

Responsiveness and Accountability for Poverty Reduction

Bergen Seminar Series 2002/2003

CASE STUDY

The Philippines: Enhancing public transparency and accountability through civil society participation in monitoring government services

Name of Project: PHI/97/022/I/01/99 Enhancing the Public Accountability Programme of the Philippine Commission On Audit: Participatory Audit with Civil Society Organizations	Project dates: July 00 – March 2002
Project Location: Abra, Camarines Norte and Samar (Republic of the Philippines)	Funding amounts and sources: UNDP: TRAC \$347,690 TTF \$[] Other \$[] Government: \$[] [Donors]: \$[]
Summary	
Citizen's participation in monitoring government services enhances transparency and accountability of both service providers and oversight institutions. It empowers citizens to know and assess public budget performance, preventing corrupt practices that impede adequate progress in the achievement of the Millennium Development Goals. In the Philippines, UNDP has been supporting the Commission on Audit (CoA) and non-governmental organizations in piloting the involvement of civil society in value-for-money audits. From 2002, the project will focus in upscaling pilot participatory audits. It will also expand civil society's participation in setting and assessing public investment targets, in order to ensure these are effectively oriented towards sustainable human development goals.	

Background and country context, including problem statement

In the past years, regular audits in the Philippines were conducted mainly to attest to the fairness of the agency's presentation of financial statements, and to find out whether transactions and operations complied with applicable rules and regulations. These were generally done without the participation or involvement of the public. Audit reports were made available only to client agencies, and if at all, to a selected few individuals, giving no opportunity for the majority of the people to know what is happening in their communities and to help improve local governance. People's rights to participate in the conduct of public affairs and to be informed were being impeded by the lack of transparency of the auditing process and the absence of mechanisms to demand public accountability of specific expenditures. This in turn increased the possibilities for corruption, mismanagement of funds, or inadequacy of public investments to community priorities and concerns.

The Philippine Commission of Audit (COA), in line with the Philippine government's efforts to promote transparency and good governance in the country, developed a Strategy for Reform that included piloting the participation of civil society in the auditing process.

Participatory audit using a "value-for-money" approach allows the determination of the results and effects from the community itself, or values and benefits actually derived by them on the expenditure of public funds. This in turn has important consequences.

On one hand, "value-for-money" reports go beyond merely stating compliance with rules and regulations to assess the actual "value" obtained from public investments. This allows "value-for-money" reports to be used as planning and decision-making tools by the National Economic and Development Authority and other oversight agencies.

On the other hand, through strengthened direct citizen participation in the auditing process, government accountability, transparency and credibility are effectively enhanced. The existence of mechanisms for public participation is in itself an important deterrent against corruption. It is expected to promote more prudence in the use of public resources for projects that would benefit local communities.

Lastly, by bringing the auditing process closer to the public, service providers are able to find out the adequacy of their target expenditures to the perceived needs at the community level. The community is also able to find out government's performance in this regard and advocate for specific improvements and targets. This should ultimately lead to improved design and efficiency of public expenditures.

Description of project and relevant activities

The project piloted the involvement of civil society organizations in value for money audits conducted by the Philippine Commission on Audit, as an audit reform measure intended to address the increased demand for government transparency and accountability. The initial phase of the project covered 6 audits in 4 provinces. It was implemented in partnership with two civil society organizations—the Concerned Citizens of Abra for Good Government and the National Urban Poor Assembly. These civil society organizations were trained and accredited by the Commission on Audit to take part in participatory audit activities.

The main outputs of the initial phase were the following:

- Signed Memorandum of Understanding with civil society organizations
- Criteria for selection of civil society organizations that can be authorized to take part in participatory audits developed and officially adopted by the Commission of Audit (COA)
- Training programme on value-for-money audit, fraud audit, and results-oriented monitoring and evaluation established and conducted for staff of the COA and participating civil society organizations
- 6 participatory audit reports completed and used by the COA for decision-making
- Participatory Audit Manual

On the basis of the results of the initial phase, the second phase of the project will upscale piloting for another year, as the lessons learned from 6 audits are not enough to design a mainstreaming strategy. Furthermore, the assessment of “value” for money requires further capacity building in the COA and participating civil society organizations to assess human development targets. “Value” for whom requires assessing the benefits of public expenditures for the most disadvantaged groups in the community, especially women. A gender and rights-based perspective in monitoring public service delivery with the participation of civil society becomes essential for directing participatory auditing processes towards effective poverty eradication. Upscale of pilots and enhancement of capacities for human development-responsive expenditures will take place during the second phase of the project.

The second phase will also develop a more detailed screening and accreditation process for at least 10 additional civil society organizations. A visit to each applicant’s place of operation will be done to gauge member’s commitment to the organization’s objectives, validate the reported accomplishment and establish the community’s opinion of the organization’s reputation. In other words, the accountability and responsiveness of civil society organizations themselves will be more effectively assessed. Local level monitoring groups will be organized to conduct regular project monitoring in their respective localities. Linkages with media will also be established to keep the public constantly informed on the status of project implementation. Linkages with State Audit institutions in other countries and international organizations such as Transparency International will be established to share the Philippine experience with other countries. In this way, expanded areas for collaboration between the Commission on Audit and civil society may be identified such as whistle-blowing activities and pre-audits as and aid to the COA special audits and post-audits.

Significance in the context of responsiveness and accountability

Accountability is not only a government's obligation but also a necessary means to ensure responsiveness to the needs and rights of the target population. Effective accountability and responsiveness can only be assured through the meaningful participation of the communities involved. Auditing is one of the mechanisms to assess public performance in service delivery. The project strengthened citizen's participation in auditing processes (from the planning to the reporting phases).

Responsiveness was increased as audit areas and even agencies to be audited were selected bearing in mind the feedback received from civil society organizations in close contact with the people most affected by the project or the focus of the audit. Impact analysis was facilitated because of the ready trust elicited by the audit team that includes as members citizens who are known to the residents.

Accountability was strengthened as the residents of the area where the audit is focused closely monitor the results of audits. Transparency in government audits was greatly improved as information was easily accessible to the public and could be explained by fellow citizens themselves. Empowerment to demand accountability was strengthened, as citizens were made aware of the whys and wherefores of the audit, so they were able to assess the information being received and its significance to the issues under consideration.

What has worked well/What has worked less well/ Lessons learnt

What has worked well:

The project managed to prove that civil society participation in the conduct of audits is possible, and that the technical quality of audits (execution and reporting) is improved because of citizen's added knowledge and technical expertise.

Problems encountered:

Capacity constraints for monitoring impact and human development results: Most COA auditors are trained in accountancy, law and engineering. Having civil society members trained in other fields broadens the scope of Value-For-Money audits especially in the effectiveness aspect, where civil society members can use their backgrounds in community development, sociology and education to facilitate the conduct of impact evaluations and results monitoring. However, there is still a need to enhance the capacities of both government and civil society in this regard. Capacity building for monitoring impact and results from a human development perspective that is both rights and gender responsive was not included in the initial phase of the project, so the notion of "value" was too narrow to make the audit reports an effective planning and management tool for poverty eradication efforts. This capacity gap will be addressed during the second phase of the project.

Failure to anticipate resistance: A new COA administration was appointed after the project had been conceptualised with a former administration. The new administration was not familiar with the concept of participatory auditing, and it took an effort to advocate and persuade the administration to pilot a new concept that challenged their established beliefs about the auditing profession. The Commission chairman was formerly the head of the largest private auditing organization in the Philippines, and was convinced that auditing requires both technical preparedness and client confidentiality – two elements that the project has successfully challenged despite initial resistance.

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