

Is civil society advocacy revolutionising public financial management in the Philippines?



by Björn Dressel

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In a recent paper (see [here](#), a video summary can be found [here](#)), I took a close look at recent changes to the public financial management system in the Philippines and analysed how civil society helped to animate these changes. After Benigno S. Aquino III was elected President in May 2010, his government embarked on far-reaching reforms as part of its ‘Social Contract with the Filipino People’. The [contract commits](#) the political leadership to curbing corruption and rebuilding trust in public institutions; transparent, accountable, and participatory governance is seen as integral to ‘achieving poverty reduction, inclusive growth, enhanced peace, and ecological integrity’. Perhaps the most visible direct result has been wider citizen and civil society participation in budget and public financial management. That is part of the government’s new ‘[People Power](#)’ [paradigm](#) for ensuring that citizens participate actively and meaningfully in public policy and programs.

Citizen participation and a commitment to accountability and transparency have become common in the ‘good governance’ discourse globally, but the extent of the changes the Philippine government has initiated in terms of how it manages and spends its money is remarkable by any standard. For instance, the government has [committed itself to](#) [\[pdf\]](#):

- mandatory disclosure of budget information, both national and subnational;
- far-reaching civil society participation throughout the budget cycle, from planning through execution and audit; and
- higher accountability and performance standards for fiscal management.

Early in 2011 the government invited civil society groups to participate in budget planning in 6 government departments. As the 2013 national budget was being prepared in 2012 that exercise was expanded to at least 12 departments and 6 government corporations. More departments are likely to open their books to the

public in the future.

Such profound policy changes are particularly remarkable in the Philippines — a country usually identified with weak institutions, clientelistic structures, and ‘low-quality’ democracy, one where access to and distribution of rents has been a perennial feature of elite dynamics, especially in the policy process.^[i] The immediate questions, then, are: What explains such dramatic changes? And what are some of the likely consequences for public financial management, and governance generally?

Rather than attributing these profound changes simply to the presidential leadership of Aquino, I argue, they are actually part of the emergence of a distinct public financial management ‘advocacy coalition’. The coalition is mainly driven by a new breed of highly technical and specialized nongovernmental organizations (NGOs), but it has also drawn in public servants and the private sector. Benefitting from stable and relatively open political space for its activities and from financial and technical support from international donors, the coalition has been able to transcend the efforts of its individual NGO members in such areas as budget monitoring, procurement, and anticorruption. It is now in a position to push for a distinctly different model of public finance policy — one that relies heavily on citizen involvement and participation throughout the budget cycle.

Recent developments are the culmination of longer-term public finance advocacy efforts. The shared experience of abuses by the administrations of Estrada (1998–2001) and Macapagal-Arroyo (2001–2010) helped foster a new consensus among civil society actors, from which emerged a coalition capable of more collaborative engagement with state actors in public finance areas. Success in inducing policy change is thus largely the result of both growing technical expertise in civil society and ‘policy brokers’ who can move with relative ease between the state and civil society. Illustrating the latter are Finance Secretary Cesar Purisima; Corazon “Dinky” Soliman, Secretary of Social Welfare and Development; and Butch Abad, Secretary of Budget and Management. All three have shifted regularly between civil society and public office as part of a new type of cross-over leadership emerging in Asia.^[ii]

What is happening in the Philippines should be of interest to development practitioners in the region and beyond for both practical and theoretical reasons:

- Although considerable attention has been directed at civil society support in the Philippines and beyond as a driver of demand-side reforms, little attention has been given to the new types of technocratic civil society actors described here, or to their unusual degree of engagement with the state. It appears from the evolving

case of the Philippines that structural and institutional constraints on the policy environment can be compensated for by factors that support the emergence of advocacy coalitions (e.g. trust, shared experiences, cumulative learning) and the critical role of the policy broker in animating change as an aspect of cross-over leadership. It thus might be useful, when thinking about how to improve governance in a given country, to consider how to actively foster these developments.

- The process is not free of risk for either donors or civil society. In the Philippines most current civil society activity, including that of the public finance coalition, is heavily dependent on external financing — and, as is typical in developing countries, donors add interesting new dynamics to the ways civil society groups function. Consider the [Coalitions for Change Program](#) that AusAID launched in 2011: it seeks specifically to foster ‘coalitions’ and ‘evidence-based policy engagement’ in specified areas, one of which is public financial management. Though the program is quite new, already NGOs and people’s organizations seem to be adjusting the focus of their activities to access the program’s considerable resources (AusAID [plans to spend](#) up to AU\$12.7 million over the next three years on the Program). Moreover, in emphasizing ‘constructive engagement’ and the ‘desirability [of civil society] to work in harmony with government’, the program also indirectly favors technocratic NGOs within coalitions over street-action-oriented groups. This not only widens any gulfs within a coalition in terms of access to resources but may also raise issues about the extent to which donors may be able to directly steer the scope and type of civil society activity.

To be sure, so much is in flux right now that it is too early to draw final conclusions. This also applies to perhaps the most important question of all: is wider participation and advocacy in the public finance space making a real difference? In other words, how is it affecting allocative efficiency and equity?

While initial evidence suggests some modest improvements, the picture is far from clear. For instance, there is little doubt that the work by NGOs in areas of procurement, road and budget monitoring has helped uncover irregularities, constrained traditional collusion, and enhanced accountability of public officials. But civil society actors also still have difficulty in influencing public finance outcomes at the planning and execution stages. A case in point is the legislature, where institutional incentives for log-rolling and pork-barreling have so severely constrained civil society engagement that they often reverse gains coalition members have made in in other parts of the budget cycle.

In short, institutional structures, dependence on donors, and the contestability of core beliefs within the advocacy coalition thus pose major challenges to the

sustainability and impact of these emerging initiatives. What is happening in the Philippines should be closely watched over the next few years—not only for its own sake but also for what it can tell us about similar initiatives elsewhere.

Björn Dressel is a Senior Lecturer at the Crawford School of Public Policy and an Associate Investigator for the Fragile States working group at the Centre of Excellence in Policing and Security (CEPS). He is also author of the Development Policy Centre's policy brief 'Enhancing the Capabilities of Central Finance Agencies: A Political Economy Perspective' [pdf].

[i] For many examples see: Anderson, B. (1988). "Cacique Democracy and the Philippines: Origins and Dreams." New Left Review **169**(May/June): 3-33, Case, W. (2002). Politics in Southeast Asia. Democracy or Less. London; New York, RoutledgeCurzon, Dressel, B. (2011). "Philippines: How Much Real Democracy?" International Political Science Review **32**(5): 529-545. Hutchcroft, P. D. (2000). Obstructive Corruption: The Politics of Privilege in the Philippines. Rents, Rent-Seeking and Economic Development. M. H. Khan and K. S. Jomo. Singapore, Green Giant Press: 207-239, de Dios, E. S. and P. D. Hutchcroft (2003). Political Economy The Philippine Economy. A. M. Balisacan and H. Hill. Oxford and New York, Oxford University Press: 45-77.

[ii] See for more: International Centre for Innovation, T. a. E. i. G. (2008). Crossover Leadership in Asia: Staying Whole in Two Halves. Manila, INCITEGov.

Author/s:

Björn Dressel

Björn Dressel is a Senior Lecturer at the Crawford School. Among other things, he works on the political economy of public financial management.

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