

Accountable and Inclusive Institutions

This document presents the proposals currently received under the topic of Accountable and Inclusive Institutions

- Concept note on citizen engagement in Supreme Audit Institutions (INTOSAI, OECD, Brazil, Chile)
- Concept note on parliamentary oversight of the budget process (AWEPA)
- Concept note on Open Contracting (Philippines, Colombia, WBI, Transparency International, Oxfam, GIZ, Integrity Action, CoST)
- Concept note on CSOs in strengthening institutions (Civil Society Partnership on Development Effectiveness)

Citizen engagement in Supreme Audit Institutions

Presented by the Auditor Generals' Office of South Africa, in cooperation with the Supreme Audit Institutions of Brazil and Chile, the OECD-DAC, and the INTOSAI Development Initiative (IDI)

Public sector auditing plays an important role in promoting the accountability, effectiveness and transparency of public administration. Supreme Audit Institutions (SAIs) are (or should be) mandated to act in the public interest and “ensure that government and public entities are held accountable for their stewardship over, and use of, public resources” (ISSAI X:2). The auditing of government and public entities “focuses the minds of custodians of the public purse on how well they use public resources” (ISSAI X:Preamble) as well as on possible corrective measures, because managers of public funds are aware that their actions can be scrutinized by auditors. Another effect of auditing is that its results empower citizens to hold their government accountable. Therefore, an independent and trustworthy SAI is an essential component of a democratic system (UN resolution A/66/209).

The value and benefits of Supreme Audit Institutions

The extent to which SAIs are able to make a difference to the lives of citizens depends on their ability to

- Strengthen the accountability, integrity and transparency of government and public entities by, among other things, enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action, and reporting on audit results and thereby facilitating the empowerment of the public to hold government and public entities accountable,
- Demonstrate ongoing relevance to citizens and other stakeholders, which entails being responsive to changing environments and emerging risks, communicating effectively with stakeholders, and Being a credible source of independent and objective insight and guidance to support beneficial change in government and public entities, and finally
- Be model organizations through leading by example by i.e. ensuring appropriate transparency and accountability and good governance of SAIs and striving for service excellence and quality.¹

In a nutshell: SAIs should ensure first and foremost that audit findings are relevant, clear, and concise and thus easily understood by the general public. SAIs also need to facilitate knowledge sharing with and among peer audit institutions, with government, and with citizens. SAIs should consequently aim to strengthen the bonds with citizens and civil society organizations to increase accountability and transparency in the management of public funds.²

Current practices of citizen engagement in SAI auditing

Basics for external communication of SAIs, emphasizing on the link between SAIs and civil society, have been elaborated in various INTOSAI fora and compiled in the INTOSAI Guideline “Communicating and Promoting the Value and Benefits of SAIs”. Possibilities for closer cooperation with civil society and citizen engagement in auditing are already explored by a number of SAIs throughout the world. The following examples are not necessarily globally practiced, but rather show individual initiatives. When looking to strengthen the ties of Supreme Audit Institutions with civil society, one needs to take into account the respective SAI’s mandate and the

¹ ISSAI X: The Value and Benefits of Supreme Audit Institutions. Making a difference to the lives of citizens. Exposure Draft.

² Communicating and Promoting the Value and Benefits of SAIs. An INTOSAI Guideline. Exposure Draft.

context within which it operates, as well as the maturity level of the SAI. There are to date many examples of severe infringement of SAI independence. It seems almost natural that in such difficult environments SAIs may find it challenging to engage with civil society and/or other relevant stakeholders.

On a more general note, the publication and dissemination of understandable audit reports in a timely and public manner and with public access to this information is called for on various levels of the International Standards of Supreme Audit Institutions. Press releases and media interviews should be additional steps undertaken by the SAI to reach out to its stakeholders, as can be the maintenance of a website and the use of social media. Simultaneously, SAIs are proactively seeking to further empower the legislative's ability to scrutinize government's actions by attending briefings and testifying at hearings before legislative bodies. Various SAIs are already promoting citizen participation by maintaining hotlines or complaints desks for reports from citizens on fraud, waste and abuse of powers, others are open for suggestions on audit topics for review through citizen audit request systems (SAI South Korea and SAIs in Latin America), or they allow citizens to follow the disposition of their questions (SAI Hungary).

Example of ongoing activities: OECD-coordinated peer review of the SAI of Chile (provided by OECD-DAC)

To assess the role of SAIs in government accountability and decision making processes, the OECD is currently coordinating a peer review of Chile's SAI. One component of the peer review of Chile examines the strategies and systems used by SAIs to effectively engage stakeholders. The analysis of SAI engagement of stakeholders is exploring,

- 1) the types of stakeholders engaged;
- 2) the timing of engagement in the audit cycle (e.g. before, during and following audit work);
- 3) the form of engagement with stakeholders (e.g. communication or collaboration); and
- 4) the role of new technologies to support engagement (e.g. Internet, Web 2.0).

This work is also focusing on the contexts in which SAIs operate and how this may affect their strategies for engaging stakeholders. In discussing this context, attention will focus on several dimensions, including media and Internet access and use by citizens and use of social media and web 2.0 technologies.

The project will collect comparable data on practices for SAIs to engage stakeholders in Chile and 13 other benchmark countries.

Opportunities for continuing and improved engagement

Effective cooperation between citizens and Supreme Audit Institutions already assists in the detection of corruption and other irregularities. As of today, these results are mostly based on communication tools, such as the mentioned hotlines, and may be scaled up to a level of interaction and institutionalized cooperation for mutual benefit in the future. Civil society organizations are, for example, able to put pressure on executives to implement recommendations of SAIs. A closer link between SAIs and citizens may therefore lead to an enhanced control and oversight function as captured in the SAI's mandate. Overall, this may impact positively on the budget process in general.

Challenges

At this time, challenges to further explore the topic arise specifically from the fact that the existing data on the impact of citizen engagement in SAIs is insufficient. One initiative to base involvement with citizens on evidence comes from Latin America, as shown below.

Citizen participation in Latin America (provided by SAI Chile)

Citizen participation in a SAI assumes the presence of cooperation and articulation mechanisms that facilitate active control by the citizens and civil society organisms. The SAIs of Latin America have agreed to explore the potential implications of involving the public in control initiatives. A first outcome of this initiative was the creation of the Citizen Participation Commission (Comisión de Participación Ciudadana-CPC) within the regional framework of OLACEFS (the Organization of Latin American and Caribbean Supreme Audit Institutions, a regional body of INTOSAI).

Within this regional initiative, the degree of civil participation is classified into three major levels: an initial level, where mechanisms are in place that take into account complaints and reports placed by citizens as primary means of citizen participation; an intermediate level, where trustworthy means of providing information, knowledge and training have been developed, thus allowing for easy communication between the SAIs and the citizens as well as with civil society organizations; and finally a third, advanced level, with mechanisms that allow for active and regulated participation in the auditing processes, which assume alliances between the SAIs and the civil society organizations that collaborate in control initiatives.

The experiences gathered so far are organized as follows:

1. Participation in auditing programs: participative planning and citizen reports and complaints
2. Participation in control initiatives: articulated auditing and citizen oversight
3. Participation in appointing the comptrollers and auditors, as in Ecuador, Guatemala and Columbia
4. Participation in follow-up stages: citizen involvement in monitoring implementations of auditor recommendations
5. Dissemination of information related to citizen control and participation mechanisms

As pointed out earlier, a substantial number of SAIs still face drawbacks in executing their mandate independently, or operate within a legal framework that limits their ability to communicate to external stakeholders. The question whether the selection of audit topics may be inappropriately influenced by individual interest and whether this influence may then result in a negative impact on the reputation of SAIs as credible and trustworthy watchdogs over public funds, needs to be taken seriously. Thirdly, SAIs still lack experience in creating channels of cooperation to both receive complaints and open up the audit process for suggestions, proposals and comments from civil society.

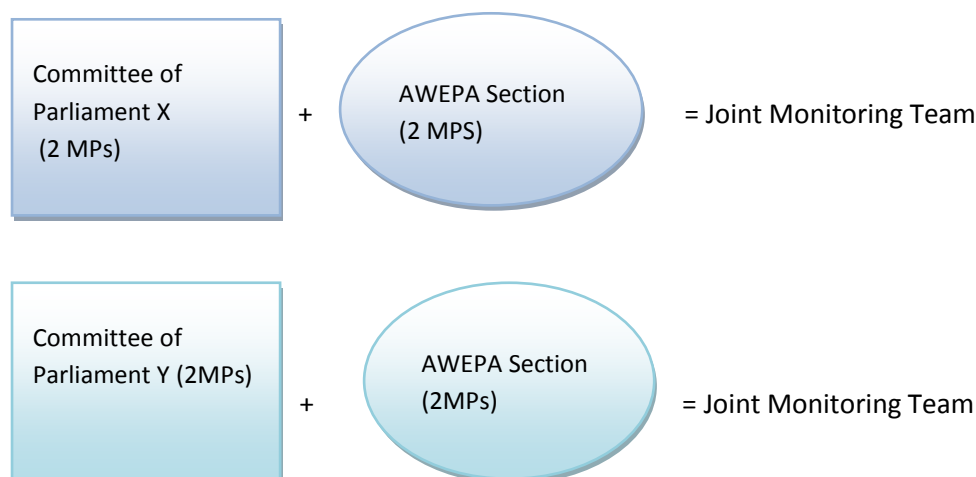
Outlook

Dependent on interest from OECD and participating institutions in the Effective Institutions Platform, a concept note should be developed as a next step, outlining objectives, timeframe and resources of this possible initiative as well as linkages to other initiatives under the Effective Institutions Platform. Future issues to be addressed under this umbrella could include global research for more evidence on the involvement of citizens in auditing or a follow-up on the ongoing activities outlined above.

PROJECT DESCRIPTION

This project aims to enable strengthened parliamentary oversight of development policies and processes through the joint monitoring efforts of African and European MPs. Together, the established Joint Monitoring Teams (JMTs), consisting of two African and two European MPs, will have the opportunity to engage in international dialogue on salient development issues prioritized by participating Members themselves. Their monitoring efforts will be supported with data from a wide array of data sources as per the direction of the JMT Members, to include both constituent-based and those of a broader nature. Through these efforts, it is expected that the project will make a contribution towards strengthening parliamentary performance in relation to oversight of the executive and in individual MP relations with constituents on development policies, processes, and outcomes.

PARTICIPANTS



The Joint Monitoring Teams (JMTs) will be comprised of two MPs from an African parliamentary committee and two from an AWEPA parliamentary Section in Europe. The project budget allows for the establishment of two separate monitoring teams, based upon committee participation of two African parliaments whose development is currently prioritized within Irish development policy. Pairs from each country should be representative of both opposition and ruling parties with a balanced ratio of male to female participation, where possible. Members of the participating Committee and AWEPA Section may participate on a rotating basis, or in another format, as per the discretion of the Committee Chair and Head of Section, respectively.

ACTIVITIES

The project will facilitate systematic, targeted, dialogue whereby European and African MPs can leverage each others' strengths in order to bridge information gaps and strengthen their oversight potential, to the benefit of their respective citizens. The potential which exists for these JMTs to discuss and analyse on a broad range of development experiences ensures that the most important constraints facing development can be identified. Although activity constellations may vary from country to country, the project budget allows for at least four instances over the course of the project whereby JMTs can participate in face to face discussions and/or activities, as

per the following format. Flexibility exists within the project for JMT Members to communicate with one another and with other stakeholders through diverse means in order to build upon and continue the monitoring efforts of the team.

JMT Meetings

The content of discussions will be decisive for each of the subsequent interactions of the team as the priorities for deepened engagement will be established. As per the diverse sources of finance indicated in the *Busan Partnership for Effective Development Cooperation*, priority subjects for discussion by the JMT could include: Taxation, Official Development Assistance (ODA), resources accrued from natural resource extraction, private investment, aid for trade, philanthropy, climate change finance and non-concessional public funding, among others. Once the subject matter has been determined, participants will also discuss the ways in which this information can best be sourced for their purposes. This may take the form of reporting from AWEPA staff, direct contact or lines of communication with the relevant information providers, personal interviews or briefings, etc.

Relevant information sourced

Using the preferences gathered as a result of the initial JMT meeting(s), AWEPA will work closely with external partners in order to source the necessary information for the JMT Members. Depending on JMT preferences and informational needs, an expert briefing may be facilitated. Potential points of contact may include: Technical Experts; CSOs; SAIs, Private Actors; Bilateral Donors; Academic institutions; Parliamentary Peers; Think Tanks, Representatives of the Executive; Multilateral Institutions (i.e. UNDP, Global Fund); Development Banks (i.e. WB, AfDB). Such briefings may be added as supplements to existing JMT meetings or in addition to existing meetings, as per the guidance of participants. Parliamentary staff and others will be engaged in this process, where the JMT members deem this to be helpful and prudent.

Public Consultations

JMT members will visit a development or extractive project and consult with citizens and stakeholders on the ways in which the project addresses their needs and services their community. Projects will be identified in advance by the JMT, on the basis of the information sourced. These consultations will involve representatives of local constituents and civil society- regardless of political party affiliations- and local government, where applicable. Although not included in the project framework, participating European MPs are encouraged to engage with their constituents on related issues in a similar fashion, where this would lead to a greater understanding of the development partnerships- and the institutional capacities of the development partners- in which they are currently engaged.

Committee Meetings/Donor Meetings

It is envisioned that extra-ordinary committee meetings may take place, whereby the information collected from all sources within the project is tabled for debate and subsequent action. Should JMT members find it relevant to meet with members of the local donor community, such meetings can be facilitated. European JMT Members may be requested to join such meetings.

TIMELINE AND RESOURCES

Project Start: January 2013

Project End: December 31 2015

Budget: € 135,000 (ca. € 45,000/year, over three years for project activities)

Funding Source: Irish Aid

Implementing Organisation: AWEPA

Deliverables: Once baseline information is sourced, participants begin to meet, and information becomes available for analysis within the teams, outcomes can be identified and shared. These may include, amongst others:

- Strengthened parliamentary oversight of development policies and plans;
- Parliamentary committees and AWEPA sections empowered with previously unavailable information and analysis;
- Increased communication flow and cooperation between information sources and parliamentary committees;
- Opportunities for citizens and MPs to cooperate face to face on development related issues;
- The start of ongoing, constructive dialogue between MPs from the North and those of the South;
- Deepened understanding of the constraints and opportunities available to participating parliamentary committees and AWEPA sections.

The project will begin with modest means and includes just two African and two European Parliaments. There is strong potential to expand upon the current framework, depending on the availability of additional funding and interested partners.

DISCUSSION QUESTIONS

- What types of information can members of the Effective Institutions Platform offer the Joint Monitoring Teams participating in the project?
- Is the project linked-or could it be linked- with other initiatives of the Effective Institutions Platform? With other similar processes underway?
- In what way (s) could the project potentially grow? With which partners?
- How to assure information flows to the Global Partnership? To other relevant fora?

LOGISTICS AND CONTACTS

Logistical arrangements and project monitoring are the responsibility of AWEPA, with support where possible and necessary from participating parliaments. For details related to programme content and aims, please contact:

Kristen Heim

Programme Manager, Aid Effectiveness

+258 2141 8603

k.heim@awepa.org



Open Contracting: Effective Institutions, Better Service Delivery

Overview of the Issue

As an important source of national revenues and the primary mechanism by which governments deliver services to citizens, public contracting plays a key role in the public financial management cycle. It has been estimated that public contracts are worth approximately \$9.5 trillion USD per year¹ and, because they concern the use of public resources, it is crucial that public contracts are fairly awarded, get good value-for-money, and are well performed. But, in many cases, the details of their content, performance, and the process of their procurement are not a matter of public record.

As a result, public revenues are not being generated, allocated and spent effectively by public institutions. Inefficiency, mismanagement, corruption, and poor oversight are undermining results and citizens are paying the price in terms of schools not built, environmental damage, bridges not fixed to standard, and hospitals unable to offer necessary medicines.

Description of the Proposal

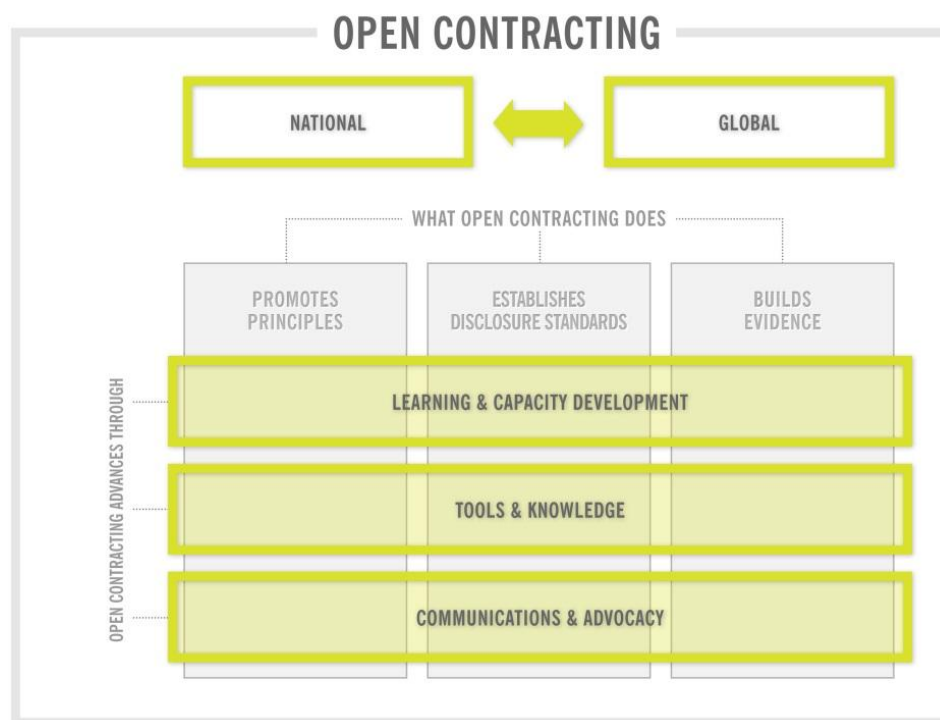
Open Contracting refers to norms, practices and methodologies for increased transparency and monitoring in public contracting. It begins with the disclosure of the relevant public procurement information from pre-award activities through contract award and implementation to allow for effective monitoring and accountability for results. By creating a level playing field, Open Contracting has the potential to strengthen procurement outcomes and service delivery, resulting in more effective use of public resources by institutions, and ultimately, in sustained development outcomes. Currently, Open Contracting is being convened by the government of Philippines, the government of Colombia, the Construction Sector Transparency Initiative, the GIZ, Integrity Action, Oxfam America, Transparency International and the World Bank Institute.

Open Contracting works at both the global and the country level. At the global level, Open Contracting aims to facilitate the creation of global principles and data disclosure standards that governments and regulatory bodies may draw upon in redefining contracting policies and practices in favor of greater transparency and accountability. It also seeks to build an evidence base that illustrates the value of Open Contracting through research, monitoring and evaluation. At the country level, Open Contracting seeks to reinforce good practice on the ground and enhance disclosure and effective monitoring, with a focus on institutionalizing citizen engagement, largely through multi-stakeholder coalitions with representatives from across government, the private sector and civil society.

Open Contracting advances these progress fronts by supporting countries and organizations with technical advice, trainings, knowledge exchanges, coaching, and seed-funding; facilitating the development of the best knowledge, tools, and practices on Open Contracting, putting

¹ Charles Kenny with Jonathan Karver, [Publish What You Buy The Case for Routine Publication of Government Contracts](#) Center for Global Development Policy Paper 011 (August 2012).

them in the hands of practitioners and policy-makers; and promoting Open Contracting through traditional and social media. To these ends, Open Contracting is seeking both funding and support.



Outreaching

Open Contracting is currently engaging in outreach to other related initiatives, fora, and audiences. For instance, several countries working on Open Government Partnership action plans are already introducing Open Contracting efforts as part of their plans. There have also been strong connections with the Global Initiative in Fiscal Transparency, the International Budget Partnership, the Extractives Industry Transparency Initiative, the Aid Transparency Initiative, and other international efforts seeking to make institutional processes more effective through increased transparency and participation.

Open Contracting understands that outreach strategies and the active promotion and advocacy in support of a global Open Contracting agenda are essential to setting a new norm in which public contracts are open for public scrutiny and participation. Open Contracting – as a collaborative effort since its inception in May 2012 – is perfectly positioned to be linked to the other initiatives of the Effective Institutions Platform, the post-2015 agenda, and the Global Partnership for Effective Development Cooperation. Outreach to this broader audience is a key objective of Open Contracting moving forward. Open Contracting seeks to convene leaders and innovators who want to make contract transparency and monitoring the norm. To that end, Open Contracting would welcome the support of the members of the Effective Institutions Platform and would like to see Open Contracting become a key feature of the platform's effort to make institutions more effective.

Timeline and Resources

Since last year, over 200 stakeholders have been involved in the ongoing development of the Open Contracting collaborative effort. Significant resources have been contributed to institutionalization of contract monitoring efforts in 25 countries; convening a global meeting of stakeholders to advance development of global norms; raising awareness of the importance of contracts transparency policy and mechanisms; and facilitating knowledge sharing among governments and donors.

As Open Contracting enters into implementation, additional resources, financial and otherwise, are required. Going forward, our objectives are to work with our partners to:

- Strengthen the emerging community of practice around Open Contracting;
- Test the implementation of Open Contracting principles;
- Develop an Open Contracting index;
- Develop capacity building tools to assist governments to:
 - Institutionalize Open Contracting; and
 - Incentivize and sustain participation;
- Gather evidence from countries where Open Contracting is being practiced, such as Philippines, Colombia, Georgia, on the benefits of Open Contracting for making institutions more effective and improving development outcomes; and
- Promote Open Contracting in relevant fora for wider adoption of Open Contracting principles and practices.

Over the next 2 years, we intend to achieve the following deliverables:

- By May – have a set of global principles for consultation and testing/piloting in interested countries;
- By September – launch a global community of practice that facilitates and promotes the sharing of tools and experiences on Open Contracting;
- By December – have a set of technical standards for disclosure of contracting data for consultation and testing/piloting in interested countries;
- By December – have undertaken outreach and secured commitments from relevant fora and audiences for Open Contracting;
- By mid-2014 – develop an Open Contracting index; and
- By late-2014 – prepare a comprehensive guidance on implementing Open Contracting based on evidence gathered from pilot experiences of 5 countries.

Concept Note

The role of CSOs in building accountable and democratic institutions CSO Partnership for Development Effectiveness

Overview

Effective public institutions are pivotal and indispensable for development and for sustaining positive development outcomes. Democratic participation in the development of representative, transparent and accountable institutions is the main mechanism for attaining true ownership and consequently achieve effective and sustainable development results.

However, the reality is that limited participation, unclear accountability mechanisms and lack of legitimacy persist in development processes and institutions. Many policy decisions are often made behind closed doors, with civil society or the public invited at the last minute to legitimize results. Governments tend to engage with the CSOs they feel comfortable with, while excluding more critical voices. Information is often shared at the last minute, leaving civil society participants with little time for analysis or consultation. Transparency is lacking, for instance, on public money and aid flows including information on the objectives, progress and results of development interventions.

The experience of course is not all bleak. Civil society in most countries can identify instances where they have helped steer development policy in a positive direction. Many governments recognize civil society as a useful source of feedback on popular expectations. But realizing democratic ownership in national development policies and institutions entails supporting in-depth policy debates where the weakest sectors of society have a say, and taking full account of pro-poor development policy proposals put forward by civil society groups and social actors. In order to implement the principle of democratic ownership the necessary policy space is required, allowing civil society, especially women's organizations and other social actors, to have a say in building public institutions and defining development trajectories.

Description of the proposal

Inclusiveness of institutions and national development processes in general can be better enhanced by providing space and mechanisms for civil society and citizen engagement and input.

Ensure transparency

Transparency is a basic requirement in building effective institutions and ensuring that processes go beyond sporadic CSO and public participation. A dramatic increase in transparency, not just of aid flows, but also pipeline projects, conditions and risks, results of individual projects, etc. – if all this information were systematically placed in the public domain – and there is no reason in principle why it should not – would make the whole development process and implementing institutions far more visible to the people these seek to serve. CSOs can amplify transparency through their public awareness campaigns, but this can only be possible if comprehensive, timely, gender-disaggregated and comparable information is available and accessible.

Participatory and representative institutions

Going beyond the provision and use of information, establishing mechanisms for public participation is crucial to strengthening institutions and policies to deliver long-term development results, and build democratic ownership and inclusive development. There is a need to ensure that processes and institutions put in place mechanisms for citizens' input to decision-making. This means recognizing, encouraging and institutionalizing the participation of citizens, civil society and parliaments in deciding, planning, implementing and assessing national development plans, policies, programmes and budgets. Monitoring of citizen and CSO participation is necessary. There should be indicators to

measure the extent to which the voices of civil society and social actors and their policy proposals have been meaningfully taken into account in the final development plans and policies.

Culture of accountability

Creating a genuine culture of accountability requires a major change in the way that the development process is organized. It would require a shift in the way we think about accountability – from accountability when things go wrong, towards involving communities up front in the development decisions that affect them.

At present, this kind of dialogue is still primarily between governments and donors, even if civil society representatives are occasionally invited to attend meetings. But could these processes be expanded to a wider accountability agenda? Could civil society and parliament be brought in to participate in setting policy priorities including institutional reforms, reviewing results and outcomes, and debating lessons learned? One solution to the accountability conundrum may be to structure the development process around national review mechanisms with much deeper participation.

Capacity development and enabling environment

There is a need for significant investments in developing civil society capacity – including research and analytical capacity among CSOs, grassroots structures for interacting with communities, and networks for bringing them together into effective advocacy coalitions. If CSOs are to help build effective institutions and promote democratic ownership, their capacities and resources must also be cultivated to allow them to continue their work as independent development actors. Equally critical is that governments and development partners recognize the importance of securing and protecting adequate space for civil society to act.

Proposed activities/deliverables

At country level:

- Dialogue on institutionalizing mechanisms for civil society and citizen participation (CSOs and government)
- Monitoring of CSO and citizen participation in public policy processes (CSOs)
- Capacity development initiatives (various)

At international level:

- Workshop on strategies for open and accountable governance (multi-stakeholder)

Outreaching

This initiative on CSOs and building accountable and democratic institutions can be linked to the initiatives on 'Change Management and Making Reform Happen' and 'Measuring the Quality of Public Sector Institutions'. Within this work area on Accountable and Inclusive Institutions, this CSO initiative can also be linked to 'Citizen engagement in Supreme Audit Institutions'.

Timeline and resources

The country level dialogues and the international workshop are proposed to take place within 2013, while the monitoring and capacity development initiatives are expected to be continuing efforts. No resources have been identified for this initiative yet. This initiative requires the cooperation and support of governments and development partners.