

Advancing Good Governance Seminar

7 June 2012 -- 15.45 – 17.00

Financial Empowerment and Creating Citizen Auditors

This panel focused on a theme running throughout the seminar that the governance of civil society organizations (CSOs) will be significantly improved by the collaborative involvement of end users. It was agreed that in order to achieve this, financially literate end users/clients/citizens must be involved in the governance process, so that they can participate in deciding where and how resources are to be spent. It was agreed that in poor countries, while many of the communities are economically disempowered, those communities nevertheless possess other resources that can be used for their economic improvement, but they need to be empowered to utilise these resources properly. The challenge remains the creation of sufficient political will to ensure that these empowerment strategies are given the opportunity to play out.

Key Points from the Panel

1. **Accountability.** In poorer countries, communities often fail to hold governments/organizations accountable because the forces that would operate in a private marketplace do not operate in the same way in the development sector. In the public sector (and especially in the development sector) the “consumer” is not typically paying for the product that they consume. Poorer countries suffer from (a) dysfunctional demand, which may be due to gender barriers, ethnic barriers, power relationships, undefined entitlements, etc.; (b) poor service, because people in public administration may be poorly financed, with poorly trained people, and higher levels of corruption; and (c) lack of a defined system of accountability. Traditionally, donors have focussed on the supply side of development and the results have been disappointing. Some of the most successful examples of donor-led development have been where end-users of the aid have been involved in the production process. To have functioning accountability, it is necessary to have access to information and a means to provide feedback.
2. **Look to the community for solutions.** Communities need to be supported so that they can identify and solve the specific problems they feel are important. The communities that civil society organizations work with are often disempowered economically; however, these communities do have other valuable resources. Simple financial empowerment would allow the community to utilize these resources better and gain greater benefit from them. The organization has a role in demonstrating to the community that the community can derive value from certain activities which may not be obvious (e.g., investing in children’s education). Communities should also be empowered to monitor the work of government. A better understanding of the role of citizenship can lead to intermediation between the local and the wider community.
3. **Citizens as auditors.** Holding the government to account is not a complex exercise, and if information is actively put into the public domain, citizens will ask questions. Even illiterate people know how much money has been spent vis-à-vis the actual deliverables that they have received. Social auditing is the only way that the arbitrary use and abuse of power can be prevented. Budget openness, and governments being forced to publish information, empowers people to ask questions, provided the information released is relevant, and is in a form that can be easily digested.

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Emerging Questions

1. How can CSOs best address the “dysfunctionalities” that stem from the fact that the typical “consumer” of development services is not paying for the services/product provided? What are the other valuable resources beneficiary communities have that can be leveraged to address and rectify this power imbalance?
2. What are the simple tools that can be used to empower “citizen auditors,” so that citizens can become financially literate to the extent that resources can be better utilized and entitlements can be better controlled by the intended beneficiaries of those entitlements?
 - financial literacy curricula
 - also, budget openness and other transparency mechanisms on the part of governments
3. Is it possible to develop an educational curriculum that would address financial illiteracy on the part of beneficiary communities? If possible, is it desirable? What are the downsides/risks, if any?