

Budget Analysis for People Centered Advocacy

Participation, Communication and Legitimacy

-ActionAid International

One of the main objectives of budget analysis by the practitioners of people-centred advocacy is to break the existing monopoly over knowledge and empower common people to seek transparency and accountability from the government machinery. However, for breaking the monopoly (of those influential people who not only shape up government policies, but also defend the government when it is criticized for the adverse consequences of its policies) and democratising the discourses on economic policies and budgets, **Communication** plays a crucial role. It forms one of the three integrating principles of people-centred advocacy. The three integrating principles of people-centred approaches to advocacy are- *Participation, Communication and Legitimacy*. These principles integrate the politics and ethics as well as the various arenas of advocacy.

Participation: Participation is not a mere strategy to manufacture consent, manipulate consensus or extract cheap labour. Participation is a principle based on an *inclusive* moral choice; participation means sharing power, legitimacy, freedom, responsibilities and accountability. Participation is both a principle and means to include as many people as possible in the process of social change. Built on a deep respect for plurality, tolerance and dissent, it also involves an ability to understand and appreciate differences. Transparency is a pre-requisite for true participation. In people-centred advocacy, participation is a crucial means to *initiate, inform* and *inspire* change in all arenas of advocacy. A deep sense of participation and communication help promote solidarity. Strong social movements sprout from a cause and identity common to large numbers of people sharing a vision and passion for change.

Communication: Advocacy is a communicative act and a set of actions that involves communications designed to promote social action. Community, collectivism and communication are closely interwoven. The process of advocacy involves different elements. These include:

Communicate to



Convince to Change



Change to Commit



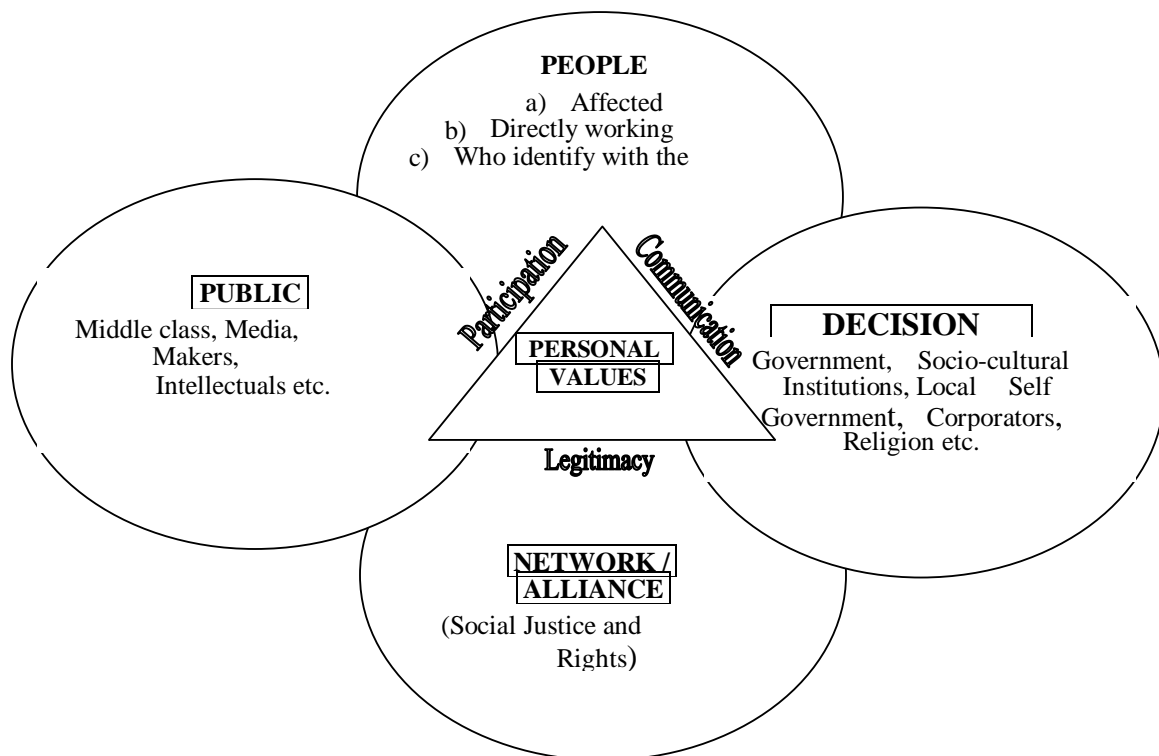
Commit to convert to the

Communication is not merely the use of language. It is an attitude—a willingness to share; to learn; to reach out; and to speak. The clarity of the message is as important as the choice of medium. An effective communication strategy involves the creative use of symbols, language, information, knowledge, poetry, prose and politics. The commitment of the communicator is as important as the message. Such a process involves learning from people, sharing with them, and inspiring and being inspired by them. Advocacy communication needs to be consistent, continuous, creative, compelling and convincing. In fact, communication is power play in which language matters but the objective of the act, or the message, is vital. Because several powerful institutions can co-opt our kind of language, but their objective could be entirely different. Therefore, the message carried in our act of communication should clearly express our commitment to the causes that we advocate for.

Legitimacy: Legitimacy is not merely about legality; it is both about ethics and politics. Legitimacy is not something one assumes, but something one acquires. Connected to the perception of power, legitimacy is derived over a period of time through a series of actions. It is the sense of deep commitment, accountability, communicability and action that help to derive legitimacy. Thus, one needs both participation and communication to derive legitimacy. It is both relative and dynamic and fosters credibility. Each arena of advocacy demands a particular type of legitimacy.

Arenas of People-centred Advocacy:

Defining the arenas of people-centred advocacy helps clarify the roles and strategies of different sets of actors in bringing about social change. As shown in the figure below, there are four arenas of people-centred advocacy– 1. People 2. Public 3. Network/ Alliance and 4. Decision-makers - which are linked to each other and overlap at certain points.



People: Key to the process is the arena of *people*: a) those who are directly affected by an issue (the term *issue* deserves special attention, which we give in the subsequent section) b) those with whom an organisation or movement is directly working and c) those who identify with a particular cause or issue. Advocacy work in this arena involves educating people on an issue, mobilising people around an issue, and organizing a particular group or community for long-term social transformation. Mobilisation is a continuous process of interaction, learning, critical awareness and collective action. It needs to educate, enable and empower the people. Such a process needs a clear political perspective and a long-term strategy for communication and participation.

Decision-Makers: The decision-makers are those who have authority to make decisions and influence power relationship. This includes not only the state, but also those who have the power to make decisions in socio-cultural institutions, corporations, religious institutions, etc. There are multiple arenas of power and institutions that influence public policies and social attitudes. For instance, many of the religious institutions and practices perpetuate discrimination on the basis of gender and caste.

Lobbying is a strategic process of convincing those in the corridors of power to make decisions or to exert their influence in favour of an advocacy cause. It is a rational process of making a convincing argument, using information and knowledge. However, the real bargaining power of a lobbyist comes from people, the public, and the process of networking. A people-centred perspective insists that lobbyists should be grounded in real life experience, and they should have an organic relationship with grassroots movements and the credibility and legitimacy that comes from that relationship.

Strategic Communication for People-centred Advocacy:

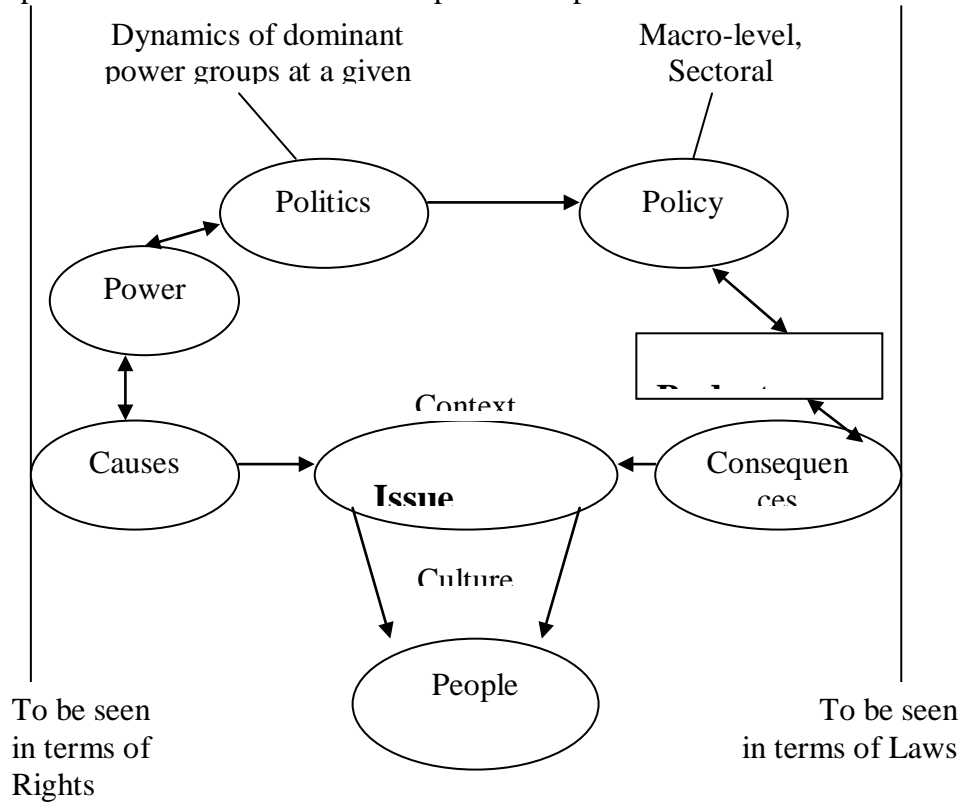
We must understand the term **issue** and see what role it plays in advocacy. An **issue** needs to be framed the way people feel and perceive it. An **issue** is a social, economic or political concern or phenomenon, which affects a large number of people over a long period of time. It needs to be understood in terms of power relationships within the society, politics of the state, and the policy priorities. It is important to note that an issue is different from a problem, in that a problem needs to be solved whereas an issue needs to be addressed. For instance, in a village, among the illiterate people, lack of access to water can be explained as an issue but the adverse consequences of policies propagated by IMF or World Bank cannot be shown as an issue.

Strategic communication in people-centred advocacy will require the practitioners to enter the arena of people from an issue-perspective.

Thus, the key aspect of communication in people-centred advocacy is that the practitioner should enter the arena of people from issue-perspective, and not from a policy-perspective.

If we want to be *change agent*, we have to start budget analysis from people. The key to successful advocacy using budget analysis is to- always start from something that the people already know. When the practitioners of advocacy start explaining economic and budget related concepts to ordinary people, say illiterate people in villages, they must start with some concept which the villagers already know and therefore can relate to easily. Subsequently the concepts can be expanded to cover State-level, national level or international-level concepts or issues.

In fact, economic literacy is about creating an environment in which people can realise their importance/relevance/worth in the process of productive activities in the economy.



Who are involved in a government budget process?

Different role-players are typically involved at different stages of the budget process:

- The budget drafting or formulation stage takes place largely within the **executive** branch of the state. This part of the process is usually managed and co-ordinated by a specific office – typically the budget office in the ministry of finance. The drafting stage often involves balancing the needs and proposals derived from various government departments against the priorities set by political office-bearers and fiscal advisors.
- The enactment of the budget gives the **legislature** the opportunity to debate and ultimately approve the budget. This part of the process usually begins with the executive formally proposing the budget to the legislature. The legislature then discusses the budget, often including intensive work in legislative committees. In some countries, this phase involves public hearings where members of **civil society** can give input on the budget proposals. It is typically during the budget enactment stage that public attention on the budget is greatest and information about the budget is most broadly disseminated by the **media**.
- The third stage in the budget cycle involves the implementation of the budget and monitoring of spending. The key role-players during this stage therefore include **departmental officials and service-providers** responsible for programme implementation. Governments differ widely in how they regulate and monitor spending to ensure adherence to budgets. In some cases, the **treasury** (or finance ministry) exercises strong central control over spending, reviewing allocations to departments and approving major expenditures. Where departments are more independent, treasuries will monitor expenditures by requiring, for instance, regular reporting by each department on its spending. In most countries, the **executive** (led by the finance ministry) issues regular public reports on the status of expenditure during the year in different programmes and sectors.
- During the final stage in the budget cycle, the budget is assessed and audited to see whether the budget has been implemented as planned and whether funds have been used effectively. Ideally during this stage, the **executive** branch reports extensively on its fiscal activities to the **legislature** and to the **public**. In addition, the implementation of the budget is reviewed by an established, independent and professional body, such as an audit institution or an **Auditor General**.

Why is it important to monitor government budgets?

In a democracy, citizens have a right to know what money is being spent on, and what decisions their elected representatives make on their behalf. It is only with this knowledge that elected officials can be held accountable for their budget planning, allocations and implementation. Monitoring government budgets is also conducive to better decision-making within government. It provides a forum for purposeful and

concrete engagement between the executive, the legislatures and civil society around critical choices and outcomes.

Legislatures play an important role in monitoring government budgets. Most democratic constitutions demand that parliament deliberate on and approve the annual budget. Transparency and accountability are only achieved through independent checks on the integrity of a budget. Is government doing what it says it will be doing? Parliament is an ideal space to promote openness and debate around budgets.

Civil Society's Role

Civil society can make a significant contribution to the development and maintenance of a good budget system by:

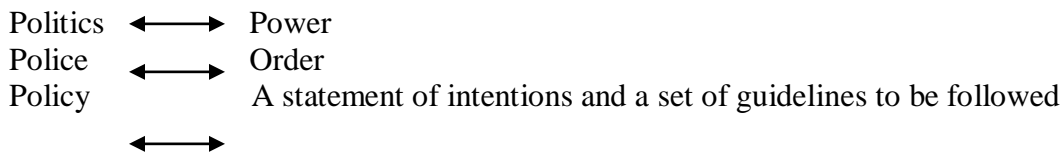
- simplifying budgets and deepening the debate around budget policies and decisions
- collating and disseminating budget information in user-friendly formats
- providing independent critical analysis
- bringing new information to the debate
- providing training in budget analysis and advocacy
- helping to build a culture of accountability
- advocating for more access to budget decision-making
- mobilising stakeholders, interest groups and citizens
- providing input into budget decisions through existing channels of access (for instance submissions to parliamentary committees).

Understanding the Important Dimensions of Policy

There are three related aspects to be considered while learning the nuances of policy analysis. These are:

- ❖ **Politics**
- ❖ **Police**
- ❖ **Policy**

According to Aristotle, all of the above three have originated from the notions of Power and Order.



While law/constitutional provision is justiciable, policy is different from law in the sense that responsibility associated with policy is moral and not justiciable in the court. There are two dimensions to be understood in this context:

- ❖ Power Dimension and
- ❖ Order Dimension

Power works through *Resources* (financial, physical and manpower, etc.), *Systems*, and *Knowledge*.

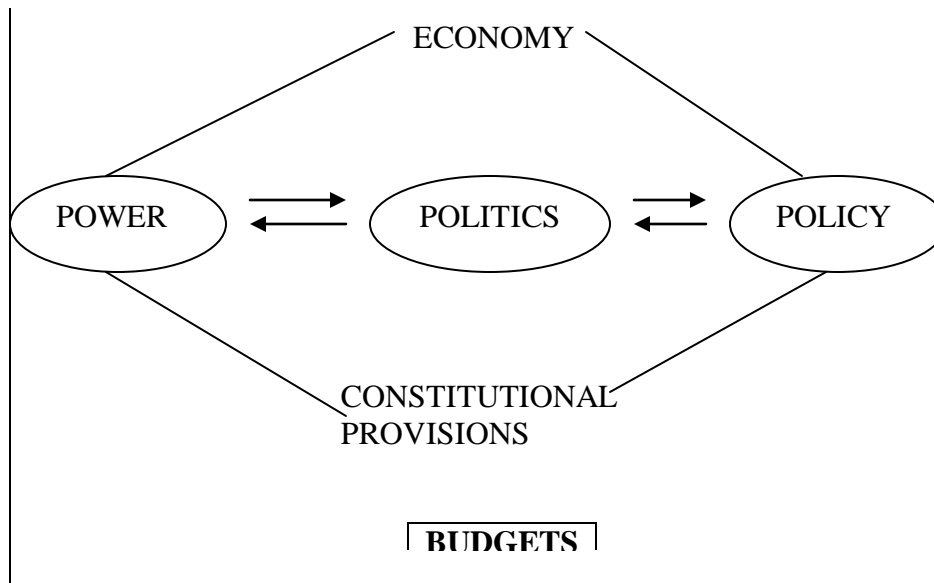
Analysing the Budget, without understanding the power and order dimensions associated with policy, is meaningless.

Public policy is a function of the dominant politics. Politics is a dominant set of power relationships, so there is a need to understand the link between public policies and political process on the one hand; and political process and power relationship within the society on the other.

One of the key problems in most of the countries in the Global south is the increasing gap between policy rhetoric and real implementation. Radical sounding language is increasingly used to gloss over deprivation, injustice and inequality. Through the co-option of language, symbols and institutions that claim to represent civil society and the marginalised, decision makers tend to create more and more ***policy mirage***. Policy mirage is a public policy statement, which articulates a lofty vision and principles for change, without any clear programme to move toward that vision and without any budgetary allocation to implement the policy. Such policy mirages create illusions of change while perpetuating the status quo. Hence, there is a need to understand and change a public policy in terms policy direction, relevant legislation, accompanying programme, implementing mechanisms and most importantly financial allocation.

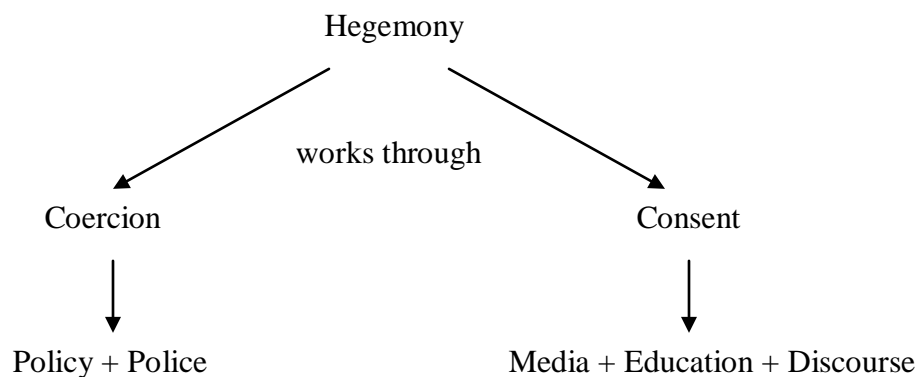
Political
Economy
framework of
analysing Policy

Legal Framework of
analysing Policy



As regards the analysis of policy, the political economy framework for such analysis must take into account both **Context** and **Culture** relevant for a specific area/region/group.

Also, the role of **Hegemony** is important to understand for doing any meaningful analysis of policy. As per Gramsci's conceptualisation, hegemony works through *Coercion* and *Consent*.



Coercion takes place through policy and police, while consent/consensus is attained through media, education, and discourse. This is something that can be identified in the actions of the ruling/dominant parties/classes in different parts of the world. For example, in India, when the BJP (one of the dominant political parties in India) came to power at the Centre, it tried to control media, education and discourse, along with the control

which it had gained over policy and police. However, the left parties also have shown similar interests in the past in the States where they have ruled.

This aspect is very important to understand when we deal with the **Aid Framework**, particularly in the Third World. Through Aid, there have been attempts to build up hegemony in such countries in the past. For example, the US gave Aid to build up an airport in Cambodia, but it also built up the immigration system there, which is restrictive about the Muslims as is the practice in America after the 9/11 terrorist attacks.

People-centred Advocacy

The term ‘Advocacy’ has been derived from two Latin words: *ad* and *voca*. ‘Ad’ means amplify, and ‘Voca’ means voice. Therefore, advocacy means amplifying the voice. Voice needs to be amplified in order to be heard and/or to be heard by more people. There are many people who have lost their voices because of continued denial to speak and to be heard. As a result, there is a “Culture of Silence”. Advocacy is the art of breaking this culture of silence.

But the fundamental question facing activists is whose voice and for what purpose. Advocacy does not mean appropriating someone else’s voice. Across the world large numbers of people are marginalized and unheard in the corridors of power. Advocacy can work to amplify their voices, however, this aspect of advocacy is often less understood or put into practice. Advocacy is more often perceived as a systematic process of influencing public policies. Yet, while policy change is *necessary*, it is *not sufficient* to transform the structures, attitudes and values that are at the root of societal inequities and injustice. Instead a more people-centred approach focused on social transformation is needed.

People-centred advocacy is a set of organized actions aimed at influencing public policies, societal attitudes and socio-political processes that enable and empower the marginalised to speak for themselves. Its purpose is social transformation through the realisation of human rights: civil, political, economic, social and cultural. People-centred advocacy is by the people, of the people and for the people. Hence, it is the spirit of democracy that drives the very idea of people-centred advocacy.

Characteristics of People-centred Advocacy

Ethical Choices:

- Unless one believes in a cause, one cannot advocate for that particular cause. Integrity and legitimacy of advocates are what provide moral force to advocacy. Hence, it seeks to bridge the gap between the words and the deeds; theory and practice; rhetoric and real life experience. It stresses that unless you challenge and change yourself, you cannot change others.

- People-centred advocacy stresses the *compatibility of means and ends*. Unjust means can never be used for a just end. In this sense, people-centred advocacy seeks to change unjust power relations through non-violent direct action.

Rights Based Approach:

People-centred advocacy encompasses a rights-based approach to social change and transformation

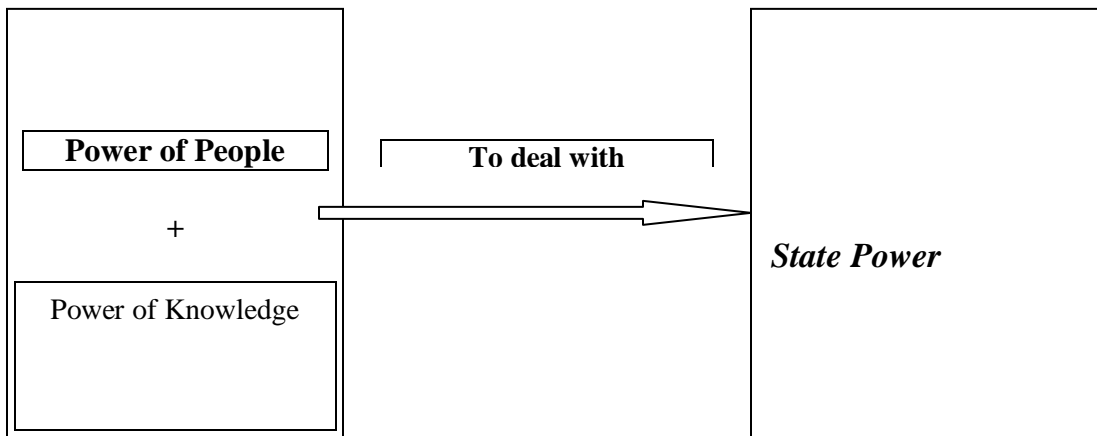
- People are not passive beneficiaries or charity seekers of the state or government. The state's political and moral responsibility is to guarantee all human rights to all human beings, particularly the right to live with dignity. Hence people have a right to demand that the state ensure equitable social change and distributive justice.
- Citizens are the owners of the state. Hence, the state should be transparent and accountable to citizens and defend human rights. People-centred advocacy mobilises people and civil society against societal violations of human rights.
- It seeks to bridge the gap between micro-level activism and macro-level policy change. It stresses a bottoms-up approach to social change rather than a top-down approach through macro-level policy change. It seeks to strengthen people's participation in the process of policy making and implementation.
- People-centred advocacy always considers every aspect of policy, process and negotiation in terms of the real impact it can bring to the lives of the poorest.

Political Perspective:

- People-centred advocacy seeks to go beyond the idea of *advocating on behalf* of the marginalised to the practice of enabling and empowering the *marginalised to speak for themselves*. Empowerment is the ability to ask questions to yourself as well as others. And information is crucial for empowerment (this aspect will be discussed in the session on strategic communication).
- A value-driven process, it works to challenge and change unjust and unequal power relations, e.g. patriarchy at every level of society; from private to public, from family to governance. Values of social justice and human rights are at its core.
- It seeks to go beyond a state-centred approach to social change and politics to one shaped and led by the people. Grounded in the right to democratic dissent, it also includes the responsibility to work for just and viable political and policy alternatives.

3. Strategic Use of Budget Analysis in People-centred Advocacy

Neo-liberalism and budget analysis have linkages. Neo-liberalism has changed the language of policy discourses into techno-economic jargon. As a result while people doing advocacy are speaking a social language, the policy makers are listening only to the language of economics. This has led the people doing advocacy to do budget work.



In order to deal with the state power, the practitioners of people-centred advocacy need to combine the power of people with the power of knowledge. In the present circumstances, power of knowledge can be enhanced substantially by acquiring knowledge of economics in general and budgets in particular. For example, UNDP's work has gained substantial popularity after it started bringing out Human Development Reports. In fact, it can be argued that to deal with the World Bank, the practitioners of the people-centred advocacy will have to speak in the language of economics.

Budget Advocacy Vs. Budget Analysis for Policy Advocacy

Budget Advocacy can be understood as using advocacy to change budget processes and budget priorities. This process of advocacy can be done for budget and system reforms. This mode of work involves substantial economic analysis and essentially requires understanding of macroeconomics. For example, for dealing with the Fiscal Responsibility and Budget Management (FRBM) Act in India [which promotes conservative thinking on fiscal policy and imposes a one-to-one relationship between revenue and expenditure of the government], this mode of advocacy can be pursued.

In contrast, the Budget Analysis for Policy Advocacy can be identified with the strategic use of budget information for doing policy advocacy. For example, monitoring the implementation of budget proposals and on this basis advocating for a change in the policies/policy priorities will fall under this second category. Action Aid is better equipped to take up budget analysis for policy advocacy.

Budget Information: Important Aspects

As has already been mentioned, **budget advocacy should not be confused with using budgets in advocacy. It is important to distinguish between the two, because the target audiences of these two kinds of work are different.** ELBAG should be more

concerned with the latter, which is strategic use of budget information for policy advocacy.

However, accessing budget information for strategic use is a critical aspect of the work. **Traditionally, the civil society budget groups have worked mainly on the expenditure side of the budget. It is equally important to look at the revenue side.**

On the expenditure side, the civil society budget groups primarily look at two aspects:

- Trend Analysis of the budgetary expenditures, which reveals the pattern of public expenditures.
- Quality of expenditure in order to assess the impact of the expenditures.

Besides the above two, multilateral organisations like the World Bank and the IMF take a lot of interest in analysing the trends of budget deficits, debt, aid, and balance of payments situation, in relation to the size of GDP.

On the revenue side, the civil society budget groups can access very important information on:

- Taxes
- Borrowing
- Non-tax Income
- Grants/Aid

There are several types of taxes, for example, income tax, corporation tax, wealth tax (all direct taxes), and sales tax (or Value Added Tax), customs and excise duties and service tax (all indirect taxes). The impact of direct tax is easy to capture, but the impact of an indirect tax cannot be identified easily. For example, in case of India, a reduction by 0.1% of the tax on petroleum can lead to tax savings worth millions of rupees for Reliance Petrochemicals, which means an equivalent loss in the revenues of the Government that could have been spent on socially desirable activities (It must be noted here that with a reduction of tax on petroleum, suggested in the example above, the Government cannot ensure that Reliance Petrochemicals pass on the tax benefit to the consumers). So it is important to look at the revenue side of the budget. So **revenue analysis needs to be done taking into account power, interest groups and impact of the various kinds of taxes/debts/aid.**

While looking at the revenue side, attention must be paid to taxes to find out who is paying how much, and similarly, to borrowings in order to find out what is the situation of domestic debt vs. debt from International Financial Institutions. Also, in case of the latter, we must find out what are the conditionalities associated with foreign debt, or foreign aid. For example, Thailand's biggest trade partner is Japan and Japan is the highest aid donor for Thailand. Again, we may consider the difference in implications of USD 1 billion foreign debt for two countries, say Singapore and Sierra Leone. Both the

countries have roughly the same population, which is around 5 million. However, the GDP of Sierra Leone at USD 0.8 billion is not at all comparable with that of Singapore, which is USD 87 billion. Therefore, the implications of the USD 1 billion foreign debt for Sierra Leone could be grave, unlike in the case of Singapore.

Effective Budget Analysis: a combination of both micro and macro-level analyses

Looking merely at the flow of funds from the budget of the Central Government to the Ministries and subsequently to the Departmental budgets and so on would help to the extent of facilitating a better implementation of schemes and programmes. But this kind of expenditure tracking alone may not help in achieving any change in policies. Therefore, it is important to link up expenditure tracking with macro level policy analysis.

On the other hand, macro level policy analysis alone would not be of much help in advocacy at the grassroots. Therefore, a combination of both is required for effective budget work