</p> | <p>Focus on minorities and marginalized groups (women and youth).</p> <p>In difficult country settings, makes sense to focus on youth.</p> <p>Given contextual differences and potentially complex CS-state relations, it's very important to give CSOs a high level of control, flexibility, and ownership over the types of engagement they pursue. Important to avoid imposing too many conditions and guidelines. Preferable to establish clear principles and let primary actors take it from there.</p> | <p>Current lack of quantitative studies but anecdotal evidence suggests important benefits and value-added.</p> <p>"Anecdotal" (i.e., a large quantity of anecdotal evidence) can be more useful/convincing than scientific studies.</p> | <p>For institutions such as the UN and WB, there is a need to reflect on what the notion of "national sovereignty" does and does not mean, and the operational consequences of this.</p> <p>It's important to acknowledge that "govt. ownership" doesn't equate with "country ownership," and to seek more genuine "country ownership."</p> | <p>Sees WB as a leader in this field and as a genuine "learning organization."</p> <p>WB has no choice but to continue to work in this area.</p> <p>Find ways to factor demand issues into mainstream work across the board, and give us all a methodology for doing this. WB is well-placed to set the standard (e.g., more systematic use of surveys and POPs might be a useful way to find out what people want).</p> <p>More direct funding to CSOs is needed. Not just little funds here and there. Every project/loan should have a CSO fund/component—allowing them to play crucial public information-sharing, monitoring and watchdog roles.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/recommendations |
|---|----------------------------------|---------------------------------|---|---|--|---|
| <p>Recently launched research project in 6 countries (India, Brazil, South Africa, Bangladesh, Uganda, Bolivia) to assess CSO efforts to influence national policy and draw insights about accountability and representation.</p> <p>Intended to help structure national dialogues.</p> | n/a | Not discussed | <p>Parliamentarians are crucial players in DFGG and in linking citizens to the state.</p> <p>Need for strategic reflection on how the WB can more effectively and meaningfully engage parliamentarians—while respecting its Articles of Agreement.</p> <p>Important, for example, to provide parliamentarians with access to timely and detailed information on Bank projects so that they can exercise effective oversight.</p> <p>Suggestion to consult with the Parliamentary Network on the World Bank (PNOWB).</p> | Suggests looking at IDS/Gaventa “Building Responsive States” Policy Brief Series. | <p>WB is uniquely placed and has the leverage to open political space for CS actors. It can do so at relatively little risk (whereas it is highly risky for CS actors to push for such space on their own).</p> <p>Bank also has unique multi-stakeholder convening power, across sectors and across public, private, and non-profit spheres. Can play a crucial role in promoting and facilitating such engagement.</p> | <p>Sees conflict of interest at Board level. Do Board members act in the interest of the institution or their country? How can the Executive Board be buffered from undue country influence on DFGG-related issues?</p> <p>Recommendation to enhance public access to information (and thus capacity for influence and oversight) on Bank-supported projects. Need to make information available at a point when it is still possible to influence decision making.</p> <p>Need for clear incentives for TTLs/staff to support/implement DFGG, in order to counteract disincentives (e.g., pressure to disburse, time and cost of participation, possible govt. resistance). Important to support CSOs to enable them to demand accountability, but WB should stick to its strength of working with govt. to become more accountable and effective.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|---|----------------------------------|---|--|--|--|---|
| <p>PRIA has been a pioneer in the field of citizen participation for more than 25 years, and is involved in a wide range of DFGG-related research and operational activities at local, state, national and international levels. Please see www.pria.org for further information.</p> | <p>Not discussed</p> | <p>Three key lessons have emerged from relations with govt. actors: (i) elected leader are much more responsive than appointed officials; (ii) responsiveness tends to go hand in hand with efficiency and capability; (iii) the “softer” ministries (e.g., health, education, rural development) are much more sensitive and responsive to DFGG approaches; working with “hard” sector ministries (e.g., infrastructure, transport, finance, commerce) is much more difficult.</p> | <p>CS-academic partnerships (combining high-quality, serious research and activism) can be very powerful and effective. Especially important in order to penetrate “hard” sectors such as finance and infrastructure.</p> <p>Transnational links are also necessary to boost capacity, influence, and leverage.</p> <p>Need to simultaneously work on supply and demand sides of governance. Of particular importance is the interface between the two.</p> <p>Decent capacity on the supply side is a prerequisite for DFGG (need to build state capacity before it can be responsive). DFGG should therefore prioritize relatively better-developed countries (e.g., Brazil, India), where decent supply capacity exists and demand is weak.</p> | <p>Impact is clear and no longer questioned.</p> | <p>Not effective to channel DFGG funds through govt. to CSOs. WB needs to find new mechanisms to effectively channel such funds (e.g., independent fund; partnership with bilaterals).</p> | <p>WB plays crucial role in opening space for CSOs and strengthening their voice (directly by creating space at the table, indirectly through research/consultation).</p> <p>The Bank’s greatest challenge is its “political prohibition” clause. Creative ways of coping with this are needed. (UNDP has the mandate and capacity but does not challenge govt. on these issues.) Maintaining healthy independence from govt. is essential).</p> <p>Bank must continue to invest in DFGG and should also channel support to other actors (e.g., global and regional CSOs). A certain level of hands-offness is key to promoting this agenda.</p> <p>Part (e.g., 5%) of every Bank loan should support DFGG activities; funds best administered outside of govt. coffers. This is already happening to a degree but needs to become strategic and systematic, and be taken to scale.</p> <p>Invite global external players to contribute to the development of this agenda. E.g. Organise a global meeting to discuss these findings of this research and follow-up.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/recommendations |
|---|--|--|--|--|---|---|
| <p>CIDA does not use DFGG terminology but sees citizen participation, transparency, accountability, etc., as core part of its "democratic governance" work.</p> <p>Mandate of a new "Democracy Agency" soon to be defined, based on nationwide consultations and an expert panel.</p> | <p>Currently, a more deliberate and coordinated effort to meaningfully involve CS in all aspects of development processes. Focus on govt.-CS partnerships.</p> | <p>Supports parliamentary capacity building and election processes, among other aspects of demand-side governance.</p> | <p>"Political will" is key. Now moving towards more work with political parties (as important source of political will). Building trust and partnerships among govt., CS, and private sector (e.g., in partnership with IFC?) is key.</p> <p>Three types of govts.:</p> <ul style="list-style-type: none"> (i) those that don't care about development; (ii) those that say they care and do nothing; (iii) those that are genuinely committed. In all three cases, CS has an important role to play. <p>Essential to have a balance between supply- and demand-side interventions.</p> <p>Listen more to in-country activists and follow their priorities.</p> | <p>No doubt that engaging CS is essential to achieving development results.</p> <p>CS "watchdog" role not only essential to dev. but also to fighting corruption and protecting the environment.</p> | <p>Need for better information-sharing and learning among and between donors and practitioners.</p> <p>Much more serious, extensive, and consolidated efforts are required to fight corruption (e.g., ensure third party monitoring of anti-corruption agencies).</p> | <p>WB and other influential external actors can play crucial role in creating space for CS and enhancing access to info. (e.g., through country-level public access websites).</p> <p>A fundamental responsibility of donors is to protect CS activists willing to speak up.</p> <p>Support capacity development of govt., parliament, and CS (esp. on fin./budget issues).</p> <p>IFIs should work in partnership with bilaterals w/different comp. adv. (IFIs have more govt. influence, bilaterals can work more freely with CS actors). More coordination and joint programming.</p> <p>WB needs to enhance monitoring and social accountability of its own programs. Support in-country experts to be responsible for M&E, and encourage information sharing. Set aside funds to directly support CSOs. See client as "the people," not just the government.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|--|--|--|---|--|--|---|
| <p>These activities are captured under UNDP's "democratic governance" work (approx. \$1.2 billion/year), which covers 3 areas: (i) responsive institutions (decentralization, parliaments, etc.); (ii) inclusive participation (elections, access to info., support to CS); and (iii) norms (anti-corruption, HR, gender).</p> <p>Significant experience supporting CRCs, deliberative polling, gender budgets, etc.</p> | <p>Most frequently, CSOs contracted (by govt.) to deliver different aspects of UNDP country program.</p> <p>Also, limited direct support to CSOs through DemGov Trust Fund (\$17 million/year). Approx. 500 grants since 2002.</p> | <p>Everything UNDP does is in response to government.</p> <p>Dem Gov work is based on govt. demand. Role of UNDP country rep is to push govt. to address perceived gaps.</p> <p>CSOs consulted in the development of country program, but dependent on sign-off from govt.</p> <p>Social accountability/DFGG issues are sensitive with many governments.</p> <p>Sees UNDP role as working closely with govt. to promote greater responsiveness, openness from within (over the long term).</p> | <p>Currently developing new Guidance Note on Nurturing Social Accountability.</p> <p>UNDP (NY) has also recently adopted new strategy for supporting CSOs. Recommends CSO Advisory Committees in all UNDP country program. Quite a number now in place.</p> <p>New strategy emphasizes importance of establishing the legitimate role of CSOs and promoting an enabling environment.</p> <p>Currently finalizing a Primer on Legal Reform for Supporting CS (with ICNL).</p> <p>Core objective is to strengthen relations between govt. and CSOs. Facilitating/improving the nature of this interface should be the priority.</p> | <p>UNDP is weak on impact assessment in this area; interested in doing more impact assessment in future.</p> | <p>Fundamental need to understand that development is about changing attitudes and behaviors (not just about money changing hands).</p> <p>Need to support CS to think creatively about how to engage different levels of govt. in constructive and non-threatening ways (IBP is a good example. Now being invited by govt. institutions to provide assistance).</p> | <p>Emphasizing "democratic ownership" v. "national ownership" is very important.</p> <p>Useful for UNDP and WB to improve collaboration on these issues both in-country and at HQ level (e.g., current joint governance assessments pilot).</p> <p>Use leverage with govt. to encourage new ways of engaging with CSOs.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/recommendations |
|---|---|---------------------------------|---|--------------------|---|--|
| <p>Focus on nurturing women's involvement in various govt. policies and processes. Concern with improving service delivery for women. Support for gender budgeting initiatives.</p> | <p>Mostly as operational partners in the implementation of core programs. Also some direct funding of women's groups (through trust funds).</p> | | <p>The strategic use of monitoring mechanisms has great potential. Often most valuable donor contribution is to create space for interaction. On highly contentious issues, a hands-off approach can work best; facilitate direct interaction between govt. and CSOs.</p> | | <p>The WB seems to understand the importance of girls' education, but beyond that, doesn't realize that women's empowerment is essential to economic, social, and political development. Very weak on gender dimensions. Many demand-driven initiatives remain gender blind. Many tools not adapted/ useful for illiterate/poor groups. If serious, must focus on socially excluded groups. A true indicator of GG is women's protection and improved well-being!</p> | <p>Very positive for WB to be supporting demand-side initiatives (because this is what democracy means). However, unsure of WB's legitimacy/value-added in this area. WB approach appears to be very top-down and limited to formal institutions. Bank's approach appears business oriented as opposed to socially oriented. Recommend including indicators on "CS space" and social accountability in governance assessments and country profile indicators. Do more to support legal reforms and enabling environment.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|---|--|--|--|--|---|--|
| <p>Entry point is to help local people actively contribute to improving rural services (instead of being passive recipients).</p> | <p>Mostly, have own offices/staff on the ground to work directly with VDCs and other CBOs.</p> <p>Sometimes make grants to local NGOs with established relations/ expertise.</p> | <p>AKF used to run own show, but now (especially with increasing decentralization) makes a point of working with LG and encouraging CS-LG relations.</p> <p>Take as a starting point—helping govt. services work better.</p> <p>Reactions range from “no thanks” to enthusiastic collaboration.</p> <p>Main obstacle is political arrogance/ posturing. If you can overcome defensiveness and boastfulness, then progress can be made.</p> | <p>Recommends a pragmatic and technical (v. overtly political) approach. Ensuring govt. buy-in is key.</p> <p>Look for opportunities to help govt. do what it is already genuinely committed to doing (as it is in the interests of the poor). For example, helping LGs achieve their mandated tasks/ meet their requirements vis-à-vis central govt.</p> <p>Sees parliamentary committees as a particularly important entry point.</p> <p>Important to overcome barriers between service and advocacy-oriented activities. The best advocacy CSOs are those with lots of practical, on-the-ground experience and strong constituency links.</p> | <p>Evidence of impact mostly anecdotal (for now), but powerful all the same.</p> | <p>A core problem is latent antagonism between govt. officials and CSOs. Public statements of endorsement (for DFGG approaches, CSO roles) from the very top can make a big difference. (Even if such a statement isn't backed up by strong genuine commitment, it still gives activists and practitioners something to work from.)</p> <p>We need more serious work on convening productive and honest forums between govts and CSOs that are professionally facilitated to get beyond the usual political posturing, etc.</p> | <p>When money is channeled to govt., important to also channel funds to CS. Otherwise, donor funds can exacerbate govt./CS power imbalance.</p> <p>Financial support can help CSOs bring something to the table and provide resources for effective monitoring.</p> <p>Some type of WB foundation could fund such activities.</p> <p>Mechanism such as PRSP could encourage govt.-CS-private sector coordination.</p> <p>WB as having great convening power but not following through on this agenda.</p> <p>WB must become a stronger advocate and defender of citizen and CS rights, and stand up to govts. that question or violate those rights.</p> <p>Important for WB to conduct rigorous research to demonstrate the value-added of DFGG, strong civil society, active citizenship, etc.</p> |

| Current DFGG activities | Partnership/funding arrangements | Nature of work with governments | Best practices/ lessons learned | Impact/value added | Priorities/gaps | Perceptions of World Bank work; advice/ recommendations |
|---|----------------------------------|---------------------------------|--|--|--|---|
| <p>Many initiatives have been launched in recent years by CSOs to foster better accountability and transparency. The DFGG agenda is also gaining more attention by bilaterals, multi-laterals and foundations.</p> <p>There are, however, few opportunities for these various actors to come together to share approaches, reflect, and develop joint strategies.</p> | | | <p>While CS-led initiatives are increasingly seen as critical, it is essential to focus on both sides of the citizen-state equation—by also supporting the capacity of govts. to respond to citizen demand, and by linking CS initiatives to official bodies (e.g., oversight commissions, parliaments).</p> <p>Need to develop coalitions across govt., civil society, media and other actors.</p> <p>Indicators of success will include:</p> <ul style="list-style-type: none"> - The presence of a broad-based, deeply rooted popular base for DFGG initiatives; - A strong knowledge base and widespread understanding of the issues; - Well-developed networks and centers for support and learning; - More ambitious and smarter investments; - Increased scale and impact in more places, levels, and sectors. | <p>Key drivers of DFGG agenda are:</p> <ul style="list-style-type: none"> - The need for democracy to deliver results; - The shift to new aid modalities (requiring new modes of accountability). - The pressure on dev. actors to show results; - The need to improve service delivery. <p>A key challenge is to strengthen the evidence base that shows how and under what circumstances DFGG initiatives lead to better development or governance outcomes.</p> | <p>DFGG requires an enabling environment in which citizens/CSOs enjoy safety and autonomy. Current trends, at least in some countries, point to a tightening of political space and a diminishing of resources required for civil society autonomy.</p> <p>Need to build alliances between DFGG groups and other sector-specific movements, campaigns and groups.</p> <p>How to develop smarter, larger and more innovative funding mechanisms to support DFGG more effectively?</p> | <p>Important for the Bank to focus on enhancing its own accountability and transparency. Important to establish new standards—both to set an example and to enhance its legitimacy in supporting others.</p> <p>Important to develop more cross-donor collaboration and pay more attention to the comparative advantages and roles of official donors, private foundations, and CS groups in a particular setting or context.</p> <p>DFGG requires the ability to navigate the complexities of power and politics that shape and surround it. This is a key challenge for all donors.</p> |

ANNEX 2

DONORS IN DEMAND FOR GOOD GOVERNANCE (DFGG)¹¹

Background

This annex presents research findings and analysis on global experience in promoting demand for good governance (DFGG). Its aim is to contribute to the World Bank's DFGG intensification strategy, and particularly its effort to directly fund civil society organizations. Data were collected, primarily through web research, on the UN Group, bilateral agencies, and private foundations. The information was then synthesized to identify global trends in DFGG funding over the last five years, particularly with regard to donors' partnerships with civil society organizations, local communities, parliaments, business associations, and the media.

The analysis of donor experience with DFGG focused on: (i) major schemes for promoting DFGG; (ii) main objectives of the schemes; (iii) size and scope of the schemes; (iv) operational features of the schemes; and (v) results monitoring arrangements. The findings are summarized in several matrixes in this chapter (tables 1, 2, 4 and 5).

The donors examined in this research consisted of two groups:

Group I—24 Multilateral and Bilateral Donors

Group II—20 Private and Political Foundations.

These groups were further categorized based on their organizational affiliation and the extent of their involvement in DFGG. Multilateral and bilateral organizations (Group I) were sub-categorized based on information available on their involvement in DFGG-type activities, including language on DFGG in foreign aid objectives and mission statements, and examples of DFGG-type activities and program support. Sub-categories of Foundations (Group II) were based on information available on specific DFGG programs and funding allocations.

The data collection and analysis were guided by the conceptual definition of DFGG presented in the DFGG Stocking Report (Chase and Anjum 2008): DFGG is the “extent and ability of citizens, civil society organizations, and other non-state actors to hold the state accountable and to make it responsive to their needs, and, in turn, DFGG enhances the capacity of the state to become transparent, accountable, and participatory in order to respond to these demands.”¹² Consideration was also given to donors' own programming, program titles, and descriptions of DFGG activities.

Table 1 summarizes the level of involvement of Group I donors in DFGG.

Table 2 summarizes the level of involvement of Group II donors in DFGG.

A. Multilateral and Bilateral (Group I) Donors

Analysis of Findings

The research findings show that only a few donors have adopted a DFGG model with a distinct operational and funding mechanism. Most have integrated DFGG into their broad thematic programs—Democracy, Human Rights and Good Governance; ITC and Communication; and Civil Society Partnership—and use their regular multilateral and bilateral arrangements to channel technical and financial support for DFGG activities, including direct funding to civil society organizations. Three main types of DFGG support schemes have emerged:

- Scheme 1: DFGG as an exclusive model with a distinct program and funding mechanism
- Scheme 2: DFGG integrated into broader thematic programs, such as good governance
- Scheme 3: DFGG integrated into a separate civil society partnership program.

¹¹ By Sabina Panth, PTF consultant.

¹² Robert S. Chase and Anushay Anjum, Demand for Good Governance Stocktaking Report, Annex 1, August 2008, World Bank.

Table 1. Level of Involvement of Multilateral and Bilateral Agencies in DFGG

| Category 1 UN Group | Category 2 High Involvement | Category 3 Medium Involvement | Category 4 Low Involvement |
|---|--|--|--|
| UN Development Program (UNDP) | Department for International Development (DFID), UK | Canadian International Development Agency (CIDA) | Norwegian Agency for Development Cooperation (NORAD) |
| UN Democracy Fund (UNDEF) | United States Agencies for International Development (USAID) | Swedish International Development Agency (SIDA) | Netherlands International Development Agency (SNV) |
| UN Social and Cultural Organization (UNESCO) | Australian Aid Agency (AusAID) | Austrian Development Agency (ADA) | Belgian Technical Cooperation (BTC) |
| UN Development Fund for Women (UNIFEM) | Danish International Development Agency (DANIDA) | Japan International Cooperation Agency (JICA) | Finland International Development Agency (FINIDA) |
| UN Department of Economic and Social Affairs (UNDESA) | European Union (EU)—Multilateral | Asian Development Bank (ADB)—Multilateral | |
| UN Office of High Commissioner for Human Rights (OHCHR) | German Society for Technical Cooperation (GTZ) | | |
| UN Office of Drugs and Crimes (UNODC) | | | |
| UN Capital Development Fund (UNCDF) | | | |
| UN Research for Social Development (UNRSD) | | | |

Note: Denotes organizations that have the most comprehensive and detailed information of their support to DFGG available on the internet. Category 1 organizations are affiliated with the United Nations. Category 2 organizations provide a high volume of information on programs and activities supporting DFGG. Category 3 organizations emphasize DFGG in their foreign aid objectives and mission statements, and Category 4 organizations provide comparatively less information on DFGG than other organizations specified in the table.

Table 2. Level of Involvement of Private and Public Foundations in DFGG

| | Category 1 High Involvement | Category 2 Medium Involvement | Category 3 Potential Involvement |
|---|--|----------------------------------|-------------------------------------|
| 1 | Ford Foundation | MacArthur Foundation | IBM Corporate Citizenship |
| 2 | The Open Society Institute of the Soros Foundation | Rockefeller Foundation | Kellogg Foundation |
| 3 | Mott Foundation | Aga Khan Foundation | Rotary Foundation |
| 4 | Rockefeller Brothers' Fund | Connect USA | |
| 5 | Omidyar Network | Wallace Global Foundation | |
| 6 | Hewlett Foundation | Oak Foundation | |
| 7 | Inter-America Foundation | BBC World Trust Fund | |
| 8 | National Endowment for Democracy | | |
| 9 | Westminster Foundation for Democracy | | |
| T | Kettering Foundation | | |

Note: Agencies in Category 1 provide the most comprehensive and detailed information on programmatic and funding support to DFGG. Category 2 organizations provide information on their support to DFGG through related thematic concentrations (Human Rights, IT and Communications, Poverty Reduction). Category 3 organizations do not provide any information on their support for DFGG so far, but their mission statements and funding objectives seem to suggest prospects for DFGG support.

SCHEME 1: DFGG AS AN EXCLUSIVE MODEL WITH A DISTINCT PROGRAM AND FUNDING MECHANISM

Major programs that use this model for DFGG include the United Nations Democracy Fund (UNIDEF), DFID's Government Transparency Fund (GTF), AusAID's Center for Democratic Institutions (CDI) Fund, the Asian Development Bank's Government Cooperation Fund (GCF), and the European Commission's European Instrument for Democracy and Human Rights (EIDHR).

Summary of Findings

UNIDEF, GTF, and CDI provide direct funding to civil society organizations for DFGG activities, and in some cases also to constitutional bodies, through centrally managed funding schemes. GCF is a government-led program implemented through operational, regional and country offices; and EIDHR provides funds to both the government and civil society for DFGG activities through its regional and country offices.

GTF and UNDEF are open to worldwide competition for grants. UNDEF considers applications from Asia, Latin America, and Africa, while CDI concentrates on the Asia Pacific region. The GTF- and UNDEF-funded programs can be implemented by local agencies or through international NGOs. The CMI fund is administered by an academic institution in the donor country (Australia), which provides technical and financial support to civil society groups in the recipient countries.

Both UNDEF and GTF began funding DFGG programs in 2007. UNDEF provides grants ranging from \$50,000 to \$500,000 for individual projects for a period of two years. In 2008, UNDEF received 1,823 applications and funded 82 projects, for a total of \$23,695,000. The GTF fund totals

£100 million; out of the 272 proposals it received in 2007, 38 were funded. GTF shared its final selection of proposals with relevant country offices and counterparts to ensure that the proposed needs for funding and expected benefits were appropriate for the country.

The GCF is a donor funding pool, initiated in February 2008 to support government-led DFGG initiatives in ADB member countries. Regional departments, resident missions and operations support offices are eligible to access the GCF. Fragile and Transient States are given preference for funding. GCF plans to distribute \$2.6 million over the coming three years.

The EIDHR is a €1.1 billion program for the time period of 2007-2013, with an annual budget of €116 million. It supports out human rights and democracy activities worldwide, at the national, regional and local levels, including small-scale initiatives by local CSOs; national programs; regional dialogue; and network and coalition building among diverse stakeholders and civil society organizations.

In addition to EIDHR, EC is also implementing the Non-State Actors and Local Authorities in Development Program. It is an actor-oriented program, aimed at capacity building through support to initiatives by non-state actors and local authorities from the EU and partner countries in the developing world. Information on the program's funding and operational mechanisms was not available at the time this report was prepared.

Donor commitment to DFGG work is also reflected in the Bellagio Conference in Innovations in Accountability and Transparency through Citizen Engagement: the Roles of Donors in Supporting and Sustaining Change, held in June 2008. Table 3 provides information on participating donors and their conference-related funding pledges. Few details on the types of programs/activities to be funded were available at the time this report was prepared.

Table 3, Donors and Pledges at the Bellagio Conference, June 2008

| Donor | Type of Donor | Funding Amount | Time Period |
|--|---------------|-----------------|-------------|
| Canadian International Development Agency (CIDA) | Bilateral | \$474 million | 1 year |
| Department for International Development (DFID) | Bilateral | \$118 million | 5 years |
| United Nations Development Programme (UNDP) | Multilateral | \$5 billion | 3 years |
| Hewlett Foundation | Foundation | \$23 million | 1 year |
| Gates Foundation | Foundation | \$30 million | 2 year |
| Ford Foundation | Foundation | \$12–20 million | 1 year |

(continued)

| Donor | Type of Donor | Funding Amount | Time Period |
|-------------------|---------------|----------------|-------------|
| Google Foundation | Foundation | \$10 million | 1 year |
| BBC Trust | Private | \$34 million | 1 year |
| Tiri | Private | \$12 million | 5–10 years |
| PRIA | INGO | \$3 million | 1 year |

Source: Bellagio Conference Overview: A Snapshot of what we heard so far, John Gaventa and Julia Moffe (www.gsdc.com).

SCHEME II. DFGG INTEGRATED INTO BROAD THEMATIC PROGRAMS

Summary of Findings

The majority of donors have integrated DFGG into their broad thematic programs, typically under the program title Democracy, Human Rights and Good Governance. DFGG elements can also be found in ITC and Communication and Civil Society Partnership Programs. The scope and nature of support vary depending on the sector priority and country assistance strategy of the individual donor. Some donors describe DFGG in the context of a specific program, while others explain DFGG in a broad context (in mission statements, program objectives, etc.). Even when detailed components on DFGG are available, the operational and funding details are absent in most cases.

As a general rule, most donor support is channeled through regular multilateral and bilateral arrangements

appropriated for specific thematic programs. Multilateral funding is channeled through a donor pool, usually by means of UN offices, the European Commission, the Organization for Economic Cooperation and Development (OECD), and multilateral banks, including the World Bank. Bilateral funding is channeled through the donor country's foreign aid assistance departments by means of regional and country mission offices, high commissions, and embassy and consulate offices. Thematic priority in aid assistance is guided by the donor country's official policy on foreign aid, commitment to international development goals, and national plans and priorities in the country of operation. DFGG initiatives are supported under the country's broad thematic priority areas, through both the government and civil society partnership arrangements, including direct funding through country and regional offices.

Table 4 shows some of the donors that have integrated DFGG into their program components.

Table 4. Major Thematic Programs with DFGG Elements

| Donor | Program Division/ Thematic Concentration | Program Highlights | | | |
|---|--|---|--|----------------------------------|---|
| | | 1 | 2 | 3 | 4 |
| UNDP | Democratic Governance | Democratic Governance Practice (DGP) | Democratic Thematic Trust Fund (DTF) | Oslo Governance Center | Millennium Development Goals and Gender Equality as cross-cutting theme in governance |
| UNESCO | The Communications and Information Division | Access to Information, including e-governance program | Media Development Program | Capacity Building in ITC Program | |
| UNIFEM | Women's Empowerment, Gender Equality | Women's Leadership in Governance Program | Peace and Security Program | | |
| UN Department on Economic and Social Affairs (UNDESA) | Public Administration and Development Management | Governance and Public Administration Program | Socio-Economic and Governance Management | | |
| UN Research Institute for Social Development (UNRISD) | Democracy, Governance and Well-being | Civil Society and Social Development | | | |

(continued)

| Donor | Program Division/ Thematic Concentration | Program Highlights | | | |
|--------------------------------------|---|---|--|-------------------------------------|--|
| | | 1 | 2 | 3 | 4 |
| OHCHR | Human Rights, Good Governance; Corruption | Good Governance Program | Peace and Security | | |
| UN Office on Drugs and Crime (UNODC) | Corruption | Global Program Against Corruption | | | |
| UN Capital Development Fund (UNCDF) | Local Development Program | Local Level Institutional Development | Performance-Linked Block Grant Facility | National Policy Relevance | |
| USAID | Democracy and Governance Program | Anti-Corruption, Security, Decentralization and Local Governance, Legislative Support, Public Sector Reform, Elections. | | | |
| AusAID | Governance | DFGG in Leadership Program | Performance-linked Aid | South Asia Fund | Numerous country-focused schemes, including: Local Development Programs (Commonwealth) Democracy and Governance Program Transitional Phase (Papua New Guinea) Community Development Program (Papua New Guinea) Electoral Support Program (Papua New Guinea) Media for Development Initiative (Papua New Guinea) |
| EC | Human Rights, Democracy and Governance | Governance (Financial and Technical Assistance Program) | European Instrument for Democracy and Human Rights (2007–2013) | Non-State Actor Program | |
| DFID | Governance, Civil Society Strengthening, Partnership Program | Governance and Transparency Fund (GTF) | Partnership Program Arrangements Fund (PPA) | Civil Society Challenge Fund (CSCF) | Development Awareness Fund (DAF) and numerous other country projects |
| CIDA | Human Rights, Democracy and Good Governance | Its website does not specify any particular program, but mentions DFGG support in broad context. DFGG objectives, activities are summarized in the section below (see CIDA matrix for details) | | | |
| SIDA | Democracy and Social Development (Democracy and Good Governance Division) | English-language website does not specify any particular program but describes DFGG integration in Human Rights, Rule of Law, Popular Participation, Public Sector Management, Gender Equality program components | | | |

(continued)

| Donor | Program Division/ Thematic Concentration | Program Highlights | | | |
|-----------------------------------|--|--|---|---|---|
| | | 1 | 2 | 3 | 4 |
| GTZ | Governance, Access to Media, Human Capacity-building, Women's Rights | DFGG elements found in program components, such as Election Law and Justice, Human Rights, Women's Rights, Social Welfare, Anti-corruption, Transparency, Leadership Capacity Building, Public Administration Reform (see GTZ matrix for more details). GTZ also has many country-focused programs and projects on DFGG | | | |
| German Development Service (DED) | Local Development and Planning | DFGG elements found in Democracy, Civil Society and Local Development, Conflict Management and Promotion of Peace | | | |
| DANIDA | Human Rights, Democracy and Governance, Women's Rights | Some programs with DFGG elements are highlighted in the matrix (see attached). Program focuses on Human Rights, Democratization, Public Sector Management, Anti-corruption, Women's Rights. There are also many country focused programs/projects on DFGG, which hasn't been covered in this paper due to time constraints. Also requires mainstreaming of anti-corruption measures in all programs and projects Among many projects supporting the initiatives, the Tanzania Governance Program and the Nepal Human Rights and Good Governance Program are major DFGG-focused projects | | | |
| Austrian Development Agency (ADA) | Good Governance | Country-focused programs. Good Governance, Millennium Development Goals, Gender Equality, Social Inclusion | | | |
| JICA | | Public Sector Reform, Decentralization | | | |
| NORAD | Public Administration, Decentralization Reform | Little information available | | | |
| BTA | Decentralization, Community Building | Little information available | | | |

The major program components, highlights, objectives, and activities of DFGG thematic donors are described more fully below.

1. DEMOCRACY POLICY REFORM; PUBLIC ADMINISTRATION REFORM: UNDP, EU, GTZ, DANIDA, ADA, CIDA, USAID, EC, UNDESA, UNCDF.

DFGG Objectives

- Enhance the capacity of representative democratic institutions (court, parliamentary bodies, independent ombudsman, human right groups, election commission, media, civil society, local bodies) to carry out their core functions effectively.
- Redesign and reconfigure governance systems and institutions to make them more inclusive, transparent and accountable to citizens.

- Reform public institutions in line with pro-poor development.
- Strengthen internal and external capacities for political analysis, to allow civilians to participate in democratic processes.
- Support decentralization to bring the government closer to the people, especially the poor and marginalized.
- Promote legal and institutional enabling environment for citizen participation and contribution to policymaking and program development.

DFGG Strategies, Activities

- Provide technical and resource support to strengthen the institutional and operational capacities of parliaments, independent ombudsmen, human rights organizations, election commissions, to enable citizens' voice and participation.

- Support parliamentary oversight of government budget management and expenditures.
- Strengthen commissions of investigation, truth commissions, and international human rights monitors.
- Support law reform in relation to gender equality, land rights, the media, and conditions of work; widen access to the law through public outreach, legal education, pamphlets on legal issues.
- Support inter-governmental work in the area of pro-poor governance and development; strengthen the planning and monitoring capacities of ministries of planning and social welfare, and local government bodies; support research capacity, also in analyzing and mitigating conflict; support post-conflict planning.
- Develop strategies and institutional options to link social capital to development management, to promote engaged governance, including citizen-based dialogue and advocacy for policy change; provide technical support for the production of tools, techniques, and strategies that support DFGG initiatives, including national and sub-national development reports, citizen charters, citizen budgeting, participatory audits.
- Help establish and improve mechanisms and systems in public goods delivery; integrate good governance measures in public-private partnership initiatives, in production, income, employment and accountability between producer, traders and also institutional arrangements between them.

Decentralization and Local Governance Activities

- Introduce participatory planning and budgeting systems at the local level to ensure a voice for citizens, especially women and other disadvantaged groups, in local public decisionmaking. The programs also work within, and support, the national system of central-local government institutional and fiscal relations.
- Help improve procedures and practices for local level resource mobilization and public expenditure management, to enhance the efficiency, effectiveness, and accountability of local authorities in poverty reduction activities.
- Provide local authorities with general purpose development budget support for sustainable, small-scale, local investments in social and economic infrastructure, such as schools, health clinics, rural roads, water and sanitation, and natural resources management. This support is linked to agreed measures of local performance and serves as an incentive for local capacity building.

- Support decentralization to enable citizens' participation in local politics and development planning; special attention to capacity building support to local elections, public administrations, and political actors.

2. ELECTORAL SYSTEMS AND PROCESSES: UNDP, EC, AUSAID, USAID, CIDA, GTZ (FRAGILE STATES), DANIDA (FRAGILE STATES), NORAD (LOCAL ELECTIONS).

DFGG Objectives

- Promote civic education programs to build popular understanding of, and demand for, political accountability and voting processes.
- Promote participation of women and marginalized population in political parties and elections.
- Empower civil society organizations to play a role in the democratization process and contribute to preparations for future free and fair elections.

DFGG Strategies/Activities

- Support voter and civic education campaigns.
- Support the electoral process through voter education campaigns, election monitoring and observation groups, and financial and technical assistance to local and international NGOs.
- Strengthen electoral institutions and electoral processes through technical and financial support.
- Provide materials and equipment to assist with electoral mapping.
- Support development of local democracy and good governance by focusing on local election assemblies, local public administration, and the local political context.
- Encourage democratic culture and transparency within the political parties.

3. HUMAN RIGHTS/RULE OF LAW/PEACE AND SECURITY: GTZ, USAID, UNDP, DED, EU, OHCHR, EC, DANIDA.

Human rights and democracy are key cross-cutting policy issues in Danish development assistance. EC also requires mainstreaming of human rights and democracy in its sector program support. DED support is focused at the local level.

DFGG Objectives

- Improve the state's capacity to provide the public goods essential for protecting human rights, such as education, health, and food.

- Promote human rights and good governance initiatives and reforms, and assist institutions ranging from penal systems to courts and parliaments to better implement those initiatives/reforms.
- Establish effective policing and judicial systems to contribute to conflict prevention, peace, and security.
- Protect human rights and civil liberties, promote access to justice, as key to empowering the poor and disadvantaged, including women.

DFGG Strategy/Activities

- Support human rights monitoring, capacity building and institutional strengthening, advocacy campaigns, peace building, conflict mitigation.
- Support and build capacity of human rights agencies (state and civil society) to apply international human rights laws, norms, and standards in national policies and programs.
- Strengthen national human rights commissions and ombudsman offices.
- Support investigation commissions, truth commissions, and international human rights monitors.
- Support law reform in relation to gender equality, land rights, the media, and work conditions.
- Widen access to the law through public outreach, legal education, pamphlets on legal issues.
- Advise and build capacity of governments, public sector, and NGOs to respect, protect, and ensure compliance with human rights.
- Strengthen local rule of law, social reintegration of soldiers and refugees, conflict counseling, local conciliation committees.
- Special programmatic focus on fragile, conflict affected, and transient democratic countries.

4. ACCESS TO INFORMATION, MEDIA SUPPORT, ITC AND E-GOVERNANCE: UNDP, DANIDA, ADA, GTZ, CIDA, EC, UNESCO, DEVELOPMENT GATEWAY FUND.

DFGG Objectives

- Promote independent, professional, and pluralist media.
- Increase access to information to empower citizens to make better decisions about public policy and the political process.
- Promote modern and traditional communication mechanisms that enable marginalized groups to participate effectively in local government planning.

- Promote the use of ICT tools in e-governance to improve transparency and institutional capacity of public institutions in financial management, development planning, public procurement, and service delivery.

DFGG Strategy/Activities

- Build the role of an independent, responsible media through training, technical assistance, and linkages among journalists.
- Support media organizations such as press, radio and television, media training institutes, professional journalists' organizations, media development agencies, and community media.
- Raise awareness on citizens' rights to information.
- Build capacity of national and regional news agencies, and train media professionals.
- Promote the use of ICT tools at central and local government levels by developing training modules for decision makers.
- Implement support program through collaboration with international NGOs with expertise in information management.
- Support media projects with potential to serve as models; and media projects from least-developed, landlocked, and small island countries.

5. CIVIC EMPOWERMENT AND CAPACITY BUILDING OF CIVIL SOCIETY AND GOVERNMENT INSTITUTIONS: ALL DONORS MENTIONED IN THE REPORT.

DFGG Objectives

- Empower citizens to participate in government decision making, and monitor/improve quality and delivery of services.
- Strengthen capacity of policymakers and service providers to use participatory and consultative instruments to engage with citizens.
- Promote active public involvement in government policy and programs.

DFGG Strategy/Activities

- Empower marginalized communities to participate in political and development programs through education, awareness, and economic activities.
- Promote civic education programs to build popular understanding of, and demand for, political accountability.

- Support innovations in media; build capacity of civil society for independent analysis of government policy.
- Build civic participation (especially of women and marginalized) in the political process and government decision making through education and outreach activities.
- Support decentralization to enable citizens' participation in local politics and development planning.
- Improve the ability of citizens to participate more fully in political processes by supporting local government efforts to become more accountable, transparent, and responsive.
- Enhance public participation in holding legislative and executive branch accountable, and in monitoring implementation of government programs, budgets, and laws.
- Promote and strengthen citizens' monitoring and oversight bodies. Introduce tools and measures to assess quality of services and determine whether allocated resources are reaching service providers. Foster pro-poor budgeting by promoting citizens' access to information on the management of state finances, giving special attention to gender equality and the participation of marginalized groups.
- Strengthen institutional capacity to provide basic public services more effectively and in a non-discriminatory manner.

6. ANTI-CORRUPTION: UNDP, DANIDA, UNODC, GTZ, USAID, AUSAID, CIDA, NORAD, ADA.¹³

DFGG Objectives

- Curb corruption in public institutions to improve the cost-effectiveness of government programs and services.
- Support anti-corruption actors, including state and government agencies, media, and private sector agencies. Support legal and regulatory reforms, civil

society empowerment, awareness generation, corruption prevention, and legal sanctions and enforcement.

- Enhance transparency and accountability in public services through parliamentary and civil society oversight and advocacy for legal sanctions and enforcement.
- Elevate the image, values, and status of the public service to the citizens it serves.

DFGG Strategies/Activities

- Strengthen parliamentary and citizens' oversight and actions to prevent corruption and enhance transparency and accountability, especially in budget formulation and expenditure, including procurement.
- Increase public access to financial information of public officials and financial statements of political parties.
- Strengthen social control mechanisms; support public awareness, monitoring of public administration work, and civic investigation of corruption allegations; establish and train civil society organizations to function as watchdogs.
- Support programs and projects that identify, disseminate, and apply good practices in preventing and controlling corruption.
- Provide technical guidance and toolkits to combat corruption to public, private, and civil society organizations and media.
- Produce public awareness materials on anti-corruption campaigns for governments, non-governmental organizations, and other civil society organizations.
- Facilitate public involvement in discussion of corruption through access to information and public participation.
- Facilitate implementation of the UN Convention Against Corruption.
- Coordinate and facilitate the development of benchmarks, methodologies, and approaches for assessing corruption and anti-corruption efforts.

¹³ Donor investment in anti-corruption is estimated at about one-third of their total investment in good governance activities. Among the major players, UNDP, UNODC, GTZ, and NORAD have specific anti-corruption programs and strategies. USAID has invested significant resources—\$184 million in FY 2001 and \$222 million in FY2002, according to a 2003 survey—in programs specifically targeting corruption, as well as those broadly aimed at “governance” but with a significant anti-corruption dimension. The same survey showed that more than two-thirds of all USAID missions have some programs related to corruption, and that most missions are interested in expanding resources by incorporating anti-corruption components into all sectoral programs affected by corruption (including agriculture, education, energy, and health, in addition to democracy and governance and economic growth). AusAID's anti-corruption strategy stated that the Australian Government would spend an estimated \$645 million on activities to improve governance in the Asia-Pacific region in 2006-07 alone. Information on other donors' investments in anti-corruption work was not available.

Donors have developed coherent approaches to deal with corruption. Under the OECD DAC Anti-Corruption Policy Framework, donors have committed to giving greater support to developing countries' anti-corruption efforts, aligning with country-led initiatives, and promoting local ownership of anti-corruption reforms. OECD DAC's Principles for Donor Action in Anti-Corruption bring donors together to support country-led anti-corruption strategies, and ensure that aid programs themselves do not foster corruption. DAC has also adopted the Paris Declaration on Aid Effectiveness; and many donors have ratified and begun to implement international agreements, such as the UN Convention against Corruption (UNCAC). The anti-corruption agenda is also highlighted in the Millennium Development Goals on good governance and poverty reduction. As a result, every donor member of UN and OECD that has ratified the MDGs has anti-corruption as one of the main components in its good governance work.

- Explore the impact of corruption on human rights; apply human rights principals to fight corruption.
- Raise awareness of the problem among citizens and civil servants.
- Support national anti-corruption programs and agencies, including among tax and customs authorities; amend national legislation on corruption, financial management, and audit.
- Support legal and regulatory reforms; encourage transparency of procurement process, including bidding and contract selection.
- Strengthen procurement processes at central and local levels.
- Support open and fair election processes.
- Support the judicial system.
- Support public prosecutors and police agencies.
- Support the local government sector and decentralization.
- Strengthen the gender focus in prevention and early warning mechanisms; improve protection and assistance for women affected by conflict.
- Assist women in conflict situations and support their participation in peace processes. Assist in the application of international humanitarian and human rights standards and the landmark UN Security Council Resolution 1325 (the first to give political legitimacy to women's struggle for a seat at the negotiating table).
- Promote equal rights for women and the protection of minorities.
- Promote application of rights-based approach to programming; provide assistance in human rights initiatives involving civic education and awareness-raising.
- Support women's organizations and national mechanisms to engender national legislation, policies, plans, and programs in selected countries, as part of the implementation of the Beijing Platform for Action.

7. WOMEN'S EMPOWERMENT AND SOCIAL INCLUSION: UNIFEM, UNDP, GTZ, DANIDA, USAID, ADA, AUSAID, SIDA, CIDA.

DFGG Objectives

- Strengthen women's leadership in decision making, and the responsiveness of public institutions to women's needs.
- Bring perspective of women, indigenous groups, and other socially and economically marginalized populations to electoral, legislative, judicial, and policy processes to help strengthen the rule of law and ensure gender justice.

DFGG Strategies, Activities

- Strengthen the capacity of socially marginalized groups and their representative organizations to effectively advocate for social inclusion.
- Strengthen women's leadership skills in order to promote their access to and participation in decision making structures and elections.
- Facilitate the partnership between women's organizations and governments to promote implementation of the Beijing Platform for Action, and increase governments' accountability for implementing the Platform.
- Work with local, national, and regional media to promote a more positive image of women and their role in society.

SCHEME III: DFGG PROMOTED THROUGH CIVIL SOCIETY PARTNERSHIP PROGRAMS

In addition to the broad thematic programs, some donors channel support to DFGG through specific civil society partnerships. Major programs of this type include DFID's Partnership Program Arrangement Fund (PPA); DFID's Civil Society Challenge Fund; the Development Awareness Fund; AusAID's Community Development and Civil Society Strengthening Scheme (ACCESS); and DED's Promotion of Democracy, Civil Society and Local Development.

Monitoring and Evaluation Framework

Summary of Findings

All donor-funded projects are required to detail their proposed monitoring and evaluation strategies in the project document. Many use a log frame or results-based framework, both of which require a monitoring and evaluation (M&E) plan as part of the overall project management cycle. M&E reports are aimed at improving project performance and also encouraging transparency and accountability of the program itself, by providing a public accounting of its results and impacts, and sharing knowledge based on what worked and what did not.

As a general rule, a baseline assessment is used as benchmark to measure quantitative and qualitative results in

line with the program's objectives. Information for the baseline assessment is derived from country assessment reports, the project proposal, or the overall goals and impacts envisioned for the program. Expenses for monitoring and evaluation work are integrated into the overall cost. For example, 10 percent of the total estimated cost of the UNDEF program is set aside to cover monitoring and evaluation. For a project over US\$250,000, a maximum of US\$25,000 is set aside.

Monitoring is done internally. It entails tracking the program's management and administration aspects, and its inputs and outputs, to ensure that implementation is proceeding as planned. Officials and departments responsible for the work guide and monitor its progress at all levels through field visits, progress reports, back-to-office-reports, consultant reports, and project completion reports. In the UNDEF funding scheme, an executive agency is responsible for the monitoring and submission of a report if the project is executed jointly by a CSO and UNDEF. If the project is implemented by a CSO alone, UNDEF appoints monitors to observe project milestones. UNDEF also reviews mid-term and progress reports and on occasion performs monitoring visits.

Evaluation is done externally. It measures the impacts and outcomes of the project in line with its objectives, and is typically done in two or three phases (first term, mid-term, final), depending on the size and duration of the project. Evaluations can be carried out by external firms, NGOs, or individual experts, using a combination of quantitative and qualitative survey methodology. The qualitative methodology entails individual and focus group interviews with members of a control group and the beneficiary group. Interviews are also conducted with project management and staff and other relevant stakeholders. Donors generally post evaluation reports on their websites to share best practices, lessons learned, and recommendations.

The monitoring and evaluation frameworks for some specific donor-civil society partnerships are described briefly below.

UNDP's Democratic Governance Thematic Trust Fund (DGTTF), established in 2001, is a quick and flexible funding mechanism for innovative UNDP projects. UNDP's Bureau of Development Policy, which manages the fund, carried out interviews with headquarters staff, country office staff, donors, government counterparts, and beneficiaries, to derive best practices, lessons, and recommendations for improving DGTTF's work to promote democratic governance.

In **UNESCO**, specific projects are evaluated by independent consultants on the basis of reports prepared in

cooperation with beneficiary bodies. Due to the high cost of evaluation missions, special attention is given to projects that can potentially provide the most useful information for identifying, designing, selecting, and implementing future projects.

In **CIDA**, the Good Governance and Human Rights Division of the Policy Branch works closely with the various program branches to assemble and review program information; and with the corporate database group to ensure that project information is recorded and retrievable. CIDA's country offices and its regional, bilateral, and multilateral partners also use CIDA's M&E framework for all of their joint program and funding activities.

To evaluate whether the activities it funds are contributing to democratization, **DANIDA** engaged eight outside consultant agencies to examine the following key questions: Which activities have been successful and which have not? What impact have the projects had on fragile democracies or on countries that still do not respect democracy? How can efforts be improved? Four teams prepared overviews of democracy and human rights support activities in, respectively, Ghana, Mozambique, Guatemala, and Nepal. Four other teams looked at cross-sectoral themes, including election support, support to legislation, citizens' participation in the democratization process, and support for a free and independent press. The results of the reports, as well as a synthesis report, are posted on the DANIDA website.

ADA uses evaluation findings to ascertain the quality and value of Austrian contributions, take necessary corrective measures, and inform development cooperation and fund allocation. The Ministry of International Affairs coordinates the evaluations with other donors and frames the evaluation strategy, while ADA carries out the evaluations, using teams of independent, interdisciplinary experts with the involvement of local specialists. The quality criteria are: (i) conformity with the basic concerns of Austrian development policy; (ii) alignment with local and national needs of the people in the country; (iii) partner participation and responsibility; (iv) effectiveness of individual projects and programs in terms of the stated objectives and resources used; and (v) sustainability of the activity.

OECD-DAC has a separate evaluation arm, the Network on Development Evaluation, which brings together evaluation managers and specialists from bilateral and multilateral development institutions to carry out robust, informed, and independent evaluations of its development programs. OECD-DAC also has a separate Policy on Engagement with Civil Society, which serves as a framework for partnerships with civil society members.

B. Private and Political Foundations (Group II donors)

Analysis of Findings

Approximately 20 foundations have funded or have the potential to fund DFGG programs. Among them, ten show high involvement with DFGG (Table 5); six show intermediate involvement (Table 6), and four have not yet supported any DFGG programs but have the potential to do so DFGG (Table 7).

The foundations were identified primarily through keyword searches, followed by a review of reference materials found in the process. For example, some foundations were identified from the participant list for the Bellagio Conference on Innovations in Accountability and Transparency (Table 3).

Specific DFGG programs and projects were identified through the foundations' websites, most of which also provided comprehensive information on eligibility requirements, grant administration, monitoring arrangements, and databases of funded projects. These databases made it possible to easily identify DFGG program elements and levels of funding, as opposed to the multilateral and bilateral databases, which required navigation through a large volume of information on diverse sets of thematic concentrations, programs, and operational modalities. Moreover, almost all of these foundations provide direct funding to civil society organizations, whereas multilateral and bilateral donors tend to have a more complex structure for channeling funds to civil society.

Summary of Findings

The majority of the foundations are private, except for the National Endowment for Democracy, Westminster, and the Inter-America Foundation, and almost all channel money

through civil society partnerships. The larger foundations, such as Ford and Hewlett, also provide money through multilateral channels to support both civil society and government programs. Some foundations also provide individual research and fellowship grants, and support coalition building and knowledge networking among DFGG partners through workshops, conferences, and publications. The BBC Trust, IBM, and Hewlett foundations provide technical assistance in addition to operational support for projects. Grants are made to individuals or a coalition of grantees through solicited and unsolicited proposals that cover core costs, capital needs, institutional capacity building, and knowledge sharing networks for single- to multi-year projects. Some foundations encourage cross-thematic collaboration and synergy among core themes of democratic practices and sustainable development.

Most foundations provide online grant announcements and application processes. Some, such as the Ford Foundation, also manage and monitor grants through regional and country offices. The majority of grant programs have a regional focus. A large portion of the grants for US-based Foundations go to US-based projects.

This analysis concentrates only on foundations that support DFGG through civil society partnerships by means of grants, loans, matching grants, or recoverable grants to non-profits, for-profits, academia, think tanks, policy institutions, trade unions, the media, and in some cases bar associations, businesses, and constitutional bodies such as parliaments and criminal courts. Eleven foundations show a high level of involvement in DFGG (Table 5); six show an intermediate level of involvement (Table 6); and 4 show a potential for involvement in DFGG (Table 7).

Table 5. Foundations with High Involvement in DFGG

| SN | Foundation | Major Programs | Funding Schemes | Regions of Focus |
|----|--|------------------------------------|---|--|
| 1 | Open Society Institute (OSI) or the Soros Foundation | Human Rights and Governance Fund | | |
| | | 1. Government Accountability Fund | \$10,000 to \$300,000 for one-year period, up to \$3,000,000 in three-year period (2006 data) | Europe and Central Asia, Former Soviet Union |
| | | 2. Transparency and Integrity Fund | | US focus |
| | | 3. The Information Program | | Global, developing country focus |

(continued)

| SN | Foundation | Major Programs | Funding Schemes | Regions of Focus |
|----|---|---|--|--|
| 2 | Ford Foundation | The Democratic and Accountable Government Program | \$28,000–\$600,000 to individual grantees (2009 data) | Offices in Africa, Asia, Latin America, Russia, US; also works through counterparts in other countries |
| 3 | Hewlett Foundation | Global Development Program | | Global and local |
| | | 1. Transparency and Accountability Program | Does not receive unsolicited proposals; need to work with the contact person | |
| | | 2. Public Policy Research (Think Tank Program) | \$100 million for 10-year research grant. | |
| 4 | Omidyar Network | 1. Media, Marketing and Transparency Program; 2. Government Transparency Fund | Since 2004, it has granted \$136 million to for-profits and \$159 million to non-profits | US, global |
| 5 | Mott Foundation | Democratic Governance through Civil Society Empowerment Program | Overall grant of up to \$250,000 | CSO program has Central/Eastern Europe, Russia, South Africa and United States focus |
| | | Special Initiative Program | \$50,000–\$400,000 | International, developing countries |
| 6 | Rockefeller Foundation | Democratic Practice Program | \$10,000 to \$335,000 to individual grantees (2009 data) | Worldwide, but preference given to pivotal places—Southern China, Western Balkans |
| 7 | National Endowment for Democracy (political foundation) | Democracy, Rule of Law, Human Rights | \$10,000–\$670,000 to individual grantees globally (2008 data) | Global, with developing country focus |
| 8 | Westminster Foundation for Democracy (political foundation) | Demand-led Democracy, Access to Information, Media Local Development, Civil Participation, Elections, Political Parties, Trade Unions | Not available | Focuses on political parties in UK; also sponsors programs in Africa |
| 9 | Inter-America Foundation (political foundation) | Strengthening participation and democracy practices | To date, has awarded more than 4600 grants worth more than \$600 million | Latin America and Caribbean only |
| 10 | BBC Trust Fund | Human Rights and Governance Program: 1. Media partnership 2. Civil society empowerment | Information not available | Asia, Middle East, local, global |
| 11 | Kettering Foundation | Citizen-led Engagement in Democracy | Provides research fellowship grants to individuals and organizations | US, global fellowship programs |

Table 6. Foundations with Intermediate Involvement in DFGG

| SN | Foundation | Programs | Funding Schemes | Regions of Focus |
|----|------------------------|---|--|---|
| 1 | MacArthur Foundation | 1. Human Rights and International Justice | \$19 million total budget in 2009 | Around the globe, with focus on Mexico, Nigeria, Russia, US |
| | | 2. Peace and Security | \$17.5 million total budget in 2009 | |
| 2 | Rockefeller Foundation | Globalization, Innovation in Development, Expanding Opportunities for Poor and Vulnerable | Organizations overall program funding ranges from \$30,000 to \$5,348,800 in the last five years | Global |
| 3 | Aga Khan Foundation | Strengthening Civil Society | Country specific | South Asia, Africa, Eastern and Central Europe, US |
| 4 | Connect US Political | 1. Human Rights, Policy Advocacy and Community Building | \$25,000 on a rolling basis | US and global |
| | | 2. Rapid Response Grant Specifically to CSOs | | |
| 5 | Wallace Global Fund | Media and Leadership among other programs (website down) | \$35,000 to \$100,000 in media projects (from information available on a specific program) | |
| 6 | Oak Foundation | Human Rights, Rule of Law | Only to solicit projects; need to make direct contact with Oak | Global |

Table 7. Foundations with Potential to Become Involved in DFGG

| SN | Foundation | Programs | Funding Schemes | Regions of Focus |
|----|--------------------|--|--|--|
| 1 | IBM Corporation | Corporate Citizenship | Supports a range of civic and nonprofit activities in countries where it has, or has potential for, business | IBM business countries |
| 2 | Kellogg Foundation | Civic and Philanthropic Engagement; Child-Focused Programs | | US, Latin America, some programs in Africa |
| 3 | Rotary | Health, Hunger and Humanity | Matching grants through district or country Rotary Clubs; grants, loans, recoverable grants | Global |

Some Highlights of the Evaluation Methodologies Used by the Foundations

Since a majority of the grants are arranged through online applications, the foundations have developed interactive online models for grant management and tracking. OSI's Grant Tracker is a very impressive grant management and reporting tool. The Mott Foundation also has very comprehensive, informative, and interactive web technology for grant making and tracking.

The Hewlett Foundation has created a new Grantee Report Center, which will help streamline the grantee reporting process (features include videoconferencing). It has also produced Best Practices in Funding and Evaluating Policy Research through its Think Tank Initiative. In addition, Hewlett is a founding member of the International Initiative for Impact Evaluation, which helps governments and development agencies to analyze programs they currently fund, in order to evaluate whether they are achieving the desired

results. It partners with the World Bank and other policy research institutions in this effort.

Westminster publishes most of its case studies, best practices, and lesson learned. Its website is a great resource for access to information components of DFGG work.

The Rockefeller Foundation vigorously and regularly measures the impacts and outcomes of its projects. Each initiative is designed to achieve specific, measurable goals within a projected time frame. The foundation-supported work defines hypotheses, articulates short- and longer-term objectives, foresees and adapts to changing circumstances,

and fully integrates verifiable methods of assessing progress. The foundation reassesses the effectiveness of its projects every three to five years.

The Aga Khan Foundation uses international teams, together with program implementers, to conduct reviews at specified intervals in the project cycle. Their findings are made available to foundation affiliates, grantees, and interested governmental and non-governmental organizations. Aga Khan measures its success by what its grantees achieve and by the project's contribution to learning and knowledge.

C. Conclusion

The primary source of information for the analysis was the websites of donors identified in the study. The program descriptions may change over time and should be verified with the respective donors. The study applied the conceptual definition of DFGG from World Bank literature for information collection and analysis of the

findings, in addition to donors' own programming, titles, and descriptions of DFGG activities. Only major programs supporting DFGG are highlighted in this report. Country-based schemes have not been included because of the sheer volume of information available and time constraints.

ANNEX 3

SOCIAL ACCOUNTABILITY/DEMAND FOR GOOD GOVERNANCE: EVIDENCE OF IMPACTS¹⁴

A. Introduction

1. Social accountability and demand for good governance (DFGG) approaches are broadly acknowledged to bring important benefits with regard to improved governance, enhanced development, and citizen empowerment. This brief note explores evidence of the impact of social accountability/DFGG approaches in these different areas, and finds significant evidence of important impacts. It also briefly discusses some key challenges and issues in the implementation of such approaches, and the need for more rigorous impact assessments.

IMPACT OF SOCIAL ACCOUNTABILITY/DFGG APPROACHES

2. Over the past decade, a large body of anecdotal evidence has emerged on the important impacts of social accountability/DFGG approaches in the areas of (a) *improved governance* (enhanced accountability, reduced corruption, greater government legitimacy and credibility, and improved citizen-state relations); (b) *enhanced development* (better conceived public policies, budgets and plans; improved service delivery; enhanced efficiency and effectiveness and less waste; more equitable spending and services; increased development resources; and enhanced development results); and (c) *citizen empowerment* (enhanced citizen information, stronger citizen voice, and expanded political participation). Much of this evidence derives from monitoring and evaluation reports or assessments of individual initiatives and specific donor programs (see, for example, Areno 2009; ASB 2004; Brodjonegoro 2005; CCG et al 2007; Lowe 2003; Lukwago 2004; Mumvuma 2009; Silkin 1998; Smulders 2004).

3. In recent years, a number of broader, cross-country studies and reviews have also been undertaken. For example, the World Bank Institute (WBI) has published several stocktaking reports of social accountability experiences in different regions of the world (Arroyo and Sirker 2005; Caddy et al 2005; McNeil and Mumvuma 2006; WBI 2007). The International Budget Project has conducted several analyses of the impacts of applied budget work in different countries. They have found “a wide array of instances where budget groups have managed to achieve significant impact on budget accountability and policies” (de Renzio and Krafchik 2009). The Institute of Development Studies (IDS) at Sussex University also assessed the impact of independent budget analysis in six countries; that study concluded that, despite important obstacles and difficulties, non-governmental public action did succeed in enhancing the accountability of decisionmakers (Robinson and Friedman 2006). More recently, IDS published a study of how citizen action has brought about “significant policy change at the national level and helped to build responsive and accountable states” in nine countries (Gaventa 2008). Similarly, a recent OECD review of the experience of 25 member countries found that “open and inclusive policy making” has improved policy performance by helping government to better understand citizens’ needs, address inequality, improve public services, lower costs, and reduce delays in implementation (OECD, 2009).

¹⁴ Background paper by Carmen Malena, PTF consultant.

NEED FOR MORE EXTENSIVE AND RIGOROUS IMPACT ASSESSMENT

4. Despite this large amount of “anecdata,” there is a serious lack of and pressing need for more rigorous impact assessments of social accountability/DFGG initiatives. One of the most rigorous impact studies to date is the World Bank’s evaluation of community-based monitoring of primary health care services in Uganda—in which Björkman et al (2007) found clear evidence that community-based monitoring increased both the quality and quantity of primary health care provision, and resulted in significantly improved health outcomes (see paragraph 23 for more details). More studies of this type are needed to: (a) establish clear evidence of the positive value and impacts of social accountability/DFGG approaches; and (b) help identify key factors of success and better understand how impact can be achieved and enhanced.
5. Despite the growing popularity of DFGG-type approaches, questions remain regarding their development benefits. A recent review of the social accountability/DFGG strategies of seven DAC donors, for example, concludes that although there is general consensus among donors that such approaches contribute to poverty reduction and sustainable development, there remains a lack of evidence regarding a causal relationship between democracy and development. The report calls on donors to give higher priority to monitoring and evaluation, and emphasizes the importance of generating evidence about the effectiveness of donor activities in this area (O’Neil et al 2007).
6. There is also a pressing need to better understand the various factors that influence the success or failure of such initiatives. Evidence shows that, in addition to important potential benefits, such approaches also face critical risks, including (a) the absence of an enabling environment (lack of democratic space, disabling legal and policy frameworks, an adverse political climate); (b) lack of government capacity (or willingness) to respond; (c) weak civil society; (d) dangers of elite capture; and (e) the exclusion of marginalized groups. Impact assessments to date point to the crucial importance of promoting and supporting an enabling environment for social accountability/DFGG; strengthening civil society; and ensuring that weak and marginalized groups are explicitly targeted and empowered. In order to achieve enhanced impact over time, practitioners need to better understand exactly how challenges such as these influence the impacts of social accountability/DFGG initiatives, and how they can be overcome.

B. Evidence of Impact of Social Accountability/Dfgg Approaches

7. As noted above, there is significant anecdotal evidence of the impacts of social accountability/DFGG with regard to improved governance, enhanced development, and citizen empowerment. The remainder of the paper presents a number of examples of impact drawn from this large body of “anecdata.”

IMPROVED GOVERNANCE

8. Evidence shows that social accountability/DFGG approaches can help to make governance processes more transparent, responsive, democratic, and accountable. They can help public officials to better understand citizen priorities/needs, and help to identify and address problems that are neglected by mainstream politics. By enhancing the capacity and opportunities of ordinary citizens—not just elite groups—to access information and knowledge about public affairs, to voice their needs, monitor government actions, engage public actors, and demand accountability, social accountability/

DFGG approaches serve to operationalize and deepen democracy. By involving citizens and other stakeholders in monitoring government performance, demanding and enhancing transparency, and exposing government failures and misdeeds, social accountability/DFGG mechanisms are also potentially powerful tools against public sector corruption. This section provides examples of the impact of social accountability/DFGG approaches with regard to: *enhanced accountability, reduced corruption, greater government legitimacy and credibility and, improved citizen-state relations.*

Enhanced accountability

9. Accountability is the cornerstone of good governance. Unfortunately, many governments are characterized by extremely weak accountability. Democratic deficits, combined with capacity and resource constraints, often limit the effectiveness of conventional mechanisms of accountability. Social accountability/DFGG approaches

contribute to improving accountability by both complementing conventional practices and reinforcing existing mechanisms.

10. For example:

- In South Africa, there have been important improvements in fiscal transparency and accountability due to the independent budget work of the Public Services Accountability Monitor (PSAM) and the Institute for Democracy in South Africa (IDASA). Publicity surrounding PSAM's documentation of widespread corruption and mismanagement of funds helped persuade the South African cabinet to appoint an interim management team (IMT) in 2003 to improve financial management in Eastern Cape province. As a result, in 2005 audit disclaimers were issued for expenditures that comprised only 54 percent of the total provincial budget—a drastic reduction from 2002, when disclaimers were issued for more than 90 percent of the budget (Ramkumar 2008; McNeil and Mumvuma 2006).
- In Azerbaijan, CSOs have played a key role in establishing transparency and accountability in the oil industry. In 2004, Azerbaijan's NGO Coalition for Increasing Transparency in Extractive Industries was the first NGO coalition in the world to sign a memorandum of understanding (with the Azeri government and oil companies) to support the Extractive Industries Transparency Initiative (EITI). As a result of this initiative, oil and gas revenues are now publicly reported and audited twice yearly—this in a country where revenue and budget documents had never before made public. Due to CSO lobbying, national budget documents are also now published and CSO participation in parliamentary discussions has led to some changes in national budget allocations.
- In the Philippines, Procurement Watch Inc. (PWI) has achieved enormous success in bringing transparency and accountability to procurement processes. Starting in 2001, PWI led a civil society campaign in support of procurement reform, and subsequently participated in a government task force charged with drafting a new law—making the procurement process more corruption resistant and efficient, strengthening sanctions against procurement officials and bidders who violate the law, and empowering civil society monitors to file reports on deviations from the mandated procurement process. PWI's efforts have also helped establish systems that allow citizens not

only to sit as observers on government bid and award committees, but also to act as monitors to ensure that contractors comply with their contracts (Ramkumar 2008).

Reduced corruption

11. Corruption at all levels of government plagues a large number of countries. Despite the stated commitment of many governments to enhance transparency and fight corruption, important problems of abuse of powers, patronage, mismanagement, and embezzlement of public resources persist. Social accountability/DFGG approaches have proved powerful tools to detect and prevent public sector corruption, by, for example, enhancing transparency and oversight and exposing leakages or misdeeds. A common challenge faced by accountability initiatives is the failure of the system to prosecute wrong-doers once evidence of corruption has been revealed. Here, the public nature of social accountability/DFGG approaches has proved important; not only can it create informal sanctions (such as public shaming), but it can also serve to increase the chances of formal sanctions being applied (through public pressure and sustained public monitoring).

12. For example:

- The use of Integrity Pacts, supported by Transparency International (TI), has helped to curb corruption in countries around the world. In 2004, when the construction of a major new international airport near Berlin was halted due to allegations of corruption, TI had the opportunity to apply the tool close to home. Integrity Pacts were introduced in all the project's contracting processes. Since that time, there has not been a single allegation of corruption with regard to the construction and operation of the airport.
- In India, social audits and public hearings conducted by Mazdoor Kisan Shakti Sangathan (MKSS), Participatory Research in Asia (PRIA), and other CSOs have served to uncover and address many instances of public sector corruption. In some instances, due to public shaming, public officials have even publicly confessed their wrongdoings and handed over cash obtained through corrupt means to the panel adjudicating the public hearing. In Andhra Pradesh, huge sums of money have been voluntarily returned by corrupt officials, thanks to (PRIA-facilitated) social audits in 13 districts. Corruption in the postal department in Andhra Pradesh (where postmasters are known to embezzle funds from the accounts of workers paid through the post office)

has also been drastically reduced. In a period of five months, approximately Rs. 60 lakh were returned to the system or to workers. Social audits have also served to curb corruption in implementation of the National Rural Employment Guarantee Scheme.

For example, within three days of a public hearing, conducted as part of a social audit, the Deputy Commissioner of Ranchi suspended 16 officials and brought charges against five, who were found guilty of receiving commissions and misappropriating funds (Aakella 2007; Ramkumar and Krafchik 2005).

- A frequently cited example of the successful anti-corruption impacts of social accountability/DFGG approaches is the Public Expenditure Tracking Survey applied to the Uganda primary education sector. In this case, the leakage of capacitation grants to local schools (in part due to corruption) was reduced from 74 percent in 1995 to less than 20 percent by 2001 (Reinikka and Svensson 2003).
- In Mexico, a coalition of concerned CSOs, led by Fundar, investigated the use of 30 million pesos of government funds, initially earmarked for the purchase of anti-retroviral drugs for an HIV/AIDS program, but in reality transferred to a right-wing, anti-abortion NGO called Provida. Their independent audit revealed that approximately 90 percent of the funds allocated to Provida had been blatantly misused. As a result of the independent audit work of this broad civil society coalition, Provida was fined 13 million pesos and required to return the initial 30 million pesos. Under public pressure, the Ministry of Health also canceled further disbursements to Provida that had been planned for subsequent years (Ramkumar 2008).
- Zimbabwe's Centre for Total Transformation has helped reduce corruption within rural schools in the Mazowe district and led to improved delivery of education services. School authorities are now aware that community members are closely monitoring them and that they must be publicly accountable for their actions (WBI 2007).

Greater government legitimacy and credibility

13. Governments around the world suffer from a lack of legitimacy. Citizens cite a lack of responsiveness on the part of government, corruption, and weak accountability as the main sources of their growing disillusionment. On the other hand, citizens' trust in government grows when they feel they have a say in government's activities and when government listens and responds to their concerns. Social accountability/DFGG mechanisms have

been shown to play an important role in enhancing government credibility and legitimacy. In some cases, this has also translated into greater popularity and increased public support for the government actors and programs concerned.

14. For example:

- In Kenya, a CSO called Muslims for Human Rights (MUHURI) sought to monitor expenditures made under the country's Constituency Development Fund (CDF). The fund provides resources to every member of parliament in the country to support development projects in his or her district, and was alleged to be plagued by corruption, fraud, nepotism, and problems in monitoring and oversight. MUHURI's efforts were thwarted by lack of access to information, but it eventually convinced one MP (from Changamwe district) to disclose his accounts, arguing that the audit would help boost his public image before the upcoming 2007 election. Although the audit revealed many problems with the CDF projects, the mere fact that the MP opened his books and agreed to participate in the public hearing helped him to get re-elected, whereas the majority of sitting MPs lost their seats. The MP and his staff acknowledged that probably close to half the votes he received resulted from the social audit and public hearing process. The MP subsequently signed a petition demanding that greater accountability and transparency measures be incorporated into the CDF Act, and calling for a comprehensive Freedom of Information law, which he had previously opposed (Open Budget Initiative, 2008).
- In Bolivia, in the early years of municipal democracy, mayors were routinely voted out of office within a year of being elected. After implementation of the Popular Participation initiative, however, seven of the ten mayors of the main municipalities were reelected, signaling their increased popularity and enhanced ability to sustain public support.
- There is also evidence that the introduction of participatory budgeting practices has resulted in greater popularity and increased public support for local government authorities in municipalities in Tanzania and Senegal (WBI 2007).

Improved citizen-state relations

15. In many countries, citizens lack trust in government officials, and civil society-state relations are characterized by suspicion and mutual distrust. Citizen or civil society demands for accountability can be perceived as threatening, or even provocative, by some

public power-holders; but it is striking that in reality social accountability/DFGG approaches very frequently result in stronger and more positive and productive relationships between citizens and the state. A recent overview of participatory governance experiences found that in almost every case, social accountability resulted in improved relations and greater mutual trust and appreciation between citizens/CSOs and government counterparts, even in difficult or politically charged contexts (Malena 2009). In many cases, the fact that social accountability approaches open up channels of communication and put citizens/CSOs in direct contact with state actors (sometimes for the first time) is enough to help overcome initial mutual distrust, lack of information, and misunderstanding. Emerging social accountability/DFGG practices also significantly enhance the ability of citizens to move beyond mere protest or opposition and engage with bureaucrats and politicians in a more informed, organized, constructive, and systematic manner, thus building more productive relations and increasing the chances of effecting positive change.

16. For example:

- In Mutoko, Zimbabwe, social accountability/DFGG approaches were found to create opportunities for informed and constructive dialogue and negotiation between citizens and government, thus breaking patterns of unproductive confrontation and conflict. In this municipality, where citizens protested regularly against the local government, the introduction of participatory budgeting processes reportedly resulted in “a new relationship and mode of mutual understanding and interaction between citizens, CSOs and the municipal council” (Mumvuma 2009, p. 168).
- In Ilala, Tanzania, citizens immediately became less critical and more understanding of local government officials when they were involved in participatory budgeting activities and became accurately informed about the (limited) resources available to the municipality and how those resources were used (WBI 2007).
- In the mid 1990s, there was serious concern about the future of forest land in the northeast of the United States. The federal government established a council to examine the issues in public meetings and listening sessions. Parallel to this, several representatives of opposing stakeholders—timber companies, environmental groups, local government, and community organizations—decided to come together, out of the public eye, to see if distrust could

be overcome and some common ground discovered. As a result of this multi-stakeholder dialogue, participants were able to better understand the dilemmas of their adversaries, identify unrecognized opportunities for agreement, and better appreciate the complexity of the issues. The relationships developed through the dialogue led to more regular communication and information exchange; and in some instances enabled stakeholders to negotiate agreements and/or pursue joint strategies (PCP 1999).

- In Bangladesh, Cambodia, and Thailand, the use of participatory monitoring approaches in the fisheries sector has significantly improved trust and collaboration among fisher communities, community groups, non-governmental organizations, and government agencies (NRI 2007).

ENHANCED DEVELOPMENT

17. In addition to important governance benefits, social accountability/DFGG has been shown to contribute to improved public policies, better public services, enhanced implementation of (government or donor-financed) development projects, and as a result, enhanced development impacts. It does so by improving the quality and quantity of information fed into government/donor decisionmaking and generating better awareness of citizens’ needs, particularly the needs of traditionally disadvantaged and marginalized groups. Citizen monitoring can ensure the rational use of government or donor resources, provide feedback on problems or shortcomings in service delivery, and propose collective solutions for addressing them. This section describes evidence of the impact of social accountability/DFGG practices with regard to *better-conceived public policies, budgets and plans; improved service delivery; enhanced efficiency and effectiveness and less waste; more equitable spending and services; increased development resources; and enhanced development results.*

Better-conceived policies, budgets and plans

18. In many countries, government policies, budgets and plans have traditionally been designed behind closed doors, with little opportunity for inputs by ordinary citizens or community members. As a result, they can fail to reflect societal priorities or overlook the perspectives or needs of different groups, especially women, youth and the poor. There is strong evidence that social accountability/DFGG approaches can

contribute to better-conceived and more effective policies, budgets and plans that are more responsive to citizen preferences and better adapted to their needs. Participatory processes in these areas also enhance citizen knowledge of and interest in these public documents and decisions—creating increased opportunities for subsequent engagement and monitoring and better chances of compliance and uptake.

19. An overview of social accountability initiatives in Africa by WBI, for example, found that participatory monitoring activities have been instrumental in influencing plans and budgets and making the planning process more inclusive, responsive, results oriented, and people centered (McNeil and Mumvuma 2006). In a number of cases, citizen action has brought about concrete improvements in the design and implementation of national policies (Gaventa 2008). In South Africa, example, the Treatment Action Campaign led to public recognition of HIV/AIDS issues and to more than 60,000 people benefiting from publicly supplied anti-retroviral medicines. In Chile, an NGO-led campaign on child rights led to a new policy framework benefiting children, which contributed to a decrease in child poverty. In the Philippines, the National Campaign for Land Reform led to the redistribution of half of the country's farmland to three million poor households, contributing to their economic rights and livelihoods. In Turkey, a broad-based, multi-stakeholder campaign for women's rights led to a new Penal Code with 35 amendments for the protection of sexual rights. Finally, in Brazil, the Right to the City campaign established a national framework for citizen participation in urban planning, critical to achieving housing and other social rights.
20. Other examples of the impacts of social accountability/DFGG approaches on public laws and policies include the following:
 - In Mali, Burkina Faso, and Niger, social accountability/DFGG initiatives have led to revisions to laws including the Pastoral Code, the Land Use Code, and the Trans-border Convention. Pastoral associations are now involved in the management of cattle markets and security issues, together with local authorities. Oxfam has supported dialogue between authorities and pastoralists to discuss texts, revise them and discuss their implementation. In Mali, for instance, where existing laws are often unfavorable to pastoralists, a workshop with mayors, the state technical service, and pastoralists resulted in the adoption of better bylaws for cattle market in Gao (Oxfam 2004).
 - In India, public hearings, public education campaigns, demonstrations and advocacy organized by MKSS and other CSOs contributed to the adoption of India's ground-breaking Right to Information Act (2005) as well as the critically important National Rural Employment Guarantee Act, which entitles every rural household to 100 days of minimum wage employment from the government (Ramkumar 2008).
 - In the Philippines, the NGO Procurement Watch Inc. (PWI) played an important role in rallying public support and demand for procurement reforms, in order to fight rampant corruption. The mass media (newspapers, radio, and television) became part of a broad-based and strategic campaign to inform and mobilize public opinion. In 2003, PWI's efforts paid off when the legislature passed a new procurement law—the Government Procurement Reform Act.
 - The Government of Vietnam decided to apply principles of multi-stakeholder participation in preparing its 2006–2010 Socio-Economic Development Plan (SEDP). Internal consultations that had guided previous planning processes were complemented by broader consultation with academics, the business sector, international and national NGOs (beyond party organizations), people living with disabilities, overseas Vietnamese, and donors. A series of participatory research exercises was conducted to gather feedback from poor communities, and the draft SEDP was declassified and discussed by the National Assembly prior to consideration by the Party Congress. As a result, significant improvements are evident in the content and focus of the 2006–2010 SEDP. There is a much more comprehensive analysis of poverty, including consideration of disadvantaged groups and regions, increasing inequality, and the issue of social inclusion. Links are clearer between the overall goals of the SEDP and specific policy objectives, and each objective is linked to specific input/activity, output and outcome indicators—thus creating a results chain that has the potential to strengthen monitoring and allows donors to align their own indicators and targets with those used by the government (O'Neil et al 2007).
 - In Mozambique, the Development Observatory has established itself as a well-functioning institutional framework for participatory poverty monitoring and a permanent forum for national NGOs. It has legitimized the role of NGOs in poverty monitoring and helped to ensure that different perspectives on

poverty are adopted in national policy. Evidence shows that the quality and effectiveness of aid has improved as a result (Steer et al 2009).

21. With regard to national budgets, social accountability/DFGG approaches have served both to influence budget allocations (making them more in line with public priorities) and to enhance the transparency and accountability of the budget process. For example:

- Independent budget work by the Jakarta-based Indonesian Forum for Budget Transparency has enhanced budget transparency and led to the reallocation of resources in the public interest. From 2000 to 2004, the budget allocation for public services, including anti-poverty programs, leapt from 30 to 68 percent, with a corresponding decline in the portion allocated for the expenses of city leaders (Shulz 2004).
- Performance budgeting in Armenia has resulted in increased citizen participation in the process of budget planning and oversight of budget execution. All pilot communities have seen significant increases in both the number of public hearings held, and the numbers of people attending and actively participating. Local budgets have become better targeted, and the allocation of funding is better aligned to local priorities (Tumanyan et al 2005, 2006).
- In many countries, national multi-stakeholder, gender-responsive budgeting initiatives have begun to have an impact—leading to reallocations of resources to promote gender equality and meet women’s needs. For example, in Tanzania, where groups such as the Tanzania Gender Networking Program have led gender budget work for more than a decade, budget allocations for the key sectors of water and health have increased significantly, and national budget guidelines instruct all ministries to incorporate gender dimensions. In Mozambique, such initiatives have also resulted in increased allocations for child and maternal health programs, and since 2008, national budget guidelines have required all government agencies to undertake and incorporate gender analysis. As a result of gender-responsive budgeting advocacy and support, India’s latest five-year plan stipulates that an equitable proportion of development resources flow to women’s programs, and defines its vision as “inclusive and integrated social and political empowerment with gender justice.” In Nepal, 13 priority ministries are now required to undertake

systematic gender analysis and to rate budget allocations according to indicators of gender-responsiveness (Budlender 2008).

- In Malawi, monitoring of the education budget by the Civil Society Coalition for Quality Basic Education (CSCQBE) has led to increased government allocations for priority education areas, and has challenged the government to account for public expenditures (McNeil and Mumvuma 2006).
- In Indonesia, after lobbying by Yayasan Madura Mandiri (Madura Self-Reliance Foundation), the local parliament in Madura increased the education budget from 4 to 12 percent of the local development budget. The education campaign has also driven the multi-stakeholder forum for education to push the Indonesian government to increase the national budget for education (Oxfam 2004).
- In Peru, the Economic and Social Research Consortium (with World Bank support) conducted an independent analysis of the national budget and distributed the findings to CSOs and the general public in a user-friendly format, so as to facilitate citizen participation and oversight in budgetary processes. The project brought critical budget issues to the attention of government authorities and led to changes in the budget process, resulting in greater transparency and consistency between planning and budgeting (Ballve 2004).
- In 2002, Fundar, a center for analysis and research working on budget issues in Mexico, established a multi-stakeholder coalition to address the priority problem of high levels of maternal mortality. This joint effort combined budget analysis (an examination of how state funds were being directed at addressing maternal mortality), with empirical findings on the state of maternal health and advocacy efforts to address this pressing issue. As a result of the coalition’s effort, a key maternal health program saw its budget increased almost tenfold (Shulz 2004).

Improved public services

22. The 2004 World Development Report, *Making Services Work for the Poor*, argued that strengthening accountability relationships among policymakers, service providers and users is the key strategy for improving service delivery. There is growing evidence and consensus that supply-side reforms have to be complemented by strengthening the demand side of governance and service delivery.

23. Examples of the ways in which social accountability/DFGG have contributed to improved public services include the following:

- Evidence from a World Bank-supported municipal development program in rural Mexico shows that municipalities with higher and more authentic citizen participation had more successful development projects. Observers noted that mayors and external actors tended to choose insignificant projects such as basketball courts and paving roads, whereas the citizens chose those more useful to the wider community, such as corn mills and portable water systems. Moreover, the formulas for poverty measurement and funds distribution were improved and made public (World Bank 2004).
- One year into a community-based monitoring program of health services in Uganda, both the perceptions and quantitative indicators of treatment practices (immunization of children, waiting time, examination procedures) improved significantly. For example, a majority (54 percent) of households reported that the quality of services had improved in the first year of the project, while most households in the control communities (53 percent) perceived that the quality of services in their area had become worse or not improved. Similar differences were apparent in household perceptions about the change in staff politeness, availability of medical staff, attention given to the patient by the staff when visiting the project dispensary, and whether the patient felt she was free to express herself when being examined. The study also found significant weight gains of infants and a markedly lower number of deaths among children under five in those areas where community monitoring was conducted (Björkman et al 2007).
- In the Indian state of Andhra Pradesh, the use of community scorecards has resulted in significant improvements in health services. Evidence shows that many suggestions proposed by citizens during the initial community scorecard process were acted upon, resulting in increased doctors' hours and improved attitudes on the part of staff. Increased community participation in health activities has also made possible the introduction of several innovations such as the establishment of fixed nutrition and health days, nutrition centers for pregnant women and infants, village-level self-help health risk funds, and community-managed ambulance services and drug depots (CGG et al 2007).
- In response to calls for greater civic involvement in public finance, the city of Montevideo, Uruguay introduced a decentralization/participation program for municipal spending in 1990. Within the first year of the program, approximately 25,000 people participated in public meetings led by newly established community centers (CCZs). At these meetings, residents could participate in deliberative assemblies, control spending within the zone, submit specific complaints, and dispatch city workers to resolve minor issues quickly. Based on the success and popularity of this participatory, multi-stakeholder approach, increasing administrative responsibility was transferred from the municipal administration's central office to the CCZs. In the ten years of the program, waste disposal increased by 150 percent, while the number of illegal garbage dumps dropped from 1,700 to a mere 150. Before 1990, only 55 percent of the city's light fixtures worked; this figure increased to 80 percent in 1993 and reached 90 percent by 1997; while the total number of light fixtures increased by only 16 percent. The percentage of the city's population that benefited from sanitation services increased from 76 percent in 1992 to 81 percent in 1995 and 91 percent in 1996. City roads also improved drastically—the amount of pavement poured annually doubled from 1989 to 1997, and the quality of the pavement itself rose significantly. It is particularly striking that during the same period (1990–1998), the number of city employees dropped by 20 percent (Goldfrank 2002).
- An evaluation carried out by the World Bank found that the use of citizen report cards in Bangalore, India has had a significant impact on the quality of public services from 1993–2003. Although public satisfaction with service delivery fluctuated over the decade, the 2003 results showed remarkable improvements in public satisfaction over the 1993 results. For example, three agencies (Bangalore Telecom, the Electricity Board, and the Water and Sewerage Board) have streamlined their bill collection systems; two large public hospitals in the city that received very poor rankings set up help desks to assist patients and to train their staff to be more responsive to patients' needs; and the Bangalore Development Authority has established a joint forum of representatives from non-governmental organizations and public officials to identify solutions to high-priority problems (Paul 2002, Ravindra 2004, Ramkumar 2008).

- In Italy, social accountability initiatives led by the citizen action group, Cittadinanzattiva, have resulted in a wide range of concrete improvements in public services. The introduction of “service charters” (based on mutually agreed quality standards between communities and service providers) has led to the dismissal of non-performing health care managers and improvements in the quality of health services. The mobilization of civic safety monitors has led to improvements in safety conditions of hospitals, and the implementation of “civic audits” led to an average of 20 corrective actions in each of about 25 local health agencies. A census of waiting times in hospital emergency rooms led to the adoption of a national decree establishing acceptable wait times and guaranteeing reimbursement of the costs of private health care services in cases where these are not respected. Citizen monitoring and evaluation of post offices also revealed serious problems and led to the organization of multi-stakeholder roundtables, resulting in “remarkable improvements in efficiency and quality of service and the increased satisfaction of users” (Moro 2003, p. 10–13).
 - Since 1996, the Uganda Debt Network (UDN) has used community-based monitoring and evaluation techniques to monitor government programs at the local level, using the information generated to conduct advocacy at the national level. This has led to improved quality and delivery of services at the local level (e.g., better performance of teachers and health workers, increased availability of drugs), and has also led to increased national expenditures in social sectors such as education and health. UDN’s activities have also helped to curb corruption in the use of these public resources. In 2002, for example, it published a report and aired a documentary on the misuse of funds made available under the government’s School Facilities Grant (SFG) to fund improvements in education infrastructure in poor communities. As a result, the tender board in the targeted district was dismissed, a new district engineer was appointed, contractors responsible for the poor construction of school buildings were ordered to rebuild the classrooms, stolen building materials were returned, and thieving chiefs were arrested). In addition, the government revised the SFG guidelines to help improve the quality of future projects funded by the grants. UDN’s support to community monitoring (Lukwago 2004, Ramkumar 2008).
 - In 2000, in response to widespread corruption in the education sector in the Philippines, the G-Watch program (implemented by a range of CSOs and CSO networks dedicated to fighting corruption) began to monitor the procurement and delivery of textbooks. As a result of the initiative, the Department of Education has overhauled the distribution system, saving both money and time. The average cost of textbooks has been reduced by half, as has the time required to procure and deliver the books. Public perceptions of the Department of Education have also changed. A survey that had formerly named the Department of Education as one of the five most corrupt government agencies, more recently found that it was “one of the five agencies doing the most to address corruption.” The initiative has now been institutionalized as a joint effort of the Department of Education and many civil society groups (PAC et al 2007).
- Enhanced efficiency, effectiveness and less waste**
24. Inefficient or wasteful use of public resources is an important obstacle to development. Social accountability/DFGG practices have been found to successfully promote more efficient and effective development spending and service delivery. A study by Commins (2007) found “important connections between community participation, and the key goals of allocative efficiency and technical efficiency” (p. 25). In Ghana, for example, participatory expenditure tracking helped to identify bottlenecks and analyze and address serious and costly delays in the transfer of funds from the national treasury to local councils (WBI 2007). According to local government officials in Ilala, Tanzania, community-led procurement has ensured greater value for money in working with local contractors. Locally elected management committees and community monitoring teams have also led to more efficient public spending and less waste (WBI 2007).
 25. Other examples of how social accountability/DFGG approaches have helped to improve efficiency and save money include the following:
 - After receiving WBI-supported training, the Chair of the Ghanaian Public Accounts Committee developed an Action Plan that included a commitment to holding public hearings for the first time. Consistent with the best practices outlined during the training seminar, the first-ever public hearings were held in Ghana and televised. Public interest in the proceedings and public debate about them were

extremely high. The process was an example of the way in which strengthened parliamentary oversight committees can increase transparency and accountability. During the proceedings, senior officials gave conflicting evidence about expenditures on government programs, and as a result, approximately \$40 million in misspent funds were recovered. The Government of Ghana in turn applauded the actions of the PAC in recovering the misspent funds (World Bank 2009).

- In the Philippines, an NGO called the Concerned Citizens of Abra for Good Government (CCAGG) mobilizes villagers to undertake participatory monitoring and auditing of public infrastructure projects, using social audit and social validation techniques. Although the group initially faced a high level of resistance and hostility, government attitudes have since changed and the CCAGG has become a close ally. The CCAGG has helped to salvage a number of flawed projects, and “collaborative correction” is estimated to have saved the government millions of pesos.
 - In Jembrana, Bali in Indonesia, local community members were encouraged to participate in the execution of local education programs. The community developed schools based on their own needs, rather than according to a predetermined government plan. The result was significant budget savings, which were subsequently allocated as direct subsidies to elementary and secondary schools. People of Jembrana now benefit from free education from elementary through to high school. (Brodjonegoro 2005).
 - The public expenditure tracking surveys (PETS) carried out in the education sector in Uganda have become a well-publicized model. In 1995, for every dollar spent on non-wage education items by the central government, only about 20 cents reached the schools, with local government capturing most of the funds and leaving the poorer schools under-resourced. Due to the PETS’ tracking and public information sharing measures, the share of funds reaching schools increased from 20 percent in 1995 to 80 percent in 2001, and primary school enrollment rose from 3.6 to 6.9 million students (Brodjonegoro 2005, Norton and Elson 2002).
 - In the state of Rio Grande do Sul, Brazil, 378,000 people participated in participatory budgeting assemblies in the state’s 497 municipalities. Participatory budgeting not only increased government accountability, but also improved budgetary planning and efficiency. Since its introduction, participatory budgeting has helped the state to produce budgets that include more accurate estimates of receipts, and to better align spending with planning. Participatory budgeting also increased the proportion of health and education projects completed on schedule from 75 percent in 1998 to 85.7 percent in 1999 (Cagatay 2000).
- Increased development resources**
26. Social accountability/DFGG practices can also lead to increased development resources, both from international donors, who increasingly require enhanced mechanisms of accountability, and from taxpaying citizens. Enhanced social accountability leading to increased tax revenues is a trend that has been observed in a number of countries, sometimes with local CSOs even playing a direct role in helping to collect taxes from their members, in order to finance mutually agreed municipal projects. The introduction of participatory budgeting in the rural district of Mutoko in Zimbabwe, for example, led to a sharp decrease in residents’ default rate on fees and charges owed to the local authority (Mumvuma 2009). In Tanzania and Senegal, local government officials saw the payment of municipal taxes increase significantly once citizens understood how these resources were being used and were confident that they could hold local authorities accountable. In Tanzania, the municipality of Ilala also saw contributions from the private sector increase as a result of the participatory and social accountability-oriented processes it introduced (WBI 2007).
 27. Other examples of social accountability/DFGG practices resulting in increased development resources include the following:
 - In the context of the Sirajganj Local Governance Development Fund in Bangladesh, the use of citizen report cards made communities feel involved and listened to. As a result, they proved willing to make their own contributions to improve the quality of services, including cash contributions, the provision of additional free labor, greater willingness of the community to provide land for works, etc. (WBI 2003).
 - In the Philippines, it is estimated that the monitoring of school textbook procurement and delivery by civil society groups (as described above) has saved the government and taxpayers millions of dollars. In 2006 alone, the use of transparent and competitive practices cut the average unit price of a textbook almost in half, resulting in savings of approximately US \$1.4 million (Ramkumar 2008).

- The use of social contracts in the municipality of Batad in the Philippines, resulted in a 250 percent increase in tax collection in just one year. Social accountability/DFGG initiatives also helped local government units to attract significant donor funds, and “by enhancing public trust and performance, they have led to increases in revenues and investment opportunities that surpass all initial expectations” (Areño 2009).
- In Porto Alegre, which has become a model for participatory budgeting, local tax revenues have risen by nearly 50 percent due to increased transparency (WBI 2006). Property tax payments went from constituting about 5.8 percent of municipal revenues in 1990 to more than 18 percent by 1997 (de Sousa Santos 1998).

More equitable public spending and services

28. Due to problems of elitism, patronage, and social and political exclusion, citizens who are in greatest need frequently benefit least from public spending and services. A key benefit of many social accountability/DFGG initiatives is to contribute to greater equity in public spending and services, and the enhanced well-being of disadvantaged and disempowered groups. A recent study by the International Budget Project found evidence that multi-stakeholder budget work can bring about concrete improvements in budget policies, and especially contribute to increased quantity and quality of expenditures for traditionally disadvantaged groups. The report cites examples of increased funding for reproductive health in Mexico, for poor children in South Africa, and for indigenous peoples in India (de Renzio and Krafchik 2009). In Zimbabwe, applied budget work has led to increased budgets for programs and services that directly benefit women and children; and in Ilala, Tanzania, participatory planning and budgeting has improved the equity of service provision, through more targeted spending on pro-poor services and enhanced information and access for the poor (WBI 2007).
29. Other examples of the equity impacts of social accountability/DFGG approaches include the following:
- Brazil is a recognized leader in the field of social accountability and participatory governance. Innovations in the use of participatory budgeting, sectoral policy councils, and conferences at each tier of government have opened considerable space for meaningful citizenship participation and multi-stakeholder engagement. Despite ongoing challenges, the results are impressive. Income inequality has

fallen in Brazil by 4 percent since the start of the Lula government.

- Age discrimination routinely prevents older people from accessing public services and participating in public life. HelpAge International has tried to address this through supporting older citizen monitoring. In Tanzania, older people helped develop the indicators they wanted to monitor. An initial participatory community-based monitoring exercise found that 94 percent of older people were charged for the initial service consultation, 30 percent were unaware of how to apply for free health care, more than one-third had to wait four to six hours to see a doctor, and 40 percent said the tone of language used by medical staff was mocking. As a result of monitoring and advocacy on the results, the local government has now granted free health treatment to all vulnerable older people. The project has also given older people a sense of respect and being listened to (CIVCUS 2009).
- Intervention by the Ghana HIPC Watch has resulted in policy shifts and budgetary adjustments for disadvantaged districts in the Upper West region of Ghana (McNeil and Mumvuma 2006).
- In Malawi, the Civil Society Coalition for Quality Basic Education used public expenditure tracking and follow-up advocacy measures to pressure the government into making budget allocations aimed specifically at children with special needs, and to purchase specialized materials for teachers who focus on these students (Ramkumar 2008).
- In the UK, multi-stakeholder, community-driven neighborhood renewal schemes targeting the poorest and most deprived neighborhoods in the country have resulted in “better service delivery, improved outcomes for local people and higher levels of local involvement.” In fewer than 10 years, the schemes have led to a narrowing of the gap between neighborhood outcomes and the national average in almost all key indicators of well-being (Zipfel 2009, p. 94).
- In Zambia, as a result of the expenditure tracking exercise by the Catholic Centre for Justice, Development, and Peace, a more deliberate focus on poverty issues was made by government, even before the introduction of the Poverty Reduction Strategy (PRS), by increasing allocations for welfare and providing free education by means of grants for schools (McNeil and Mumvuma 2006).
- DISHA is a leading NGO engaged in budget analysis and advocacy work in the western tribal belt of India. Among other activities, DISHA’s efforts to

monitor the efficiency of budget implementation have contributed to a steep increase in the level of implementation of a state budget line designated for the socioeconomic advancement of the tribal areas—from 20 percent under-spending in the 1993 budget to 20 percent over-spending in 1996, settling down to level implementation thereafter.

- Over a number of years, Oxfam supported local groups and organizations in the Copper Belt of Zambia to advocate for squatters' rights. This has resulted in more than 700 households in Mufulira District each gaining title to five hectares of land. Social accountability/DFGG approaches have led to shifts in the attitudes of mining companies and local government. For example, the MOPANI Mining Company, which was threatening to evict about 9,000 households squatting on their land, have now defined 5,000 hectares of land that will be given to poor households of former miners. The position of the government of Zambia has also changed, and within the national economic diversification plan supported by the World Bank, there is now a commitment to making secure land available to poor farmers as a priority over commercial farmers (Oxfam 2004).
- An innovative feature of the \$4.2 billion Chad-Cameroon Petroleum Development and Pipeline Project is the establishment of a legal framework that assigns money for poverty reduction expenditures and creates a joint government-civil society revenue committee—the *Collège de Contrôle et de Surveillance des Ressources Pétrolières*, or CCSR— that oversees the transparent management of the country's oil wealth. The CCSR's mandate is to ensure that 85 percent of oil revenues are devoted to local development projects in the priority sectors of education, health, social services, rural development, infrastructure, and environmental and water resource management, as provided by law. Despite difficulties, the CCSR has made significant progress in establishing itself as an effective accountability mechanism. Monthly reports of revenues and expenditures are now publicly available online. Other local civil society organizations have also mobilized to ensure that oil revenues are directed towards poverty alleviation, and substantial energy is being invested in strengthening local participation in budget monitoring through budget literacy and budget advocacy tools (UNDP 2007).
- In the municipality of Cabo de Santo Agostinho, Brazil, reformist politics and civil society organizing

around the right to health have interacted with the deliberative democracy provisions of the 1988 Citizens' Constitution, to produce a health care system that is much more effective and more inclusive of poor populations previously excluded from health services. Between 1996 and 2006, Cabo succeeded in reducing its infant mortality rate from 42 per 1,000 live births to just over 10, less than half the national average and two thirds below the rate for the northeast region as a whole (Cornwall et al 2008).

Better development results

30. There is strong anecdotal evidence that social accountability/DFGG approaches bring better development results. In their seminal 1990 book, *Famine Prevention in India*, Dreze and Sen linked Kerala's good human development indicators to sustained citizen action that supported viable accountability mechanisms and generally equitable provision of education, health, and other social services. In countries such as Brazil, where hundreds of municipalities have now implemented participatory budgeting and other social accountability approaches over a number of years, enhanced pro-poor development impacts are undeniable. Porto Alegre, one of the first to introduce participatory planning and budgeting processes, has achieved impressive results. For example, between 1989 and 1996, the number of households with access to water services in Porto Alegre increased significantly, and the percentage of the population served by the municipal sewage system increased from 46 to 85 percent. There was also a doubling of the number of children enrolled in public schools, and in the poorer sections of the city, roads improved significantly—with an average of 30 kilometers of roads being paved annually since 1989 (WBI 2006, de Sousa Santos 1998, Cagatay 2000).
31. In Kenya, Tajikistan, and Tanzania, local social accountability/DFGG initiatives supported by the Aga Khan Foundation have led to concrete improvements in priority sectors such as education, health, water and sanitation. Participatory budgeting initiatives have resulted in improved roads and market infrastructure in Zimbabwe, and decreased crime rates in Uganda and Canada. There have been concrete improvements in socio-economic development and environmental management indicators as a result of the use of social contracts in the Philippines (Malena 2009). In Thailand, land use has improved dramatically where participatory environmental monitoring practices have been used (ASB 2004).

32. A study of community participation in rural water supply projects in India found strong evidence that community participation led to better project outcomes, with key benefits identified as better aggregation of preferences, more effective generation of demand, greater responsiveness by the bureaucracy, and better designs through local knowledge (Manikutty 1997). Mozumder and Halim (2006) evaluated the effectiveness of a participatory institutional development mechanism related to improved primary education in Bangladesh. Their overall conclusion was that, despite some difficulties and shortcomings, participatory school management approaches were successful in achieving improved primary school enrollment, higher retention, reduced dropout rates, and overall better learning. Due to high levels of citizen participation and ownership, the sustainability of these developments and results is also judged to be high.
33. The following are some additional examples of concrete development results from social accountability/DFGG practices:
- In Kosovo, support to parent-teacher associations and councils resulted in increased parental interest and engagement in the education system. Social accountability initiatives involving these groups have also raised awareness of local problems at the municipal level, and helped to initiate specific projects to address them. As a result, dropout rates of girls have been reduced across all participating pilot communities (Smulders 2004).
 - Community-led total sanitation (CLTS) is a revolutionary approach in which communities are facilitated to conduct their own appraisal and analysis of open defecation (OD) and take their own action to become ODF (open defecation free). Decades of rural sanitation programs, many of them centered on the concept of hardware subsidies, have proved ineffective in addressing OD, which remains widespread and poses serious health threats, especially for women and children. CLTS challenges communities to make their own analyses and appraisals, and charges them with the goal of declaring themselves ODF. Communities come to understand through participatory appraisal and learning that OD leads to poor health, triggering community resolve to change the situation. Although CLTS was introduced only a decade ago, the approach has spread rapidly and widely, and there is now credible evidence of major improvements and growing numbers of ODF communities in Bangladesh, Cambodia, Indonesia, India, Pakistan, Ethiopia, Kenya and Zambia (Chambers 2009).
 - In 1994, a local NGO, the Community Self-Reliance Centre (CSRC), with support from Action Aid, began working on the priority issue of agricultural land rights in one district in central Nepal. It adopted a participatory process involving community-based research, legal awareness training for local farmers, a public education campaign to highlight the importance of receiving agricultural rent receipts as proof of cultivation, media advocacy, and public demonstrations targeting government offices. The ten-year campaign enabled thousands of tenant farmers in the district to be granted land tenancy rights, and also resulted in stronger leadership and capacity of local farmers' organizations, and improved economic and perceived social status of farmers. A National Action Group was subsequently established to extend activities to other districts and cover all land rights issues (Prasad Uprety et al 2005).
 - When a secretary in Mozambique noticed a news article about the planned incineration of obsolete pesticides in a local factory, she contacted Greenpeace, who brought toxic waste experts to Mozambique to examine the problem. Oxfam helped to organize a multi-stakeholder meeting to discuss potential impacts and eventually to establish a citizen movement against the project, called LIVANINGO ("shedding light). By combining international networking with the active mobilization of local stakeholders, the group was able to push for a new independent environmental impact assessment (EIA) and to send a representative to speak to the Danish Parliament (one of the supporters of the incineration project). After two-and-a-half years of campaigning and dialogue, the Mozambican government agreed to all of LIVANINGO's demands and adopted a "return-to-sender" policy, shipping 900 tonnes of the chemicals to Germany and the Netherlands for safer disposal. LIVANINGO continued to monitor the process, to make sure the government followed through on its promises (Lowe 2003).
 - In 1993, the city of Nizhnii Tagil, an industrial centre in Russia's Ural Mountains, was extremely polluted, and its 440,000 inhabitants suffered the country's highest rates of lung and stomach cancers and twice the national incidence of childhood bronchial disease. The Institute for Sustainable Communities (ISC), a US-based NGO, began conducting public

surveys and organizing meetings with community members, city officials, industry representatives, and a fledgling environmental movement. Together, they identified particulate matter as the most dangerous threat and targeted a 120-hectare dump that produced a toxic dust cloud over the city. Through multi-stakeholder action, the group was able to introduce innovations such as a cyclone collection system and strategic vegetation, which prevent more than 1,450 tons of dust from becoming airborne every year. With increasing support from the local community and government, the group has moved on to tackle water pollution, trash collection, and environmental education in local schools. Environmentalism is now firmly embedded in the school curriculum, and local people continue to develop creative ideas to tackle pollution. The city's authorities, once skeptical of ISC's approach, now regularly convene committees made up of a broad cross-section of citizens to solve a range of social problems (ISC 2009).

CITIZEN EMPOWERMENT

34. People everywhere want to be treated fairly and have a say in the decisions that affect their lives. Many citizens across the world, especially those from disadvantaged groups, have felt incapable of engaging public actors, unable to influence public decisions or demand fair treatment, and powerless to improve their own lives. There is evidence that social accountability/DFGG initiatives contribute to the empowerment of ordinary citizens. Of particular importance is the potential of social accountability initiatives to empower those social groups that are systematically under-represented in formal political institutions (such as women, youth and poor people). This section provides examples of the impact of social accountability/DFGG approaches with regard to *enhanced citizen information, stronger citizen voice, and expanded political participation*.

Enhanced citizen information

35. Information is power. Citizens across the world have often lacked the information they need to demand good governance and social accountability. Enhancing the quantity and quality of information in the public arena, and building the capacity of citizens to make use of that information, is a key element of social accountability/DFGG approaches. Virtually all such initiatives include components aimed at enhancing citizen information—about rights and entitlements, public finances, government decisions and actions, and key public issues.

36. The following are just a few examples of the information impacts of social accountability/DFGG practices:

- A recent report by the International Budget Project states that all of the applied budget work groups it studied were able to improve the quantity and quality of public information concerning budget issues, and were often the only dependable source of information on the budget's impact on poor people. The groups were also found to have considerably expanded budget literacy and citizen engagement in budget processes (de Renzio and Krafchik 2009).
- In Tanzania, an important aspect of the work of HakiElimu ("education rights" in Swahili) is to empower citizens by educating them about their rights. In 2006, HakiElimu turned its attention to government audit reports. It began by creating a set of leaflets that presented the findings of recent audit reports in an attractive and accessible manner and sharing them with the media, executive branch officials, legislators, and civil society partners. The leaflets also ranked government agencies according to their performance ratings by various external audit agencies. The leaflets generated significant coverage in both the English and Kiswahili media, and increased public knowledge of government performance and problems (Ramkumar 2008).
- A recent World Bank study found that people's awareness about their entitlements under the National Rural Employment Guarantee Act increased by 66 percent as a result of social audits organized in Andhra Pradesh (The Hindu, 2008).

Stronger citizen voice

37. Citizens everywhere have the right to speak up and be heard. Enhancing citizen voice is a central feature of most social accountability/DFGG initiatives. Strategies include capacity-building activities to give ordinary citizens (especially traditionally marginalized groups) the confidence and capacity to voice their views; creating new and expanded spaces for public debate and dialogue (such as the organization of public hearings, town assemblies, and interface meetings); consolidating citizen voice (for example, through the formation of broad-based coalitions); and amplifying citizen voices (for instance, through the use of community radio to strengthen civil society-media partnerships).

38. There is clear evidence of social accountability/DFGG initiatives strengthening citizen voice around the globe. Two examples:
- As a result of the Building Pressure from Below initiative in Uganda, internally displaced peoples

(an impoverished and marginalized group) are reported to be demanding better living conditions in camps and demanding that the government consult them before formulating policies that will affect them (Namisi 2009).

- As a result of work by Oxfam and its partners, women survivors of violence across South Asia are gaining confidence through the support they have received, attitudes of service providers are being changed, and men and women are speaking out about the issue for the first time (Oxfam 2004).

Expanded political participation

39. Social accountability/DFGG processes have encouraged citizens to become more involved in the political arena, interact with politicians, support campaigns, or even run as candidates themselves. For example:

- A study by Finkel (2002) found that in a majority of cases studied in the Dominican Republic and South Africa, civic education and social accountability initiatives had “significant and substantively meaningful effects on local level political participation.”
- Considerable gains in personal confidence were reported among citizens who participated in the UNDP-supported Democratizing Ukraine (DU) project. The gains in public confidence were so dramatic that 48 individuals decided to run for public office. According to local officials, *“The young people participating in the project have changed.*

[It has given them] ... the confidence that they can change things. ... People have started to believe that their opinion can be taken into account; they started not only to express but also reason their opinions; not only to speak but also act” (UNDP and IDL Group 2008, p. 18–19).

- The Indonesian women’s NGO, PPSW, helps communities to critically analyze their social, political and cultural position; understand the power that influences their lives; and develop their own vision for a better society. PPSW conducts grassroots training and workshops to improve women’s knowledge, skills, and capacity to establish and manage their own organizations. The program has also motivated and organized several strong potential women leaders to move up to become formal leaders, as the Head of the Village and the Village Board (Zulminarni 2002).
- McNeil and Mumvuma (2006) found that making the budgeting process more accessible to ordinary citizens has contributed to greater public participation in the government budget cycles. In Malawi, for example, the Malawi Economic Justice Network’s presentation of budget information and documents in an easy to understand format has resulted in growing public demand for more training on budget issues and on economic matters in general. In Ghana, as a result of the ongoing work of groups such as the Center for Budget Alternatives, more people now know about the budget and take the time to study it (McNeil and Mumvuma 2006).

ANNEX 4

DEMAND-SIDE GOVERNANCE REFORMS:
WORLD BANK EXPERIENCE¹⁵

1. This annex analyzes World Bank policies, strategy, accomplishments, constraints and challenges in promoting demand side of governance reforms through its assistance programs.

A. The WBG Strategy and Mandate for Supporting Demand-Side Governance Reforms

2. Whether, and how far, the Bank can support demand-side governance (DSG) activities was an intensely debated topic in the discussions preceding adoption of the Bank's Strengthened Governance and Anti-corruption Strategy (the GAC Strategy) in March 2007. During the Board discussions of the draft strategy in mid-2006, and then during Development Committee discussions at the Annual Meetings in Singapore in September 2006, many shareholders expressed the view that such engagement was in contravention of the Bank's charter, which prohibits any political considerations in its operations and requires the Bank to work with country governments. Others expressed the view that supporting participation and oversight by civil society, media, and communities has strong development justification. The final Development Committee communiqué (September 2006, DC2006-0017) included the following guidance and opened the door for Bank support for DSG:
- “Governments are the key partners of the Bank in governance and anti-corruption programs, while, within its mandate, the Bank should be open to involvement with a broad range of domestic institutions taking into account the specificities of each country.”
3. The extensive international consultations on the draft GAC Strategy revealed widespread support for Bank involvement in DSG activities by a broad array of stakeholders outside of the executive branch of the country governments.¹⁶ One of the five topics discussed during the consultations was *“whether and how the WBG should engage stakeholders outside of the executive branch of government.”* The stakeholders consulted—governments, donors; civil society organizations, the private sector, academic institutions, and parliamentarians—generally expressed the view that the Bank should engage more systematically with civil society, media, the private sector, and others outside the executive branch, including parliamentarians and judiciary.
4. In parallel with the consultations, the Bank conducted a review of ongoing Bank operations, which revealed that the Bank was already engaging with a broad range of stakeholders. In fact, the Bank's first anti-corruption strategy, adopted in 1997,¹⁷ had stressed the role of voice and participation in public sector reform. This acknowledgement of the value of DSG approaches was reinforced in 2000 by the Public Sector Governance Strategy and the 2004 World Development Report on service delivery. A review of progress since 1997 by the Independent Evaluation Group (IEG) noted that the Bank's anti-corruption activities promoted greater transparency in public sector operations. The 2006 internal stocktaking of DSG work revealed a range of DSG interventions, including participatory prioritization of policies and public spending; capacity building of supreme audit institutions and parliaments; community score cards; media; CSO monitoring of procurement, public expenditures, and service delivery; citizen participation and oversight in service provision; and right-to-information policies and legislation.

¹⁵ Prepared by Vinay Bhargava.

¹⁶ See Annex 5 of the GAC Strategy.

¹⁷ Helping Countries Combat Corruption: The Role of the World Bank (World Bank 1997).

5. The overwhelming message of support from the consultations, and the evidence that the Bank was already supporting DSG activities by a broad range of stakeholders, led to the adoption of the groundbreaking fifth guiding principle of the 2007 GAC Strategy. This principle has been the foundation for the Bank's strategy and actions related to DSG since 2007:
- “Engaging systematically with a broad range of government, business, and civil society stakeholders is key to GAC reform and development outcomes—so, consistent with its mandate, the WBG will scale up existing good practice in engaging with multiple stakeholders in its operational work, including by strengthening transparency, participation, and third-party monitoring in its own operations.”
6. The Bank's GAC Strategy contains many provisions tantamount to a strong mandate for scaling up support for DSG at the country, project and global levels.
- a. *At the country level.* While working with the government as its principal counterpart, the WBG will scale up existing good practice in working with a broad range of stakeholders. The aim is to help strengthen state accountability, thereby also providing impetus for gains in state capability. For instance, as affirmed by the consultations, *the Bank, consistent with its mandate and in collaboration with other multilateral and bilateral organizations, will continue to support initiatives that: enable citizens to access information and participate in the development of policies, spending priorities, and service provision; promote community participation to improve local governance; strengthen the enabling environment and capacity of civil society and the media to monitor public policymaking and implementation; and encourage greater oversight over public procurement, asset declarations, and other important dimensions of government performance* (emphasis added). The Bank will revise its disclosure policy to improve the Bank's own transparency, and will enhance current guidance to staff in order to consistently apply best practices on consultation (paragraph 16).
 - b. *At the project level,* the Bank will enhance third-party monitoring of Bank-financed projects by improving the timely disclosure of project information (including anti-corruption action plans) and increasing upstream consultation and participation throughout the project cycle, based on lessons learned and good practice (paragraph 17).
 - c. *At the global level.* Continuing to work closely with the private sector, civil society, youth, and the media to support change coalitions such as the Global Integrity Alliance, as well as sector-specific initiatives such as the Extractive Industry Transparency Initiative (EITI) and Publish What You Pay, while raising the cost of corrupt behavior through increasingly harmonized [donor] sanctions and the WBG's new Voluntary Disclosure Program. Helping enhance a country's ability to track, freeze, and confiscate the proceeds of corrupt behavior, including through technical assistance for asset recovery and monitoring of use of recovered assets. (paragraph 20).

B. An Overview of Progress in Implementation of WBG Support for DSG Reforms

SOURCES OF INFORMATION

7. The following information on the progress of DSG work since the approval of GAC Strategy in March 2007 has been compiled from a review of several Bank reports, intranet websites, and interviews with Bank staff and managers. The key Bank documents/resources reviewed are:
- a. Implementation Plan for Strengthening World Bank Engagement on Governance and Anti-corruption (SecM2007-0425);
 - b. Annual Progress Reports on GAC Strategy implementation (Strengthening World Bank Engagement on Governance and Anticorruption—One Year Progress Report, October 21, 2008; and Second Year Progress Report, October 20, 2009);
 - c. Governance and Anti-corruption in Lending Operations: A Benchmarking and Learning Review by the Quality Assurance Group (QAG);
 - d. Governance Council proceedings;
 - e. Governance and Anti-corruption intranet website by PRMPS;
 - f. Demand for Good Governance Intranet Website by the Social Development Department;
 - g. Governance Partnership Facility intranet website.

Table 1. DSG Reforms in the GAC Strategy: Planned Actions and Implementation Status as of October 2009

| Planned actions | Results at the end of Year 1 | Update at end of Year 2 |
|---|--|---|
| SDN to (a) sponsor training for countries and WBG staff to enable them to better incorporate demand-side and civil society initiatives (and support sub-national DSG initiatives) into programs and operations supported by the Bank; (b) sponsor training for SDV staff to enable them to more effectively work with sector and technical staff on the demand side of World Bank Group operations; (c) design and implement quality management and M&E systems to ensure the effectiveness of these scaled-up efforts; and (d) institute programs on lessons learned about what works, and disseminate these lessons widely through open websites, training, toolkits, and guidance notes. | (a) New “demand for better governance” community of practice established, including training. (b) Transparency, participation and third-party monitoring systematically included in project quality management systems. (c) Work initiated by OPCS and SDV to systematically track incorporation of demand-side components in Bank operations. | QAG learning review tracked the inclusion of demand-side mechanisms in large sample of FY08 operations. Results showed 42 percent of operations systematically included demand-side components. |
| Building on past experience, work with partners to develop a funding mechanism that can effectively finance project- and program-related demand-side activities, including capacity building and training for civil society groups, to complement existing but limited resources for such activities (Development Grant Facility, trust funds). | (a) Window 4 of multi-donor trust fund provides financing for civil society groups; (b) Development Grant Facility for Partnership for Transparency Fund replenished and graduated to permanent window. | GPF funded a large number of initiatives focused on demand side of governance and institutions of accountability. |
| Prepare staff guidance for civil society engagement, including demand-side approaches to ensure positive civil society roles. | SDN, EXT, and LEG are preparing joint guidance note to clarify legal considerations. | Multi-stakeholder engagement guidance note issued. |
| Scale up programs of support to business associations, chambers of commerce, and professional associations to strengthen their capacities to participate in public policy dialogue on the business environment. | New WBI program will partner with associations. | WBI initiative undertaken as multi-stakeholder partnership, including private sector champions. |
| Sectoral networks to develop governance indicators and apply them in sector operations, focused on indicators that can be replicated across countries. | New AGI initiatives by HD and SDN. | Sectoral AGIs being developed in HD; and infrastructure indicators being mainstreamed. |
| The Research Committee will issue a call for proposals for research that explores empirically, using new and existing governance indicators, the relationship between specific governance interventions and development outcomes. | DECRG researchers have submitted multiple proposals on measuring the development impact of governance to the multi-donor Governance Partnership Facility. | New funding round initiated. |
| Scale up support for collaborative governance initiatives and peer-based networks, such as EITI. | Support given to new CoST and MeTA initiatives; enhanced engagement with EITI. | CoST and EITI being expanded. |
| Intensify support for the implementation of GAC-related conventions and initiatives, including the United Nations Convention Against Corruption, and the Stolen Asset Recovery (StAR) Initiative. | Implementation of StAR underway. | StAR implementation ongoing. |

(continued)

| Planned actions | Results at the end of Year 1 | Update at end of Year 2 |
|--|---|--------------------------------------|
| Coordinate a biannual conference on GAC at WBG Annual Meetings. Intensify global research on the impact of GAC on development, including establishment of an electronic working paper series. | Window 3 of multi-donor trust fund targets promotion of strategic shared learning; no progress on conference. | Extensive research ongoing in DECRG. |
| | | New research proposals submitted. |

Source: Annual Progress reports on GAC Implementation (World Bank 2008, 2009).

8. The Annual Progress Reports on GAC Strategy implementation, discussed with the Board reveal that many actions across the Bank are underway to operationalize the DSG strategic agenda, but that the work has just began and concrete outputs and outcomes will only be visible in years to come. This is not surprising, as implementation of the GAC Strategy was seen as a long-term agenda. The following table, compiled from the two Progress Reports, provides an overview of planned actions and status of implementation in the DSG areas.

DSG ACTIVITIES PLANNED FOR 2010

9. The Second Year progress report outlines several actions to advance the Bank's DSG work in 2010 (Table 2). Noteworthy planned actions are: incorporation of DSG elements in DPLs; mainstreaming of DSG approaches in investment lending; and strengthening of quality management systems. *We recommend adding/elaborating several actions to improve the action plan for 2010 and 2011: (a) monitoring of DSG mainstreaming could may be expanded to include CASs/ISNs and AAA in addition to lending; (b) DSG approaches could be made an explicit target in the Actionable Governance and Core Results Indicators initiatives, given the knowledge gaps in this area; (c) DSG work should be explicitly included as a thematic area in the planned GAC research program and conference; and (d) the planned review of organizational arrangements for the GAC work should ensure that the specific needs of the transformational DSG agenda are explicitly addressed.*
10. It is clear that broad progress is being made in integrating DSG into Bank-supported operations. The two progress reports highlight the following key accomplishments:
- A QAG Learning and Benchmarking review of 180 projects approved in FY08 found the use of demand-side components in about 42 percent of Bank operations, but there is still some distance to go before the incorporation of demand-side components into suitable operations can be regarded as optimal. These findings will serve as a baseline for a follow-up review in about two years to assess implementation experience (more details provided later).
 - A guidance note on multi-stakeholder engagement was finalized and issued by LEGVP. It spells out good practices and the legal basis for engaging a variety of stakeholders in the Bank's work, particularly parliaments, media, and civil society, in a manner consistent with the Bank's legal framework and in consultation with governments; and
 - Ongoing enhancements in operational and knowledge support for the demand side of governance work, including:
 - Initiatives by the Demand for Good Governance (DFGG) team in the Social Development Department to promote DSG;
 - WBI programs to support access to information, parliamentarians, and social accountability networks;
 - GPF funding of a range of pilot initiatives focused on improving transparency and access to information, as well as strengthening institutions of accountability, including civil society participation, legislatures, anticorruption commissions, ombudsmen, and the judiciary.
 - At the global level, DSG initiatives have included the Stolen Asset Recovery (StAR) initiative, launched in late 2007; the Medicines Transparency Alliance (MeTA); the Construction Sector Transparency Initiative (CoST); an expansion of the Extractive Industries Transparency Initiative (EITI) to address governance issues throughout the value chain in natural resources extraction; and a new WBI-led initiative (in partnership with private firms and business-oriented civil society organizations) known as Business Fighting Corruption Through Collective Action.

Table 2. DSG Work to be Undertaken in 2010

| Planned Actions | Expected Results |
|---|--|
| Undertake learning review of GAC good practices in programmatic lending, with focus on sector-level operations and inclusion of demand-side mechanisms. | Learning review completed. |
| Pilot intensified multi-stakeholder engagement in design of programmatic operations (DPLs), and disseminate lessons learned. | Pilots underway in selected operations. |
| Accelerate mainstreaming of demand-side approaches in design of investment operations. | Follow-up benchmarking review of FY10 projects at entry shows increase in proportion of projects that are responsive to demand-side criteria (FY11 deliverable). |
| Strengthen quality management systems to support DSG mainstreaming in operations. | Quality management arrangements in place, with appropriate staffing and ongoing review function; report issued on quality management arrangements. |
| Grant support to demand-side work via Development Grant Facility (DGF). | DGF demand-side grants committed. |
| Continue support to task teams to mainstream DSG into design of investment operations. | DSG incorporated into GAC knowledge and learning portal. |
| Scale up support for collaborative governance initiatives and peer-based networks, such as EITI. | Continuing support provided for peer-based arrangements, such as EITI and CoST. |
| Coordinate a research program and conference to assess GAC's development impact. | Conference programmed. Relevant research proposals approved, and research underway. |
| Fully implement GAC knowledge and learning platform (training, online, communities of practice) in 8–12 practice areas, including sustainable budgets beyond special purpose support. | GAC knowledge and learning platform fully operational. |
| Clarify organizational arrangements for coordinating, supporting and monitoring GAC mainstreaming in the next phase of GAC Strategy implementation, including budgetary arrangements. | Year Three Progress Report will detail organizational and budget arrangements for next phase of GAC implementation. |

11. On the organization and management of DSG work, there are currently (at least) six groups involved in the DSG agenda. The six units are:
- a. The GAC in Projects team and governance specialists in the Regions and Anchor.
 - b. The Social Development (SD) group (SD staff in Regions and SD Anchors), which is also the champion of the demand side of governance community of practice;
 - c. Two sectoral GAC teams that support the Human Development (education, health, social protection) and Infrastructure (energy, transport water) sector boards;
 - d. WBI, through its support for parliamentarians, ANSA, and access to information;
 - e. EXT, through the CommGAP program;
 - f. DEC, through its research program to assess GAC development impact.

C. Detailed Insights into DSG Work at the Bank

COUNTRY ASSISTANCE STRATEGY DOCUMENTS

12. The GAC Strategy Implementation Progress Reports discuss the CGAC pilots in FY08, but do not contain a comprehensive review how GAC issues, including DSG elements, were treated in the CASs/ISNs approved in FY09. A retrospective of FY06–08 CASs and ISNs, prepared for PRMPS, showed that DSG activities were incorporated in about half the cases. Support for formal independent institutions of accountability was present in about half the CASs, but this was dominated by

support for the judiciary, with rare mention of other oversight institutions outside the executive branch, such as supreme audit institutions, country systems for investigation and prosecution of corruption, ombudsmen, CSOs, and legislatures. In terms of the GAC risk mitigation strategy for Bank-financed projects, fiduciary controls dominated (60 percent of CASs), while DSG measures such as the use of social accountability instruments and increased disclosure and transparency were proposed in only one out of three CASs.

Table 3. Checks and Balances Institutions in CASs/ISNs, FY06–08

| Indicator | Discuss | | Support | |
|---|----------|----------|----------|----------|
| | % of CAS | % of ISN | % of CAS | % of ISN |
| A. Does the CAS discuss and support checks and balances institutions for good governance and control of corruption? | | | | |
| Within government | 97 | 86 | 82 | 61 |
| Outside government | 64 | 64 | 28 | 25 |
| B. Does the CAS discuss any of the following checks and balances institution? | | | | |
| Freedom of information | 45 | 39 | 16 | 11 |
| Media | 41 | 39 | 24 | 4 |
| Civic society organizations | 67 | 79 | 53 | 46 |
| Community participation | 60 | 68 | 56 | 54 |
| Supreme audit institution | 72 | 50 | 66 | 46 |
| Chambers of commerce | 13 | 0 | 8 | 0 |
| Judiciary | 73 | 50 | 63 | 39 |
| Legislature | 60 | 71 | 48 | 57 |
| Anti-corruption agencies | 44 | 36 | 29 | 25 |
| Ombudsman | 9 | 7 | 5 | 4 |

Source: Coverage of Governance and Corruption (GAC) Issues in FY 2006–08 Country Assistance Strategies. Internal Paper prepared by Vinay Bhargava for PRMPS, November 2008.

LENDING OPERATIONS

13. As the GAC Strategy had noted, many lending operations contained DSG elements even before 2007, although the full extent is not known due to the absence of systematic monitoring. The QAG Benchmarking and Lending Review, covering 180 lending operations, provides detailed insights into measures to promote transparency, stakeholder participation, and third-party monitoring alongside the supply side governance measures. The results by region, sector, and type of lending instrument are presented in Table 4 below.

14. **The QAG review found that DSG, at 42 percent, was the weakest dimension of the GAC in projects; GFA performed best at 64 percent, and GPE was next with 45 percent.** Other findings were:
- Among the regions*, SAR was most proactive in DSG measures (61 percent), LCR was above the Bank-wide average (52 percent), and AFR showed lower uptake of DSG measures (31 percent), perhaps due to constraints in civil society capacity. MNA was below the Bank average on all dimensions.
 - Among the sectors*, ARD had the greatest propensity (74 percent) to use DSG measures; in contrast, less

Table 4. Overall Assessment Results by Dimension by Region, Sector and Lending Instrument

| Region | % Margin of Error | Total Projects | Overall Assessment | Percent Responsive | | |
|-----------|-------------------|----------------|--------------------|--------------------|-----|-----|
| | | | | GPE | GFA | DSG |
| AFR | 10.0 | 41 | 44 | 44 | 74 | 31 |
| EAP | 10.1 | 30 | 44 | 51 | 63 | 48 |
| ECA | 10.0 | 29 | 53 | 57 | 75 | 40 |
| LCR | 10.0 | 33 | 43 | 44 | 47 | 52 |
| MNA | 10.0 | 21 | 35 | 41 | 50 | 30 |
| SAR | 10.1 | 26 | 56 | 32 | 63 | 61 |
| Sector | | | Overall | GPE | GFA | DSG |
| ARD | 10.5 | 28 | 58 | 48 | 58 | 74 |
| ED | 17.5 | 13 | 43 | 56 | 64 | 27 |
| EMT | 16.6 | 15 | 46 | 37 | 75 | 33 |
| ENV | 36.1 | 4 | 43 | 16 | 70 | 70 |
| EP | 14.5 | 16 | 40 | 47 | 76 | 19 |
| FPD | 8.9 | 15 | 36 | 47 | 58 | 46 |
| HNP | 14.3 | 16 | 52 | 46 | 77 | 29 |
| PSG | 12.4 | 17 | 52 | 60 | 71 | 36 |
| SDV | 26.0 | 4 | 38 | 38 | 74 | 63 |
| SP | 17.9 | 8 | 26 | 16 | 43 | 48 |
| TR | 14.3 | 16 | 42 | 36 | 50 | 34 |
| UD | 14.1 | 17 | 53 | 58 | 58 | 47 |
| WAT | 17.1 | 11 | 29 | 37 | 61 | 29 |
| Bank-wide | 5.1 | 180 | 46 | 45 | 64 | 42 |
| APL | 18.9 | 12 | 43 | 51 | 75 | 43 |
| DPLs | 11.9 | 24 | 51 | 63 | 82 | 22 |
| ERL | 13.9 | 18 | 31 | 35 | 63 | 31 |
| FIL | 41.1 | 2 | 0 | 0 | 67 | 0 |
| SIML | 17.9 | 6 | 14 | 14 | 34 | 27 |
| SIL | 5.3 | 110 | 50 | 45 | 60 | 50 |
| TA loan | 21.2 | 8 | 57 | 43 | 77 | 47 |
| Bankwide | 5.1 | 180 | 46 | 45 | 64 | 42 |

Source: QAG Benchmarking and Lending Review (World Bank 2008).

- than a third of HNP and ED projects did so. The Urban, Social Protection and FPD sectors also did well, with one in two operations including DSG elements.
- c. *Among the lending instruments*, investment projects were twice as likely as DPLs (22 percent) to include DSG measures, while DPLs were more responsive on GPE (63 percent) and GFA (82 percent). Table 5 shows these results by lending instrument and Country Policy and Institutional Assessment (CPIA) rating.
 - d. *In weak governance environments* (low CPIA), DSG measures were less common.
 - e. *Participation mechanisms* were used less in high-risk than in low risk countries, indicating that participation was not being used to mitigate GAC risks. DPLs made less use of participation mechanisms than investment loans.
 - f. *Transparency and disclosure of Information*. Bank-wide results revealed that among the indicators of transparency, provisions for public disclosure of project documentation by the client was the most

Table 5. Primary DSG Measures by Lending Instrument and CPIA Context

| Questions | Low Gov CPIA | | High Gov CPIA | | Total | |
|--|--------------|--------|---------------|--------|---------|--------|
| | # Rated | % Resp | # Rated | % Resp | # Rated | % Resp |
| Investment Loans (INV) | | | | | | |
| Demand Side of Governance | 90 | 48 | 40 | 49 | 138 | 47 |
| Transparency and disclosure of information | 90 | 62 | 39 | 57 | 137 | 61 |
| User/beneficiary participation in decision making and implementation | 89 | 61 | 37 | 62 | 134 | 62 |
| Complaints and grievance redress mechanisms | 84 | 34 | 34 | 24 | 126 | 30 |
| Third party monitoring of project processes | 86 | 44 | 37 | 46 | 131 | 46 |
| Independent verification of access to services and of quality of services provided | 83 | 56 | 34 | 47 | 125 | 53 |
| Development Policy Loans (DPL) | | | | | | |
| Demand Side of Governance | 15 | 16 | 8 | 38 | 24 | 22 |
| Transparency and disclosure of information | 15 | 44 | 8 | 100 | 24 | 63 |
| User/beneficiary participation in decision making and implementation | 14 | 27 | 7 | 29 | 22 | 27 |

Source: QAG review.

frequently reported measure (60 percent), while RTI regulations (31 percent) and monitoring the effectiveness of transparency measures (16 percent) were least prevalent.

- g. *Grievance redress mechanisms* were used less frequently than other demand-side measures, and were rarely found in DPLs and ERLs. One-fifth of investment loans (INVs) included complaint and grievance redress mechanisms; however, a third of those did not require that records of grievances be maintained, and only half required the Borrower to act on the complaints or at least provide a written response.
- h. *Follow-up to demand side measures was weak.* While almost half of projects included actions to promote transparency, only one seventh included arrangements to monitor the effectiveness of these actions. A quarter of projects included grievance redress measures, but only half of those were obliged to act on complaints or provide written feedback. Although 40 percent of projects planned to use TPM, only 25 percent had agreements with the Borrower to use TPM reports, and 12 percent had provisions to consider feedback from independent watchdogs.

- 15. **The QAG review also provides insights into the use of social accountability instruments used for independent verification of outcomes.** The review collected data on five instruments—public service delivery surveys, citizens’ report cards, social audits, participatory public expenditure tracking surveys, and consumer satisfaction surveys. Consumer satisfaction surveys were identified in 39 percent and public service delivery surveys in 26 percent of operations Bank-wide. INVs, which were the most frequent users of these instruments, tended to prefer consumer satisfaction surveys, followed by public service delivery surveys. Most DPLs, including all those in low CPIA contexts, did not mention any such instruments, except for consumer satisfaction surveys, which were identified in 20 percent of DPLs.

STAFF SKILLS

- 16. The Social Development Department in the SD Network has established a Demand for Good Governance Peer Learning Network, in which 350 Bank staff and a number of external actors participate. The purpose of this strategically important initiative is to facilitate experience sharing and knowledge development on the demand-side agenda. Though the DFGG Network is in its infancy, there is already a high demand for its services, as evidenced by the high attendance at the events organized so far.

Table 6. Instruments Used by Investment Projects for Independent Verification of Outcomes

| Instrument | Low Gov CPIA | | High Gov CPIA | | Total INVs | |
|--|--------------|--------|---------------|--------|------------|--------|
| | # Rated | % Resp | # Rated | % Resp | # Rated | % Resp |
| Public service delivery survey | 77 | 29 | 32 | 34 | 114 | 30 |
| Citizens report card | 74 | 12 | 33 | 18 | 112 | 14 |
| Social audit | 70 | 13 | 32 | 18 | 107 | 14 |
| Participatory public expenditure tracking survey | 73 | 6 | 32 | 9 | 110 | 6 |
| Consumer satisfaction survey | 81 | 41 | 34 | 53 | 120 | 44 |
| Other | 16 | 55 | 6 | 100 | 24 | 73 |

Source: QAG review.

Note: INVs constitute 138 investment projects but exclude the 18 ERLs in the sample.

OPERATIONAL SUPPORT AND KNOWLEDGE ACTIVITIES

The GAC Progress Reports noted the following scaling-up activities:

- a. A database of 155 operations illustrative of good practice demand-side work has been assembled by the SD Department, and is being used to develop practical guidance notes for staff.
- b. A note on emerging good practices is being prepared by OPCS.
- c. DSG learning programs and tools are being developed for health, education, and water sector staff, including a help desk, a searchable database of DSG approaches, an upgraded website, and a database of governance indicators relevant to DSG initiatives in different sectors.
- d. A GAC in Infrastructure Advisory Program (GAC Squad) has been established to provide hands-on support to operational task teams across sectors and regions; the program is financed by GPF and administered by the Energy, Transport and Water Department in the Sustainable Development Vice Presidency.
- e. A toolkit for the review of corporate governance in state-owned enterprises has been developed by the Finance and Private Sector Development Network.
- f. Two GPF grants are supporting identification and use of a core set of actionable governance indicators in health and education and direct work with civil society organizations, and synthesizing lessons from Bank operations.

THE BANK'S DISCLOSURE POLICY

17. The new Disclosure Policy adopted in late 2009 is based on the principle of maximum access to information. It widens the scope of information to be disclosed through a shift from the current *positive list*, which spells out what information the Bank discloses (thus restricting disclosure to only those documents), to a *negative list* of exceptions to the presumption of disclosure. The newly disclosed documents include:

- Minutes of Board Committee meetings
- Summaries of Board meetings and Committee of the Whole meetings
- Summaries of Board discussions
- Annual Reports of Board committees
- Decisions of Project Concept Review Meetings and Decision Meetings (as part of the initial and updated Project Information Document)
- Implementation Status and Results (ISR) reports
- Key decisions at the end of supervision missions and project midterm reviews (full mission aide-mémoires may be released if the Bank and borrower so agree)
- Country Portfolio Performance Reviews
- Consultation plan for Country Assistance Strategies (CASs)
- Concept notes and consultation plans for policy reviews that are subject to external consultations.

18. **Public Sector Governance Program of the World Bank Institute.** This program supports the DSG agenda through its programs aimed at strengthening parliaments, access to information, and social

accountability networks. *The WBI's Access to Information, Transparency and Governance Program* promotes an open information environment and builds skills among journalists and other stakeholders. *The Parliamentary Strengthening Program* aims to enhance parliaments' capacity to effectively fulfill their responsibilities, especially with regard to government policy implementation and budget oversight. The emphasis is on enhancing the capacity of parliament as an institution of governance. Over the past decade,

some 6,000 parliamentarians have participated in WBI training activities. The *Affiliated Networks of Social Accountability (ANSA) initiative* covers Africa, East Asia and South Asia.

19. **Governance Partnership Facility support for DSG activities.** The GPF grants support improving transparency and access to information, as well as strengthening institutions of accountability, including civil society participation, legislatures, anticorruption commissions and ombudsmen, and the judiciary.

D. Assessment of the Bank's DSG Activities

20. **The Bank's 2007 GAC Strategy represented a breakthrough in terms of an explicit shareholder mandate for supporting DSG, and the momentum for DSG work is picking up.** Although DSG activities predate 2007, the Development Committee debate in September 2006 on the Bank's role in supporting DSG, followed by agreement on the "fifth principle"¹⁸ in 2007 cleared the way for GAC Strategy and the associated Implementation plan to lay out specific policies and goals for DSG work. The annual progress reports on GAC Strategy implementation explicitly document the progress in implementation of DSG measures, establishing this theme as a key component of the GAC work. The guidance note from the legal department on multi-stakeholder engagement has given the staff further scope to engage in DSG activities. Although the Bank's Articles specify that the Bank must lend to governments or with a government guarantee, and generally not to finance non-state actors such as CSOs, the recent legal opinion by the legal department makes clear that within this restriction there are many ways for the Bank to support the CSOs. Unfortunately, executive branch consent seems to be still required for the Bank to directly support DSG work by non-executive branch stakeholders.
21. **The DSG work could benefit from a clear branding and definition of what DSG is.** As DSG work expands, lack of a working definition¹⁹ is becoming a hindrance in substance and form. The term DSG is being interpreted in many different and confusing

ways and is increasingly being branded as DFGG (demand for good governance). These tendencies may be counter to the intent of the GAC Strategy and need urgent examination and clarification. The term DFGG is popular in the Regions and SD Network. Sometimes DFGG is used to mean support for social accountability, but this narrow definition misses other stakeholders. Others have used DFGG to include state (executive and non-executive branches) and non-state actors that mediate, respond, monitor and promote DFGG. The GAC Strategy Implementation progress reports and the good practice note on GAC in projects, are using the transparency, participation and third party monitoring framework to discuss progress in DSG. However, actions in these areas can be done by both executive (e.g., staff and organizations to comply with access to information, internal audit systems, opening processes to seek participation) and non-executive stakeholders (e.g., helping citizens use access to information to hold state accountable, third party monitoring using social accountability tools, investigative journalism, call back radio, audit committees of parliament etc.). We believe the intent of the GAC Strategy was to apply the term

¹⁸ The fifth principle in the GAC Strategy states, "Engaging systematically with a broad range of government, business, and civil society stakeholders is key to GAC reform and development outcomes—so, consistent with its mandate, the WBG will scale up existing good practice in engaging with multiple stakeholders in its operational work, including by strengthening transparency, participation, and third-party monitoring in its own operations."

¹⁹ The term DSG was neither discussed in detail nor defined in the GAC Strategy. However, the following comes close to a description: "multi-stakeholder engagement to support initiatives that enable citizens to access information and participate in the development of policies, spending priorities, and service provision; promote community participation to improve local governance; strengthen the enabling environment and capacity of civil society and the media to monitor public policymaking and implementation; and encourage greater oversight over public procurement, asset declarations, and other important dimensions of government performance." The GAC Strategy Implementation Plan introduced the term DSG and included "facilitating country team engagement on the demand side of governance" as an explicit action area in the Results Framework, but did not define what is meant by this term. The GAC Strategy Implementation progress reports are using the transparency, participation and third party monitoring framework to discuss progress in DSG; but the progress reporting does not adequately capture the DSG focus on multi-stakeholder engagement.

DSG to actions by stakeholders outside of the executive branch.²⁰ If this is so, the reporting may be flawed, as it is not focusing on multi-stakeholder engagement. All these interpretations have merit but create ambiguity and confusion. A working definition of DSG work will help ensure that correct signals are being sent to staff, organizational arrangements are set up to ensure implementation, systems are set up to measure the right things, and the branding conveys the intended message.

22. **An impressive amount of effort is being invested in support for DSG work across the Bank, but lack of suitable reporting systems hampers regular monitoring.** As noted in the preceding sections, an impressive amount of work has been initiated to support DSG work, and we support its continuation and expansion. However, the lack of a proper baseline, actionable performance indicators, and results framework will hamper effective management and reporting of this work. The QAG benchmarking and learning review of 180 lending operations approved in FY08, and a retrospective analysis of 54 CASs approved during FY06–08, were the only comprehensive information we could find regarding extent of adoption of DSG approaches on a Bank-wide basis. They indicated that one in two CASs as well as investment lending operations included DSG approaches. However, these findings should be interpreted with caution, given the lack of agreed definition of what is included in DSG.²¹ We did not find any systems to collect information on a real time, or end of year basis, on how the CASs, lending operations, and AAA are incorporating GAC interventions on both the demand and supply sides of governance in FY09 and FY10. It will thus not possible to

20 The GAC Strategy aim is “to develop capable and accountable states and institutions that can devise and implement sound policies, provide public services, set the rules governing markets, and combat corruption, thereby helping reduce poverty.” The Strategy makes it clear that for this to happen, actions will be required by both the executive branch of the government (supply side of governance) and by stakeholders outside of the executive branch—particularly in holding the state accountable (demand side of the governance). Although the term DSG was not defined in the GAC Strategy, the following comes close to a description: “multi-stakeholder engagement to support initiatives that enable citizens to access information and participate in the development of policies, spending priorities, and service provision; promote community participation to improve local governance; strengthen the enabling environment and capacity of civil society and the media to monitor public policymaking and implementation; and encourage greater oversight over public procurement, asset declarations, and other important dimensions of government performance.”

21 These reviews also indicated that the main DSG interventions supported by CASs were for community and CSO involvement. In the investment lending operations the main interventions supported were: information disclosure; user/beneficiary participation; third party monitoring; independent verification of access and quality of services. Complaint and grievance redress mechanisms were used in only a third of the operations reviewed. A key area for improvement was use of DSG approaches in DPLs as only 22% of the DPLs reviewed contained such approaches.

tell whether the objective of scaling up DSG approaches from a FY08 base is being achieved unless costly special purpose surveys are organized.

23. **It is important to clarify and communicate the role the Bank wants to play in DSG at the country and global levels, and align resources accordingly.** Our consultations with other donors and CSOs, as well as the global consultations carried out by the Bank (see paragraph 3), show that stakeholders expect the Bank to promote DSG within the GAC Strategy by:
- Scaling up its engagement with a broad array of stakeholders to support their DSG activities.
 - Developing good practice approaches.
 - Convening and support global/regional actors.
 - Bringing on board enhanced political/analysis/expertise.
 - Providing direct funding to CSOs.
 - Creating political space and facilitating multi-stakeholder dialogue.
 - Supporting knowledge generation and capacity development.
 - Promoting DSG in “hard” as well as “soft” sectors.
24. Clearly, the Bank cannot meet all of these expectations, and its role in promoting DSG will vary from country to country. What is important is that the Bank has a mechanism to decide the role it will play in supporting DSG work in each country and lending operation. The obvious mechanism is the CAS and GAC assessment; however, our review, as well as the QAG benchmarking review, suggests that the Bank has only partially achieved its strategic objective of engaging with the full range of the DSG players outside the executive branch. It would helpful if the CAS and project preparation guidelines could be updated to provide clear guidance to staff on assessing and recommending DSG approaches as appropriate in a variety of circumstances.
25. Some of the expectations (e.g., items c to h) require decisions at the institutional level. At the moment, the Bank seems to use mostly trust funds to support DSG institutions (which sometimes requires executive branch clearance), and has not yet established any mechanisms to fund those institutions directly.²² From a DSG perspective, it would be ideal if the Bank had two windows for DSG funding—Window 1 for the executive branch and Window 2 for non-executive branch actors, including civil society.

22 Except the Small Grants Program for NGOs.

26. DSG work is in its infancy in the Bank, and will need multi-year special-purpose funding and organizational arrangements to ensure that it is mainstreamed in a sustainable manner. As the GAC Implementation progress report points out, sustainable management and budget arrangements need to be developed for the GAC work. It notes that the World Bank Group's scaled-up GAC effort has been built around special purpose arrangements—a specially constituted GAC Council and Secretariat, and the provision of large volumes of earmarked resources from both the Bank Group's administrative budget (with committed resources for FY09 to FY11) and the multi-donor Governance Partnership Facility. Within the whole spectrum of GAC work, DSG is the least developed and needs special attention. It is different from the more established communities of practice, such as public finance management, environmental management, and community-driven development, which have organizational units and staff responsible for them in the Regions, country offices and networks. Comparable arrangements for DSG work need to be put in place.
27. **The conceptual and analytical foundations of DSG need to be clarified and communicated to staff and clients.** Our review indicates that evidence is lacking on how and to what extent development effectiveness is impacted by efforts promote transparency, participation and accountability. Robust evaluation studies on the effectiveness of key demand-side measures will make it more likely that task team leaders and clients will adopt measures that have greater operational value.
28. As noted by the QAG review, there is a risk that some task teams eager to integrate demand-side measures may adopt them too quickly, raising concerns about: (a) whether due diligence was done on balancing costs of doing business with value added in terms of enhanced development effectiveness; and (b) client and Bank institutional capacity to deliver and sustain the use of those DSG instruments. The QAG review found no evidence that anti-corruption measures are being tailored to assessed risks. This leads to concern that a wide variety of demand-side measures are being introduced in lending operations with insufficient guidance on how to avoid duplication and select among the options available. In terms of budgeting for DSG elements, it was rare to find either an explicit costing of DSG measures in the design of lending operations, or explicit allocations for DSG in the project's supervision plan. If not addressed, this situation could lead to poor implementation and undermine client support. A disciplined costing of DSG measures would go a long way toward mitigating this issue.
29. **Third-party monitoring by independent actors is one of the most powerful DSG instruments, and is being introduced in many lending operations. However, there is an inherent conflict of interest for a CSO to accept funds from a government agency or the World Bank and then engage in independent monitoring of that same agency in a Bank-financed project.** There is a powerful case for hands-off funding sources, but there is no such mechanism in place other than the Small Grants Program. Sustained use of third-party monitoring and independent verification outside of the Bank and normal implementing agency channels will require creative mechanisms to provide resources while avoiding conflicts of interest. A bold move would be to set up a global fund to support both DSG and third-party monitoring. A part of IDA grants could be set up for this purpose. The idea of setting up a multi-donor fund has also been proposed (by the SD department). The availability of funding from the limited duration Governance Partnership Facility Trust Fund has both alleviated and underscored this problem.
30. **Mainstreaming DSG work will require more investment in knowledge and staff skill development.** The fact that about 40 percent of the lending operations in FY08 contained DSG measures is a leading indicator of the growing need for knowledge products and staff skills in DSG areas. The GAC Strategy Implementation report, correctly in our view, emphasized that *GAC skills development needs to be institutionalized across the OVPs*. It noted that the implementation of the knowledge initiative, now underway, will be a priority for year three of GAC implementation. Key actions will include the successful delivery of the knowledge and learning platform in at least eight practice areas, covering training, online knowledge, and communities of practice, including strong participation of development professionals from outside the Bank. In our review, we did not find that DSG is explicitly included in these initiatives. It will be important to include core courses in DSG in the knowledge and learning platform.
31. There is an imminent danger that DSG measures get boxed in as GAC risk mitigation, as opposed to tools for improving development effectiveness. The main aim of GAC work is to help develop capable and accountable states that help reduce poverty. It is worth recalling that, within this overarching goal of all GAC work, DSG measures to improve transparency, participation and

accountability seek two key outcomes: (a) increase the state's accountability for meeting the needs of citizens, especially poor people, in the services it provides; and (b) help ensure that funds are used for their intended purposes. The documents we reviewed suggest that task

teams and management review processes are introducing DSG measures as part of project level anti-corruption plans. Task teams and clients would benefit from guidance on how to use demand-side instruments to improve development effectiveness.

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