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# A QUICK GUIDE TO PUBLIC FINANCIAL MANAGEMENT IN MYANMAR



A quick guide to understanding how Public Financial Management (PFM) can deepen social accountability

**November 2016**

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## Social Accountability Partnership

The Social Accountability Partnership (SACC) is a new, four-year project to:

- Improve transparency, accountability and people's participation in public finance management
- Contribute to better development outcomes for vulnerable people through improved Government development planning
- Improve Social Accountability through constructive engagement between CSOs and Government for transparent, people-centred policies, programmes and budgets primarily in the natural resource management areas.

Who we are:

Oxfam, Spectrum SDKN and Scholar Institute aim to enhance constructive engagement

between citizens and Government across Myanmar. We aim to help improve transparency, accountability and people's participation in Government development programming.

We will be working directly with:

25 CSOs	100 local/township authorities	90 village administrators
20 parliamentarians	01 national network	04 state/region networks

# Introduction

At the heart of a democratic relationship between citizens and the state lies an accountable system of public spending. A country's budget – when it works – is perhaps the most powerful tool a government has to implement its policies and advance the rights of its population, yet in many countries, the annual budget process remains a closed technical affair, an apparently technocratic process, often swathed in mystery.

A sound Public Financial Management (PFM) system is fundamental to the economic growth, poverty and inequality reduction of a country, enabling countries to channel resources towards development objectives and maximise financial efficiency.

A good PFM system can improve delivery of essential services – such as health and education – by ensuring that the national budget is spent on items that matter most for the public – essentially responding to their priorities. Recent research showed that the budget priorities of selected communities in Myanmar included health, education, electricity, roads/transport and water. When disaggregated by gender, health, education and electricity emerged as the top priorities for women; men tended to prioritise roads and transportation.<sup>1</sup> Systematic engagement with communities on budget formulation as part of a wider performance based budgeting<sup>2</sup> process would help to draw out public budget priorities and inform future budgeting.

In Myanmar, new avenues for opening up the historically closed budget process are emerging around a national programme of reform on PFM – the core architecture through which a national budget is developed, agreed, scrutinized and implemented.

The PFM reform programme presents unprecedented opportunities to decentralize budgetary decision making, increase accountability and transparency of resource allocation and engage the public in budget planning and monitoring. Crucially, by supporting people to hold their duty bearers to account, it presents the opportunity to help lay the foundations for a social contract built on active citizens and

effective, accountable administrations. But PFM is complex both technically and politically, and for people to use it as a means of holding government to account, some of this complexity needs to be unpacked and better understood.

This guide is a tool to help the public and organisations better understand PFM and how to engage with it to hold government to account. It sets out key terminology used by PFM, explaining how PFM works, how the public can effectively engage with a national budget process, and why and in what ways PFM is relevant for deepening social accountability. It also sets out how people can engage with the budget process and what role gender responsive budgeting could play in creating more space for democratic engagement on decisions around public finances. This guide draws on examples of PFM reform programmes in **Nepal** and **Indonesia**, including specific initiatives to deepen social accountability and promote engagement of public in budget planning.

## What is PFM?

PFM is “the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals”.<sup>3</sup> In sum, PFM relates to the way governments and, where applicable, other duty bearers manage public resources and the immediate and medium to long-term impact of such resources



**PFM is**  
“the system by which  
financial resources are  
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service goals”

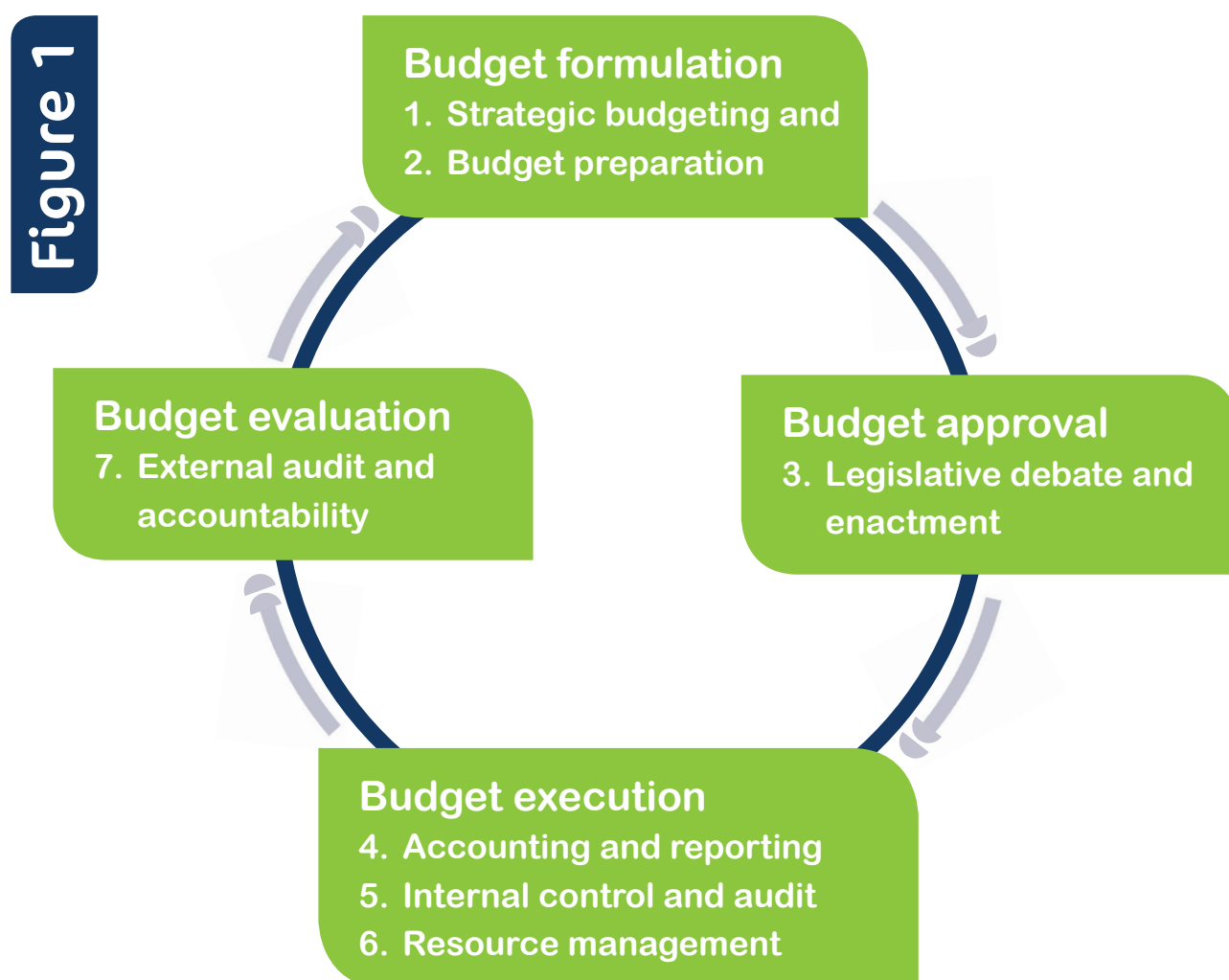


on the country's economy or society.<sup>4</sup> PFM reform programmes are focused on improving government financial accountability.

PFM is at the heart of how governments and potentially other duty bearers translate public resources into development results. Good PFM enables a government to use public resources efficiently to promote the development of the country. A country's budget is perhaps the most powerful tool a government has to implement its policies and advance the rights of its population.<sup>5</sup>

PFM includes all components of a country's budget process – both 'upstream' – budget preparation (including strategic planning, medium term expenditure framework, and annual budgeting) and 'downstream' – budget execution (including revenue management, procurement, control, accounting, reporting, monitoring and evaluation, and audits).

PFM can be understood as a cycle (**Figure 1**), and although there are always key differences between countries, PFM systems usually incorporate four stages, each with key processes.



Source: Andrews et al (2014)



## Key terms in social accountability and PFM

### **Social Accountability:**

An approach that involves citizens and civil society directly or indirectly exacting accountability from governments and institutions.<sup>6</sup> Social accountability can be understood as having two sides. One is the process of public and civil society organisations holding the government to account for the use of public funds. The other is the process of government and other duty bearers becoming more transparent, accountable and responsive to the needs of the public. Good PFM is the foundation for this, but is not enough alone.

### **Constructive Engagement:**

A form of public engagement between duty bearers and civil society through applying social accountability tools (e.g. public hearings, budget monitoring, participation in development planning processes) with mutual accountability and mutually agreeable objectives.

### **Supply side government PFM reforms:**

These are the technical improvements that seek to ensure sound fiscal management, and establish the right systems, processes, controls and regulations for efficient and transparent management of public expenditures. Strengthening the supply side should build the capacity of government representatives to respond to public demands.

### **Demand side PFM reforms:**

These refer to building the public demand for improved accountability in management of public finances and are usually achieved through developing the capacities of civil society, the media and parliament to provide more effective oversight of public funds and make PFM more responsive to the needs of people. This must include the opening up of space for civil society – particularly marginalised groups such as women, the elderly, young and ethnic communities – to engage in budget issues and advocate for improved transparency and accessibility of fiscal information. Government has a crucial role to play in allowing this to happen, and parliament has an important role to act as a check on the decisions of the executive (Government). In the context of Myanmar, demands could also potentially be exacted on other non-state actor duty bearers i.e. ethnic armed administrations.

### **Virtuous cycle:**

Ideally, through a strong demand side, civil society organisations act as watchdogs, fostering a culture of constructive engagement and putting pressure on the executive to continually improve the supply side. This should enable a virtuous cycle that sustains momentum for improvements and creates a culture of social accountability, making PFM reforms more resilient to political changes.

### **Active citizenship:**

Active citizenship refers to the public exercising both their rights and responsibilities. In the context of PFM, it refers to the process whereby the public, sometimes through civil society organisations, hold Government or administrations to account – by creating mechanisms that allow their voices to be heard, by monitoring budgets and planning processes, and by calling for their rights to be met by Government, or other duty bearers such as Ethnic Administrations in the context of Myanmar – through budget allocations and spending.



Social Accountability can help you find other people who share concerns about the same issues, for example the safety of a new public building. You can use Social Accountability to call for change together.

Usually the analysis of PFM systems and reforms focuses on the technical side without a strong understanding of the political realities that are involved in budget development.<sup>7</sup> But, PFM systems are deeply political, and because they are linked to how public resources are allocated – there is little point in civil society or parliament pushing for policy change without ensuring there is budget attached to the implementation of such changes. PFM is fundamentally about both process – how governments manage budgets, and results – how governments deliver services.

A well functioning PFM system is one that ensures:

- Public spending is in line with available resources and development priorities
- Resources are collected efficiently from all possible and eligible sources (including royalties, rentals of government property, taxation etc)
- Resources are allocated effectively between different areas and items in pursuit of development goals
- Transparency and accountability are features of the system
- Access to information for the public is a system feature and goal
- Procurement of government services is done in a

systematic, transparent and accountable way

- Auditing and reporting is a feature of publicly available information
- Loans, bonds and treasury finance options are managed through robust policy planning
- Resources are used in a way that provides maximum value for money.<sup>8</sup>

This list is indicative and PFM includes a longer set of features but these are some of the key components of a robust PFM system.

To achieve this requires a sophisticated set of systems, and to help ensure these systems can be developed, many developing countries embark on PFM reform programmes with the support of donor governments and International Financial Institutions (IFIs). In Myanmar, the Government, with support from international actors including the World Bank, the UK's Department for International Development and Australia's Department for Foreign Affairs and Trade, agreed a programme of public financial management reform for the period 2014-2020. This aims at supporting efficient, accountable and responsive delivery of public services through the modernization of Myanmar's PFM systems and strengthening institutional capacity.<sup>9</sup>

# Why is PFM so important for poverty reduction and social accountability?

In addition to being fundamental to the economic growth, poverty and inequality reduction of a country, a good PFM system can also deepen social accountability, because increasingly effective and accountable provision of services sets in motion a process of exchange between governments and public that leads to increased participation and transparency – a virtuous cycle.<sup>10</sup>

A functioning PFM system can make government more accountable to parliament and the public, by

allowing for checks on how public resources are being used and by helping the public track government performance.

And as people become tax-payers they are more motivated to be engaged and active in holding the government to account on its use of public funds: when people pay tax, they demand more from their governments.<sup>11</sup> PFM is therefore a critical tool for supporting the development of a social contract between people and the state (see Box 2).

## Box 2

### What are social contracts and what links PFM and the peace process?

PFM can be an important component of developing a social contract between people and their government. The social contract model promotes constructive engagement between people and the state; it encourages both parties to respect each other's rights and fulfil their responsibilities; and promotes mutual accountability. Historically, the social contract has referred to the agreement of citizens to submit to the authority of government in exchange for protection of their rights and access to services, security, and justice. In exchange, citizens are expected to refrain from anarchy and respect the law; government will govern according to law, and promote peace and development. This is essentially still what a social contract is, but over time, in industrialised economies, the services provided by Government to people have expanded to incorporate a wider range of services, including strong social welfare systems; at the same time, Governments have come under pressure to be more accountable and transparent about their plans. As a result, over time Government responsibilities have been increasingly articulated as the fulfilment of people's rights, and this has created demand for more effective, robust states, accountable to those citizens and fulfilling their side of the bargain.

In fragile, conflict affected states such as Myanmar, where there is little tradition of political engagement or effective governance, contests over which actors should govern, and even denial of citizen rights, the process of developing a social contract – and the public financial management system which supports it – will need to be the product of ongoing negotiation between different groups and formal and informal power holders: this is the case in Myanmar. A key example of this will be how PFM is tackled through the peace process: the PFM agenda in Myanmar is interlinked with the country's protracted ethnic conflicts, the national peace process and contests over the legitimacy of different governance actors and structures, particularly where armed groups have developed complex local administrations and provide public services in the areas they control. If efforts to support PFM don't consider these dynamics, at best they will miss opportunities to support long term peace in Myanmar and, at worst, they will complicate or undermine that political dialogue. As discussions on resource and revenue sharing and domestic resource mobilisation move forward under the peace process and other national development processes, all parties will need to consider how PFM reforms may affect future governance arrangements in contested areas.

# Demand side accountability as a component of PFM

Some PFM reform programmes have rightly recognised the need to build in support for the demand side of accountability at the same time as tackling the technical supply side of how a government manages its public finances.

In **Nepal**, where the Government of Nepal embarked on a PFM reform programme to strengthen Nepal's development strategy,<sup>12</sup> it was recognised early on by a risk assessment that linking up *“formal PFM measures to existing citizen accountability initiatives such as social audits and service delivery scorecards would serve to develop a stronger institutional fabric of demand-side pressure for service delivery performance.”*<sup>13</sup> When donors formed a Multi-Donor Trust Fund to pool resources and support the PFM reform programme, one commitment they made was to enhance accountability on the demand side of PFM reform, which led to the establishment of the Program for Accountability in Nepal (PRAN), an initiative which provided grants to Nepali community organisations to strengthen governance and social accountability practices through constructive engagement.

In **Indonesia**, development partners and the Government established the Australia Indonesia Partnership for Decentralization (AIPD),<sup>18</sup> aimed at strengthening and improving the capacity and performance of sub national governments in delivering basic services as part of the wider decentralisation and PFM reforms. The programme, operating in five provinces of Indonesia,<sup>19</sup> worked through CSOs and local universities to support local government in providing access to information for the public, to strengthen local NGOs capacity to better advocate for accountability in public financial management and to create a stronger foundation for evidence-based policy development.

CSOs were selected to play this role in supporting the decentralisation and PFM reform programme in Indonesia because they were considered to be an important driver of demand side governance: by developing a programme which supported them to actively engage in monitoring budgeting processes and public service delivery, development partners and the Government looked to encourage more

## Box 3

### Program for Accountability in Nepal:

PRAN was designed on the understanding that government agencies' and local bodies' capacity to manage public finances effectively can only be realised when accountability is strengthened at *all levels* from national to local.<sup>14</sup> Through local CSOs, PRAN piloted social accountability tools that successfully exposed leakages and misappropriation of resources, and reduced budget and expenditure irregularities.<sup>15</sup> PRAN also revealed cases of District Development Committees (DDC) releasing the budget just weeks before the end of the fiscal year, leaving almost no time for local bodies to spend their funds.<sup>16</sup> Using a Public Expenditure Tracking System (PETS), people began to demand greater transparency of the budget allocation and expenditure process, stimulating a cycle of accountability as local authorities became aware of citizens' new knowledge of their entitlements. Citizen Juries – another social accountability tool – provided a platform for citizens in the local community (the jury members) to monitor and better target development activities, coordinating with DDCs and Village Development Committees (VDCs) to help women and other community members identify their needs and priorities.<sup>17</sup>

accountable and effective uses of public resources. Feedback from CSO networks suggested ways the programme could be further improved, including the introduction of an explicit capacity development strategy for civil society strengthening, and focusing

as much on the process of strengthening social and political processes as on delivering outputs. These would be important for actors involved in PFM and social accountability in Myanmar to take account of when developing future work.

## Box 4

### A case study on monitoring budgets

In Myanmar, Oxfam and local CSOs in the Ayerywaddy region have begun practising budget and tax monitoring as a means to improving accountability. Starting in 2 pilot townships in Ayeyarwaddy, local government and CSOs were trained in budget monitoring approaches, by Oxfam and its learning partner Asia Network for Social Accountability (ANSA). The government and CSOs then developed six social accountability action plans together, which were reviewed by Oxfam and ANSA; the two most feasible plans were then selected for implementation. In Bogalay and Laputta, local CSOs monitored the budget and tax collection of the Municipal Department; in Kyun and Kyaik Latt townships, local CSOs instead monitored the Government's Green Village Development Fund.

These processes generated an unprecedented stream of data that the public had never before been able to access, and instigated new pathways for public engagement with the local authorities. They also uncovered important findings on the practices of local authorities in the Delta, including a failure to implement policy properly, inefficiencies in procedures such as procurement practices and Township level accounting, opportunities for rent-seeking, examples of regressive local taxation and poorly delivered local public services practices.

As a result of communities' better understanding of local Government planning and expenditure, and after communities raised their concerns with power holders through public hearing forums, local authorities took the following steps to address the problems:

**Bad roads:** Networks of bad roads have now been fixed. This was addressed by the Municipal Department after CSOs and communities became aware that road repairs were outlined in government plans but had not been carried out. Once the public had access to these plans, they were able to use the public hearing forums to encourage the Government to fulfil its commitments;

**Lack of transparency on local procurement:** After learning that local authorities were failing to publish information on construction contracts, the municipal department has begun to erect boards to display this information, and ultimately to improve the transparency of local procurement;

**Illegal logging activities:** The Chief Minister sent a special investigation team on the questions raised by communities on illegal logging activities, resulting in 6 local authority staff being removed from their jobs following evidence of their involvement;

CSOs reported that the performance of local authorities significantly improved after the budget monitoring, and in particular after additional post budget monitoring workshops were held with civil society and Government to share findings and results from all of the budget monitoring.

*Box 4 continues on the next page...*





Social Accountability can help local authorities, government and people understand when a service isn't working properly and together discuss how improvements can be made.

## Box 4

The most important step in the process was obtaining buy in and permission from the Chief Minister to facilitate township level Departments' co-operation with the CSOs. After the budget monitoring process, the Township officials began to understand that local CSOs were seeking constructive and sustainable engagement with the local authorities. Now a far more constructive relationship exists: for example during selected Green Village monitoring visits in Ayeyarwaddy, government officers have requested meetings with CSOs to understand their perspectives on where funds should be targeted, and what is and is not working in implementation of the funds. This is a significant improvement on how local authorities engaged with civil society before.

### From local to regional

Following this successful pilot, the government requested Oxfam and CSOs to scale up the monitoring of the Municipal Departments to all 26 townships in the Ayeyarwaddy Region, from September 2015 to January 2016. Civil society responded quickly, with 24 CSOs coming together to organise budget monitoring on Municipal Departments in the remaining 24 townships. After monitoring each municipal department budget, a public forum was organized where CSOs shared their findings, and regional government (Chief Minister, Municipal Minister and senior officials) responded to both the findings and questions raised by CSOs and public. At the end of this exercise, an evaluation was carried out. Key results from the work included:

- **Budget literacy** (understanding of the budget process) increased from 11% to 81%<sup>20</sup>
- **Advocacy skills of CSOs** to articulate their concerns and present messages to the right local authorities increased from 11% to 69%<sup>21</sup>

Remarkably, government documented more than 100 questions asked by CSOs and answers provided by government officials, and referenced it as a book for the next (current) government. This approach is now being adapted for new programmes in other states of Myanmar.

With greater transparency and accountability, people in Myanmar can use the public financial management system in different ways to improve budget efficiency and make sure policy decisions reflect their needs.

**Table 1** sets out key ways in which different parts of a PFM reform process can be used by the public to deepen social accountability.

## Table 1

### Using PFM reform components to deepen social accountability

INTERVENTION	DESCRIPTION	RELEVANCE TO SOCIAL ACCOUNTABILITY
<i>Formalised budget preparation processes</i>	Introduction of budget calendars allow people to see when different steps take place in budget preparation and what should happen at each step.	Provides a formal framework to advocate for and monitor bottom-up planning, which has potential to enable more inclusive budget outcomes.
<i>Medium-term expenditure frameworks</i>	Guide resource allocation processes by creating better linkages between the policies and plans that ministries produce and the revenue and expenditure forecasts that ministries of finance produce – over the medium term.	Necessary for any advocacy work on policies and plans to lead to tangible changes in revenue and expenditure forecasts that should guide revenue allocation.
<i>Medium Term Fiscal Framework (MTFF)</i>	Provides a medium term perspective on the Government's fiscal strategy that acts as a tool for providing overall balance of spending choices. The MTFF is a key part of the PFM Modernization Project in Myanmar, in line with international MTFF standards. It aims to help the development of planning and budgeting	Supportive for advocacy on revenue mobilization, planning and budgeting, budget execution and financial reporting, external oversight and capacity building.
<i>Integrated Financial Management Information Systems (IFMIS)</i>	Includes explicit efforts to give bodies such as parliaments enough time and experience to assess budgets and to strengthen the advisory capacities legislative bodies have at their disposal.	There may be space for CSOs to support parliamentary bodies to build their capacity to hold the government accountable, and for parliamentary bodies to engage civil society at selected stages of their assessments of budgets.

Table 1 continues on the next page...



INTERVENTION	DESCRIPTION	RELEVANCE TO SOCIAL ACCOUNTABILITY
<i>Budget Classification Systems</i>	Classifying budget items according to their economic, administrative or functional nature allows for interpretation and analysis of what would otherwise be a large amount of unspecified numbers included in budget report.	This is a key prerequisite for the development of a citizens' budget and can help to provide a more comprehensive picture of government operations enabling civil society to have a better understanding of the budget.
<i>Legislative strengthening</i>	Includes explicit efforts to give bodies such as parliaments enough time and experience to assess budgets and to strengthen the advisory capacities legislative bodies have at their disposal.	There may be space for CSOs to support parliamentary bodies to build their capacity to hold the government accountable, and for parliamentary bodies to engage civil society at selected stages of their assessments of budgets.

Source: Adapted from Andrews et. al (2014)



# SO WHAT: How civil society can engage with budget processes?

Research studies have demonstrated that civil society initiatives, and in particular social audits,<sup>22</sup> contribute to improvements in the transparency of budgetary decisions and the budget process, as well as increased

budget awareness and literacy.<sup>23</sup> **Box 5** outlines a range of ways in which the public can engage with the budget process.

## Box 5

### Ways for people to engage with the national budget process

PFM can be an important component of developing a social contract between people and their government. Each stage of the budget cycle is important in enhancing social accountability, and the best entry points for public engagement will depend on the unique country context and current opportunities and constraints.<sup>24</sup>

#### 1. Budget Formulation: strategic budgeting and budget preparation

At this stage policies are formulated, resources are allocated, and the annual budgets and sector plans are set – usually behind closed doors. Sometimes the executive may release a discussion document or an overview of the budget in advance, public hearings may be held by line ministries and budget-specific committees, but generally the legislature and civil society have little direct access to this stage of the process.<sup>25</sup>

**What civil society can do:** stakeholders outside the executive can engage by advocating to the government about how the spending is set – to which sectors and in what amounts. This can happen through participatory and gender responsive budgeting (see final section), a process which is considered instrumental in making the allocation of public resources more ‘inclusive’ and ‘equitable’ as women and marginalised groups have potential to voice their budgetary needs and priorities.<sup>26</sup> Porte Allegro in Brazil has become a model for participatory budgeting where regional assemblies and participatory budget councils have had close involvement in allocating resources and monitoring how they are used, leading to positive results such as the increase in the number of households with access to water.<sup>27</sup>

#### 2. Budget approval: legislative debate and enactment

After budget preparation, the proposal is submitted for approval to a political body such as a parliamentary committee that represents the public. Specialised committees may also examine the budget proposal.

**What civil society can do:** It is at this stage that CSOs often have the greatest opportunity to influence budgetary decision-making. CSOs’ technical expertise and understanding of people’s needs can help committees to analyse the budget and may enhance understanding that is lacking in legislatures. In turn, legislatures can invite CSOs to input into specific moments in the budget process.<sup>28</sup> CSOs have also played an important role in demystifying the budget to increase awareness and even trained parliamentarians to pressure the executive for pro-poor changes. In New Delhi, the Centre for Budget and Governance Accountability has provided research support to parliamentarians on issues relating to budgets and economic policies.<sup>29</sup>

#### 3. Budget execution: resource management, internal control/audit, accounting and reporting

Institutional weaknesses and opportunities for rent seeking mean that disbursements do not always reach the intended beneficiaries. Budget execution allows government to keep records of financial flows.

*Box 5 continues on the next page...*

**What civil society can do:** CSOs can undertake independent budget expenditure tracking to monitor and report on public expenditure. At the local level CSOs can focus on whether amounts for specific projects such as a school or a road have been used for the intended purpose, or whether the government funds allocated have reached the intended beneficiaries. As part of the PRAN in Nepal, Public Expenditure Tracking Systems (PETS) on social security entitlements were conducted and some cases found that some social security allowances had been spent under other budget headings.<sup>30</sup> This reinforces just how important it is to have transparency of the budget at all levels of government – national to local – to help people track spending. The regional level budget monitoring experience in Myanmar also highlights how civil society can use information on published budget and planning documents, through public hearing forums to raise their concerns and hold Government to account – and ultimately get commitment of authorities to change policies and spending plans in ways that impact on their lives.

#### **4. Budget evaluation: external audit and accountability**

The final stage of the cycle involves monitoring and evaluation of publicly-funded agencies. At the national level, governments are commonly required to send their annual financial reports to independent bodies for ‘external audit and accountability’ processes.

**What civil society can do:** The findings of these reports are used by legislative bodies to raise any concerns they may have. Civil society can add to this by providing additional evidence to better inform external evaluation bodies. This could take the form of a social audit, which is now mandatory, for example, in each village in Rajasthan, India where village residents vote annually on whether projects in their village have been successfully completed.<sup>31</sup>

In the Philippines, in an effort to open public audit processes to citizens and ultimately to improve the efficiency and effectiveness of the use of public resources, the Commission on Audit (COA) partnered with ANSA-EAP, a Philippines based civil society organisation, to implement a Participatory Audit Program<sup>32</sup> to provide technical assistance to the COA on local government projects that affect peoples’ daily lives such as flood control and waste management.<sup>33</sup>

The stages at which the public could engage with the budget set out in Box 5, are focused on the national budget process. Currently, only Municipal authorities in Myanmar have budgets which are formulated at the local level, although these still need approval from Union level Government. These budgets are funded through local taxation and levies and are used to provide dedicated services to urban populations. It should be possible for communities and civil society organisations to request a seat at the table in the planning process for a Municipal budget. For all other spending at the local level, budget allocations are decided at Union level and then budgets are transferred down to line Ministry departments at Township level and below - which are responsible for ensuring spending.<sup>34</sup> Whilst the public might not be able to inform the budget allocation process on these budget lines, it is

possible for communities and civil society to monitor spending against plans (Performance Expenditure Tracking). Beyond this, whilst decentralisation of planning and budgeting has been limited in Myanmar to date, increasing flows of resources from Union to State and Region<sup>35</sup> will soon start to change this picture, offering opportunities for the public to engage with local level budgeting and planning as new systems evolve to support new localized spending capacities. At the same time, the growth of Local Development Funds<sup>36</sup> are also starting to offer some limited opportunities for local authorities to develop spending plans based on local priorities. These funds are supported by a variety of actors – a mix of development partners and Government financing – and vary in the extent to which they involve the public in consultation or decision making around allocations.

# Gender responsive budgeting

Just as budgets are not politically ‘neutral’, neither are they gender neutral: what gets included in a budget is shaped not only by the people who decide the allocations but also the structures and histories that inform how those decisions are made. If a budget does not account for the different needs of women and men, it is ‘gender-blind’ – i.e., it perpetuates inequality through biased spending. More often than not, national budgets favour men and the groups, institutions and systems that are led by men.

A participatory government budget, which reflects the needs of its people – including women, whose voices are often marginalized – can be used to put in place policies and spending that reduce gender inequality and challenge the deep structural forces that systematically marginalize groups, especially women. This is why a growing number of countries are starting to introduce measures for gender responsive budgeting.

Opening up the budget process to be more accountable and transparent to all people is critical, but adopting a gender responsive budgeting model is one possible way of ensuring that a group which is frequently discriminated against and marginalised in decision making processes – women – have opportunities to participate.

Gender responsive budgets aim to incorporate gender in all stages of the budget cycle (see also Figure 2), through:

- Using gender-sensitive auditing and analytical tools to assess existing inequalities and identify policies and budget allocations to alleviate these inequalities;
- Assessing the impact of existing budget revenue collection and expenditure techniques for their

positive and negative impacts on reducing inequality and reviewing the effects of these on women’s reproductive and unpaid care work responsibilities;

- Altering expenditure and revenue collection to strengthen gender equality and monitor/evaluate the efficiency of these allocations;
- Promoting accountable and transparent processes that nurture public participation in decision making affecting peoples’ lives – particularly those of women

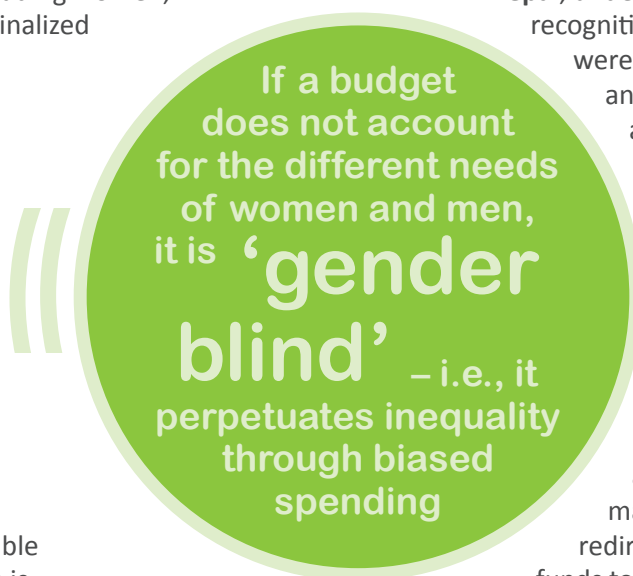
In **Nepal**, under PRAN, there was a clear recognition that specific interventions were needed to ensure planning and budgeting processes were able to address the specific needs of women.

CSOs informed women of their entitlement to 10% of the block grant, and supported them to articulate their needs and present proposals for what the funds could be allocated to. PRAN reported many cases where women redirected these earmarked

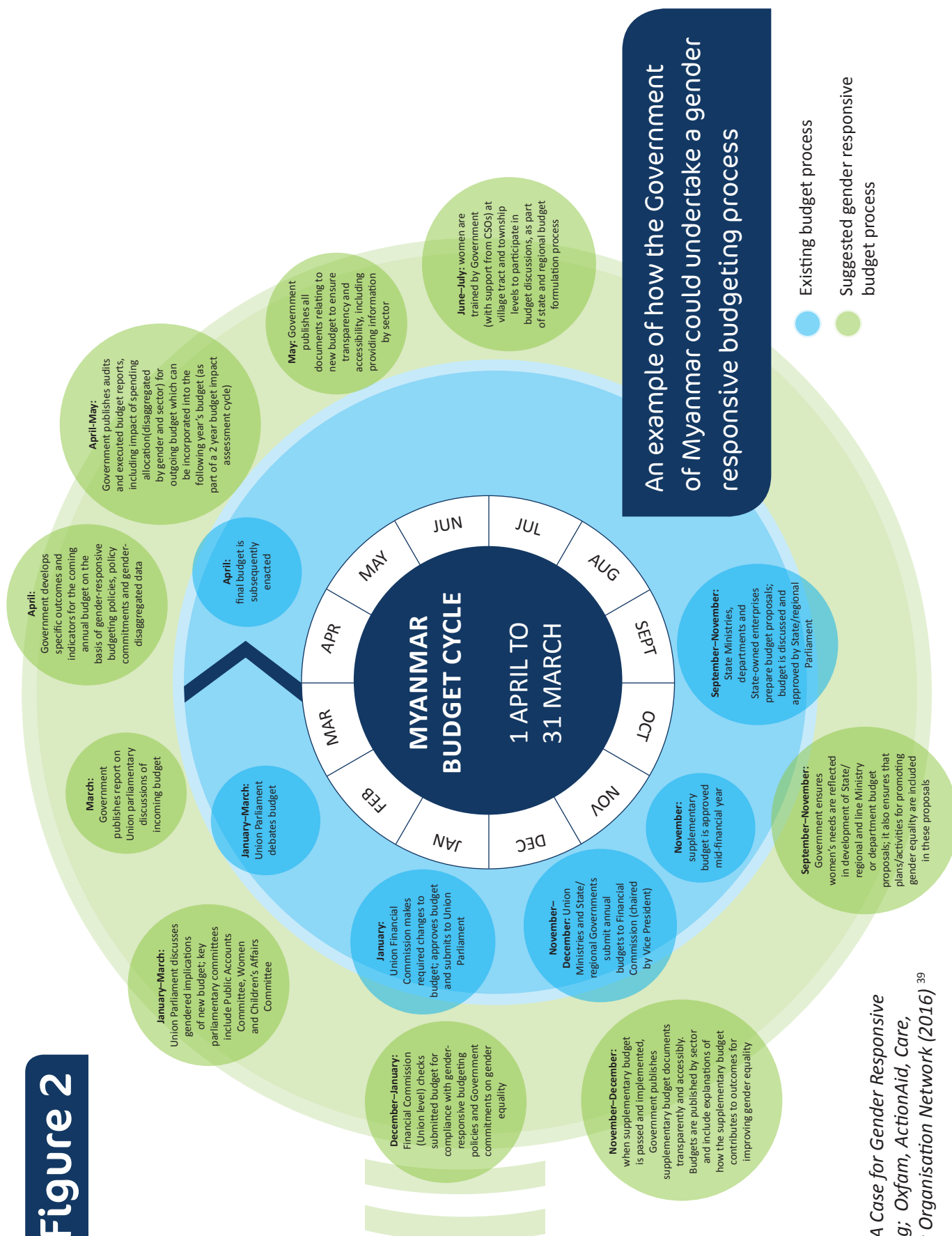
funds to purposes that would directly benefit them, including skill development

training; construction of birthing centres; improved access to antenatal care; training against gender violence in the household; and pooling resources across wards to agree on larger projects that would benefit women specifically.<sup>37, 38</sup>

In **Myanmar**, an entry point for gender responsive budgeting to be integrated into mainstream policy could be the PFM reform programme. Civil society organisations working on gender budgeting in Myanmar have recommended that the Government consider putting in place a gender responsive budgeting process. One possible model for this is set out on the next page in **Figure 2**.



# Figure 2



Cited in: A Case for Gender Responsive Budgeting; Oxfam, ActionAid, Care, Women's Organisation Network (2016) <sup>39</sup>



# Social Accountability Partnership

## discussion papers

This paper was written by Jasmine Burnley, Thiha Ko Ko and Jane Lonsdale. The authors are grateful for contributions from Nicola McIvor, David Allan and Zaw Myat Htoo. Social Accountability Partnership Papers are written to contribute to public debate

and to invite feedback on governance and social accountability issues. They do not necessarily reflect the policy positions of the individual members of the Social Accountability Partnership.

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19. AIPD operated in Papua, West Papua, East Nusa Tenggara (NTT), West Nusa Tenggara (NTB) and East Java and in four districts in each of these provinces
20. In studying budget literacy of CSOs, CSOs were assessed by four major measurements which are (a) Knowledge on Budget Process, (b) Knowledge on Revenue Sources and Allocation, (c) Knowledge on Sources of Budget Information and (d) Ability to analyze Budget Information
21. In assessing CSOs' advocacy skill, five measurements were used. Those are 1) CSO knows to whom they need to approach before advocating any issue, 2) CSO knows how to deliver message to the stakeholders without jeopardizing the relationship, 3) CSO has established methods and procedures of collecting, analyzing and distributing data, 4) CSO has implemented activities in constructive ways and 5) CSO has shared the results and findings by means of report or publication among the communities.
22. Evidence points to the vital role that audits play in social accountability as they provide citizens with concrete measures of how governments have performed against accepted standards. CSOs can then use these to advocate for governments to respond to the audit recommendations and improve governance, see more on how Oxfam's has used social auditing as a unifying factor narrowing the gap between the government and the community in Turkana and improve governance in Rwanda <http://policy-practice.oxfam.org.uk/blog/2012/05/we-have-a-right-to-know-citizen-participation-in-turkana>; and <http://politicsofpoverty.oxfamamerica.org/2014/01/how-communities-in-rwanda-are-using-social-audits-to-improve-governance/>. For more details, see also Ramkumar, V and Krafchik, W 'The Role of Civil Society Organisations in Auditing and Public Finance Management', The International Budget Partnership.
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34. Whilst local authorities have a role in proposing budget allocations to Union level Government, they do not have a decision making role on allocations.
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