



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

e-Newsletter

JANUARY-FEBRUARY 2008 No.43

Promoting Transparency and Accountability: India, the United States, and Argentina

- District-Level Budget Information Service in India by Vinod Vyasulu, CBPS
- State Level Budget Transparency: Improvements in Massachusetts by José María Marín, IBP
- Interview with Gary Bass of OMB Watch: Working with Government to Increase Transparency in the United States
- Civil Society in Argentina Pushes for Transparency in Education Funding

Budget Analysis from a Human Rights and Gender Perspective

- Analyzing Central American Budgets from a Human Rights Perspective by Jonathan Menkos, ICEFI
- The Gender Provisions of the 2008-09 Indian Budget by José María Marín, IBP

Social Auditing in Rajasthan and Timore-Leste

- Social Audits in Rajasthan: Despite Progress, Much Work Remains by Priyanka Varma, Mazdoor Kisan Shakti Sanghatan, MKS
- Luta Hamutuk: Promoting Project Monitoring at the Community Level

Miscellaneous

- Global Integrity Report 2007 by Christopher Brown, IBP
- Buying power: Aid, Governance and Public Procurement
- NGO Forum in Cambodia Launches Budget Guide and Work with Parliamentarians Toward a Pro-poor Budget in Cambodia
- Participatory Budgeting in China: Professor Baogang He Presents at the National Endowment for Democracy by José María Marín, IBP

New Resources

- *Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditures*
 - Primer on Civil Society Budget Work
 - Budgeting for the Future, Building Another Europe – Civil Society Influences the Forthcoming EU Budget Framework
 - Launch of Open Budget Blog: Open Budgets. Transform Lives.
-

District-Level Budget Information Service in India by Vinod Vyasulu, CBPS

The Centre for Budget and Policy Studies (CBPS), an independent, non-partisan civil society organization in India, has been working in the area of local governance since its establishment in 1998. Its mission is to promote sustainable and equitable development in India, with a focus on the local level. CBPS has been working on decentralization from a unique perspective: looking into the financial provisions of local self-governments, mainly by studying budgetary processes and utilization patterns.

Through enactment of the 73rd and 74th constitutional amendments in 1993, India transferred greater decision-making power to smaller regions. This created the need for information to devolve from higher levels of government to local governments, and ultimately to citizens. To fill many of the gaps in governance-related information, CBPS plans to create its own Budget Information Service (BIS).

Lack of Information for Urban and Rural Governments

Urban Governments

CBPS has worked with Urban Local Self Governments (ULSGs) in Karnataka and Maharashtra for roughly five years. It has found that in the vital matter of access to information, basic asymmetries exist among the various governance relationships at the ULSG level — between the local government and the state-level administration, between elected representatives and the local administration, and between citizens and elected representatives. ULSGs are not consulted or informed about details of development projects and are kept in the dark about their finances.

CBPS also has found that there is no planning process for social, economic and infrastructure development at the ULSG level, to which all local stakeholders can contribute. This crucial gap in governance has left most urban centers in India with a pattern of haphazard growth, congestion, poor basic amenities, and no plan for economic uplift of the poorer sections of society. Lack of public information exacerbates these problems, and there is no tradition of a forum where stakeholders can make their wishes known.

Rural Governments

The CBPS's work in several rural states has shown that while the information inequalities outlined above also exist in rural areas, rural India's complex governance structure makes information even harder to track, collate, and interpret. Unlike urban local governments, which control only infrastructure spending, the rural panchayati raj (village administration) institutions (PRIs) also control spending in social sectors such as health and education,

along with programs related to the primary sectors of the economy, such as agriculture. This means that any effective budget tracking for rural areas must include study of the budgets and other related data about the PRIs.

Given the lack of information on one hand, and unplanned spending on the other, accountability becomes a very difficult issue. Who is responsible for what function is never very clear, and the buck is passed back and forth between the administration and the elected representatives at the local level.

Budget Information Service

CBPS plans to create a Budget Information Service (BIS) to fill many of these gaps in governance-related information. BIS aims to fundamentally change the nature of the dialogue in the sub-state governance arena by making information available to anyone who wishes to use it. The audience for such a service is expected to be quite diverse, including local governments (elected representatives and administrators at the panchayat, municipal, district, and state levels), civil society (NGOs, slum dwellers' organizations, and academic institutions), policymakers, and financial stakeholders (financial lending institutions and bilateral and multilateral donors).

The Budget Information Service will have three basic tasks: data collection, research and analysis of the data, and advocacy efforts in pursuit of economic growth, equity, and good governance.

Data collection

The following kinds of data will be collected:

- **Budgets:** These include both district and local government budgets, with analysis of revenues and expenditure. Such analysis will include a wide range of parameters, beyond basic trend patterns.
- **Social and economic audits:** These will include data from various surveys by state and central government agencies, such as the economic census, survey of industry, consumption-expenditure and employment-unemployment surveys, and human development reports.
- **Estimation of sectoral district income:** CBPS has developed a methodology and software (INDICAL) to prepare these estimates, which are a necessary starting point for linking infrastructure planning and economic activity at the district level.

While some of the data are available from government agencies, some will have to be collected by CBPS with the particular goal of making it relevant to debates over local governance. This is especially true of estimating district sectoral income, a task CBPS will undertake from first principles since no state is currently making such estimates based on local data.

Research and Analysis

BIS will analyze data for a diverse set of clients and purposes. Some of the data analysis will feed into the planning processes at the district/local levels, and BIS will undertake policy-related research based on such analysis to suggest solutions that bridge the gap between local aspirations and state-level decision making. For example, much policy work is

needed to redefine the role of parastatals, such as those that supply basic amenities like water, electricity, or financial and infrastructure development services to local governments.

Advocacy

While BIS will respond to requests for information, it will also advocate the use of the data it collects to improve governance. CBPS has evolved methods of communicating its research results that it has been using in municipalities successfully: the group holds intense budget analysis workshops at which it presents revenue and expenditure trends, and creates documentary films to discuss qualitative issues of governance.

For example, CBPS has made documentary films on urban governance based in two small towns in Karnataka and Maharashtra. The films feature citizens, councilors, and administrators speaking about issues of local self-governance. CBPS has also made two films that examine local government's role in providing maternal health services. These films have received excellent responses from diverse audiences and have sparked extensive debates about the issues they raise.

In addition, other capacity-building activities will be required to create demand for BIS's work, given the current governance climate, which discourages "too much" dissemination of information. CBPS has found that gentle but sustained pressure can show people that they will benefit by listening to the group's message. This process is time consuming, and results are slow in coming, but a patient approach can succeed. Without this component to the work outlined here, the BIS will be a creation with no takers.

For more information, contact Vinod Vyasulu at vinod_vyasulu@yahoo.com.

State-Level Budget Transparency: Improvements in Massachusetts by José M. Marín, IBP

The 2006 Open Budget Initiative (www.openbudgetidnex.org) concluded that the United States provides extensive information to its citizens regarding the national budget. However, the same level of budget transparency is not necessarily observed at the state level. Massachusetts has made significant improvements on budget transparency thanks to the efforts of the Massachusetts Budget and Policy Center (MBPC) and a willing state government.

In 2004 the MBPC began measuring the level of budget transparency in Massachusetts, which at the time had one of the worst budget practices in the country. A panel of experts set out to complete a budget transparency scorecard and prepare a report examining the state's current practices and suggesting areas for improvement. The report, issued in 2006, listed five goals for a transparent budget process:

1. Provide clear information on new initiatives and changes in each budget proposal.
2. Provide clear information on the purposes — and the costs — for all programs.
3. Provide clear information about revenues and the balance between revenues and expenditures.
4. Provide sufficient information to put the budget in context.
5. Create easier public access to budget information.

In 2007, the Massachusetts Budget Transparency Project (MBTP), initiated by the Massachusetts Budget and Policy Center, worked with the state's newly elected governor to implement some of the report's recommendations to achieve these goals. As a result, Massachusetts made significant advances in transparency in its budget process for fiscal year 2008, such as:

- The governor's budget website provides numerous useful new tools for accessing and interpreting the 2008 budget, including:
 - tracking tools for the different budget proposals
 - a "Budget Navigation Guide" that provides information on spending and revenues and how to understand and navigate budget documents
 - historical spending totals by line item for previous fiscal years
 - an analysis of the state's overall fiscal outlook
- When releasing its budget proposal, the administration provided handouts that give a detailed analysis of the 2008 budget gap, including estimates of funds needed to maintain services at the same level as the previous year.
- The House Ways and Means Committee provide electronic versions of all of its documents on its website.

With these improvements, the 2008 budget is one of the most transparent in the state's history. Massachusetts residents can now obtain much more information about the budget, and in a much more timely fashion. It is important to note that this information is provided in print as well as electronic form, so citizens without Internet access can review it.

Further improvements are still possible, however. The MBPC recommends that the state, among other things:

- Provide a comprehensive statement of revenues and expenditures throughout the year as supplemental budgets are passed.
- Accompany each budget proposal with a downloadable spreadsheet of all revenues by source.
- Include with each budget proposal a spreadsheet summarizing the differences with previous proposals and prior-year budgets.

To read the full report and obtain more information on this initiative, visit:

http://www.massbudget.org/Creating_a_Transparent_Budget.pdf and
<http://www.massbudget.org/MoreTransparentBudget.pdf>.

Interview with Gary Bass of OMB Watch: Working with Government to Increase Transparency in the United States

Gary Bass is the executive director of the non-profit OMB Watch, an organization which in 2006 and 2007 joined efforts with the United States Congress and the executive branch to increase the level of transparency in the federal government. The outcomes of this joint effort by civil society and government were the Transparency Act, passed in 2006, and two new sources of expenditure information: FedSpend.org and USASpending.gov. Recently we interviewed Gary Bass on these new sources of information as well as on working with government to increase transparency in the United States.

Background

OMB Watch is an organization dedicated to promoting open government, accountability and citizen participation. In 2006, hurricane Katrina amplified questions within the U.S. about the extent to which government expenditures were reaching the intended beneficiaries. The Katrina disaster was a catalyst for OMB Watch to take action.

Around the same time, Oklahoma Senator Tom Coburn, a Republican, had the idea of making government expenditure information more accessible, but was struggling with how to frame the issue. Sen. Coburn approached OMB Watch for assistance with drafting a bill which would make government spending more transparent. After a lengthy conversation around vision and outcomes, a draft bill was created which then became the platform for the Transparency Act. Both Gary Bass and Senator Coburn enlisted Democrat Senator Barack Obama to co-sponsor the legislation. Ultimately both Democrats and Republicans pursued and enacted the far-reaching bill on access to budget information despite the notably secretive Bush administration. Common citizens also engaged in this issue and through blogs were very influential in passing the Transparency Act.

A group of bloggers, spurred by concerns of abuse in earmarked spending by Congress, started to advocate for the Transparency bill to be made into law. These bloggers created a website that contacted and kept track of every congressman to find out who was impeding the unanimous approval of the Transparency bill. This autonomous campaign created enough pressure that eventually led to the unanimous approval of the Transparency bill.

Meanwhile, OMB Watch was embarked on a project to create a searchable website that would provide information on government expenditures, giving way to FedSpending.org. FedSpending.org is a database of approximately \$16.8 trillion dollars of government contracts and Federal assistance spending with complete annual data from 2000 to 2006 and partial data for 2007. The website allows individuals to search for government spending based on the contractor or recipient of the funds, by place of performance or by Federal agency. It also has a mapping feature which allows users to view spending geographically. FedSpending.org has a great depth of information which is presented in a simple to understand format.

Since the Transparency Act required a website much like FedSpending.org, Gary Bass offered advice to the Office of Management and Budget on how to create such a website. Subsequently, OMB Watch was asked to create the government website required by the Transparency Act based on its FedSpending.org site; the final result was USASpending.gov.

Interview

IBP: In a country like the United States that is thought of as having high levels of transparency, what is so innovative about these new websites?

Gary Bass: One of the things that I found most shocking was that the fastest growing part of our discretionary spending is contracts. In addition, there has been a huge growth in contracts that are given out without open competition. Currently about 20 companies in the U.S. control approximately one-third of all government contracts and that raises questions about accountability. Everyday you open the newspaper and see stories about fraud, waste

and abuse by government contractors. One of the reasons that these stories come to light is because of websites like FedSpending.org. Reporters are finding the information on the website and then digging deeper when they see a trend. So those are the kinds of things that could not be done before but now they can.

IBP: What did you learn about advocacy and access to information advocacy in particular?

Gary Bass: To be completely honest, I was shocked at how many people wanted to use FedSpending.org. We started this project thinking we were going to make a quick website, and as we were doing the planning of it we kept seeing more and more people enthusiastic about it. It started as a quick website that became each time more and more sophisticated. Sure enough, we had to do more and more additions because of the large amount of users. For example, OMB Watch's website gets approximately 60,000 visitors a month while FedSpending.org gets approximately 300,000 to 400,000 visitors a month.

IBP: What do you think stimulates so many visitors? Is there something that gets the common person energized by budget data?

Gary Bass: I think there was a tipping point where people, not only intermediary groups, were looking at the information on FedSpending.org even though they did not know what to do with it. For example, the blogger community has been very active. One blogger wrote a piece about former speaker Dennis Hastert regarding money going to his district. This piece then prompted a reporter in this district to investigate, and it turns out it became a huge national issue about land deals. There are many cases like these where regular citizens are stimulated by the data, and who are then stimulating a more thoughtful investigation by reporters or other groups.

Intermediary advocacy groups also use the information in FedSpending.org; however, they probably would have found a way to find the data. The website only makes the process simpler and allows organizations to put more energy into the analysis.

This is what the vision of the Internet always was, empowering people who don't have power. Creating vibrancy that didn't exist in a democracy; it is a way of getting people more involved and seems to be working. However, FedSpending.org is just the tip of the iceberg, much more must be done.

IBP: What did you learn from working with different parts of government on transparency issues?

Gary Bass: I am quite certain that without Robert Shea, from the Office of Management and Budget, we would not have seen the government website (USASpending.gov) as high a priority as it has been with this administration. Mr. Shea stuck with this project and really pushed it; he deserves a lot of credit. You need an individual who will champion this type of effort. There are too many forces within government to let it become bureaucratic and slow it down.

This administration is noted for not being very transparent; it is among one of the most secretive administrations maybe in the history of this country. It was shocking and refreshing to see this kind of energy to address this issue.

People now in the United States, as well as other countries, are tired of corruption; that is the key. If you can show citizens that this type of project can help to fight that corruption it becomes very real. I don't think it is a grading system – what you really want is letting the public assess what is going on so that they can make their own judgments based on the information.

In other countries perhaps the Internet is not as pervasive, but it will be in the future, and countries should plan ahead.

For more information, please visit the OMB Watch website at: www.ombwatch.org.

Civil Society in Argentina Pushes for Transparency in Education Funding

The Center for the Implementation of Public Policies for Equality and Growth (CIPPEC), a leading nongovernment think tank based in Buenos Aires, is monitoring the Argentine government's fulfillment of a 2005 law that called for significantly expanded education funding and established transparency mechanisms to ensure that the new funds are spent properly.

Néstor Kirchner, who won the presidency in 2003, has prioritized education spending in line with the country's strong traditional commitment to education. Argentina enjoys among Latin America's highest education levels, and 96 percent of the population is literate. Education is free and compulsory for children between 6 and 14 years old.

In 2005, Kirchner's government adopted a law that mandated a significant expansion in access to education and required an increase in total public funding for education at the national and provincial levels to 6 percent of GDP by 2010. This would be higher than the US or France, both of which spent 5.6 percent of GDP in 2002, according to a CIPPEC report.

Education spending had dipped dramatically in the wake of Argentina's 2001 financial crisis, to a low of 4 percent of GDP in 2003, CIPPEC noted. The 2005 law not only called for a boost in spending but included specific targets such as expanding the number of classrooms, lengthening the school day, raising teachers' salaries, and equalizing teacher pay levels across Argentina's regions.

Under the new law, the national government was to bear 40 percent of the increased education costs, while lower levels of government would cover the rest. According to CIPPEC, this would mark a sharp increase in the national government's responsibility for education financing; prior to the adoption of the law, the national government was responsible for just 26 percent of all costs.

Significantly, the new law contained important transparency provisions to monitor the new spending targets. Some analysts had feared that provincial governments would divert any new education funding to non-education purposes. The new law therefore required that the national government and each province post up-to-date information on the Internet during the budget year regarding both education spending and progress toward expanding access to education.

In 2006, CIPPEC began systematically reviewing the available budget information in each province, checking websites and requesting other available information from provincial governments. The following year, CIPPEC published its first annual report on the law's implementation. It found that only 14 of the 24 provincial governments had provided current information on their education spending for 2006 as the new law mandated. And only 16 provinces complied with the requirement that they publish what they intended to spend for the upcoming year.

In a positive development, the report noted that five provinces that formerly had not published any budget information began publishing information on their education expenditures during the year. Four provinces even created special websites to publicize their progress in expanding educational access.

CIPPEC observed that its monitoring work and requests for information played an important role in spurring the publication of this data. Although the law required publication, in most cases the information probably would not have been made available if CIPPEC analysts had not asked for it.

As CIPPEC obtained increasing amounts of information from the provinces, it became clearer that education spending constitutes a significant portion of most provinces' budgets. The portion was the highest — 35 percent — in the city of Buenos Aires. At the same time, CIPPEC found that Buenos Aires was being shortchanged in national education funding by the way in which the government was equalizing levels of teacher compensation among provinces. After CIPPEC's report was issued, however, the national government took steps to address the problem.

CIPPEC also found that almost all (more than 90 percent in most cases) of education spending at the provincial level goes to teachers' salaries. This means that teachers' unions, among other groups, have a significant interest in CIPPEC's analysis of education spending in each province, along with CIPPEC's comparative analysis of spending across provinces.

CIPPEC created a special webpage (<http://cippec.org/mlfe>) to make its analysis available to all interested parties. While accurate and academically rigorous, the analysis is written in a style that is free of jargon and easily understandable by those who are neither budget nor education specialists. CIPPEC also conducted outreach activities to answer questions from civil society, teachers' unions, and government officials.

It was a mark of the trust that the teachers' unions had in CIPPEC's work that union officials used the CIPPEC report in the annual province-by-province wage negotiations that determine teachers' salaries. The national and provincial governments also relied on CIPPEC's analysis.

CIPPEC, in turn, sought to influence government policies by involving itself in the process by which provinces' ministries of education plan their activities and budget for the upcoming year. CIPPEC organized seminars for ministry officials to present its agenda of reforms for consideration and discussion. It also created a special webpage (<http://cippec.org/nexos>) to present easy-to-read materials with reform proposals to provincial policymakers. These include proposals to institutionalize teacher, parent, and student participation in education reform by developing advisory councils, and to strengthen teacher training and curriculum development, expand school construction, and improve student testing.

An important factor in CIPPEC's success in promoting education reforms has been its combination of steady, systematic requests for data and its accurate, trustworthy analysis of this data once it is obtained.

Another factor is CIPPEC's ability to seize the opportunities created by the emergence of a new national government that is both aware of the importance of transparency and committed to reform and social expenditure. This was a significant development. Historically, some Argentine provincial governments have been led by regional political parties that are protective of entrenched local elites and unaccustomed to public scrutiny of their activities.

On the international scene, there is increasing recognition that public access to information on government budgets and financial activities is key to promoting government accountability. This development is a direct legacy of the wrenching debt crises that Argentina and other countries experienced in the 1990s. The numerous existing initiatives on fiscal transparency are a direct response by the International Monetary Fund and other institutions to these financial crises. They also are a tacit recognition by these institutions that they promoted the crises by pushing policies such as unregulated privatization, lack of transparent procurement, and lack of transparency surrounding the accumulation and use of public debt. It is to be hoped that Argentina's next generation will benefit from this belated recognition of the importance of fiscal transparency and accountability — and that this will translate into tangible and more equitable progress in education achievement.

Analyzing Central American Budgets from a Human Rights Perspective by Jonathan Menkos, ICEFI

The Central American Institute of Fiscal Studies (ICEFI) recently analyzed the budgets of Central American countries through the lens of human rights and concluded that these countries' social expenditures are not sufficient to address the needs of the most vulnerable populations. This, in turn, has slowed progress toward reducing poverty and inequality.

ICEFI, an independent research center founded in 2005, prepares investigations and technical analysis on fiscal matters in Central America. It also provides information and training to the legislative and executive branches, local authorities, and social and political organizations to influence public policies in pursuit of more equitable, democratic, and prosperous societies. One of ICEFI's main lines of investigation is the link between the fulfillment of human rights — especially economic, social and cultural rights (ESC) — and public expenditures.

ICEFI evaluates the budget of every Central American country to determine if it protects citizens' economic, social, cultural, political, and legal rights, examining the budget in light of the country's national obligations (especially the constitution) as well as its international commitments (including the Universal Declaration of Human Rights and the International Pact of ESC Rights) and its political commitments reflected in the Millennium Development Goals.

Presently, ICEFI is preparing its 9th Fiscal Bulletin, which analyzes the national budgets of Central America from a human rights perspective. This bulletin, which will examine whether the budgets are fulfilling the human rights commitments the countries have assumed, will

help civil society participate in debates over human rights — debates that usually are held with little technical foundation.

Social expenditures make up about half of the total public budget in most Central American countries, ICEFI found. (An exception is Costa Rica, where approximately 65 percent of the budget goes to the social sector.) In recent years, most increases in social spending have come in the health and education sectors, which make up roughly two-thirds of all social spending. As a result, most countries (except Costa Rica and Panama) have neglected other social rights, such as those related to housing and the environment.

Health

In 2000-2005 Central American governments spent 2.1 percent of GDP on health care. When the cost of Social Security is added, this figure nearly doubles, to 4 percent.

Panama and Guatemala have taken steps backward in recent years in protecting the right to health. The case of Guatemala is the most critical, since it invests only half of the regional average in health care. Honduras and Nicaragua, in contrast, have made real progress toward the right to health, although much more remains to be done. In El Salvador and Costa Rica, resource allocations for the fulfillment of this right have stagnated.

Education

In 2000-2005 Central American governments spent approximately 4.4 percent of GDP on education. Honduras and Nicaragua made the biggest increases in education expenditures during this period. This reflects in part the fact that the debt relief programs under which both countries operate allow them to assign significant resources to this sector. El Salvador and Guatemala designate the least resources to education.

Per capita public expenditures on education have stagnated in the region and have actually fallen since the end of the 20th century, on average. Most expenditures in this area are for preprimary and primary education, which shows the importance that countries give to universal and free access to basic education. Nevertheless, higher education remains underfinanced, a problem confirmed by rates of post-primary schooling.

For more information, contact Jonathan Menkos at jonathan.menkos@icefi.org or visit ICEFI's website at www.icefi.org.

The Gender Provisions of the 2008-09 Indian Budget by José María Marín, IBP

On February 29 the Center for Budget and Governance Accountability (CBGA) released an analysis, "And Where Are the Women in the Union Budget 2008-09?" It finds that allocations for women increased marginally this year (from 3.3 percent of total government expenditures to 3.6 percent), though the number of ministries and departments reporting women-specific allocations did not improve.

India began analyzing public expenditures from a gender perspective in 1974, when the government released the *Report of the Committee on the Status of Women*. However, not until the Seventh Five-Year Plan (1985-90) was specific attention given to allocations for programs that directly target women. Also at this time, the government adopted the Women's Component Plan (WCP), which introduced a mechanism to identify and monitor programs that extend benefits directly to women. Later, the Ninth Five-Year Plan (1997-2002) established a clear, unconditional requirement that in ministries and departments perceived to be "women related," at least 30 percent of government expenditures at both the central and state levels must be earmarked for women.

Along with the 2008-09 Union Budget, the government issued a "Statement on Gender Budgeting." While a welcome addition, the statement fails to give a full picture what the budget truly offers women, according to Yamini Mishra and Bhumika Jhamb of CBGA. It pays no attention to issues such as whether the women-specific programs it cites indeed reach women as intended and whether these programs transform gender roles or simply reinforce gender stereotypes.

CBGA also noted that, given women's large role in the labor market, additional ministries (besides the Ministry of Women and Child Development) need to focus more on addressing women's concerns and vulnerabilities. For example, women-specific allocations in agriculture increased only marginally as a percentage of total allocations this year and remain grossly inadequate to meet the commitments set by the government. This is of major concern; 75 percent of all female workers, and 85 of all rural female workers, are in agriculture.

Narrowing disparities in education remains another major challenge, according to CBGA. The "Statement on Gender Budgeting" does not report women-specific allocations for major initiatives in elementary education, and women-specific allocations in higher education declined this year.

To read the full report, visit <http://www.cbgaindia.org/>.

Social Audits in Rajasthan: Despite Progress, Much Work Remains by Priyanka Varma, Mazdoor Kisan Shakti Sanghatan, MKSS

Over the last two decades, civil society organizations, academics, and researchers have debated different methods for measuring and improving transparency and accountability in development programs meant for the poor. Social audits have emerged as a powerful method — one which is able to reach those areas of information reserve and bring it in the public domain, which conventional audit mechanisms and agencies have been unable to.

Unlike traditional audits, a social audit is not a one time, but a continuous exercise, that audits expenditure, its usefulness, and its impact. It thereby tries to ensure that the activity or project is designed and implemented in a manner that is most suited for the prevailing (local) conditions, appropriately reflects the priorities and preferences of those affected by it, and most effectively serves public interest. Such a process provides for effective people's participation in monitoring expenditure and influencing decision making in the formulation and implementation of development programs.

Accessing relevant information, consolidating it in a manner that people can easily comprehend, and facilitating a verification process by the stakeholders are some of the basic steps undertaken in a Social Audit. In doing so, the process also helps create awareness about people's rights and entitlements.

The NREGA and Social Audits

In the Indian state of Rajasthan, a network of civil society organizations called the Rozgar Evum Suchna Ka Adhikar Abhiyan has been conducting social audits of projects under the National Rural Employment Guarantee Act (NREGA) for close to three years now.

Passed in 2005, the Act guarantees 100 days of employment each year to any rural household whose adult members are willing to do unskilled manual work. Failure to provide work within 15 days, gives the applicant a right to claim unemployment allowance.

Despite this progress, however, most people remain unaware of their rights and entitlements under the NREGA. The information flow has been minimal, with the administration taking little or no initiative. Inadequate staff and lack of training have also been areas of concern.

Unlike the previous employment schemes, in the country - beset with a range of problems from lack of awareness, planning and people's participation, low quality of assets, diversion of funds and no public accountability, the NREGA provides for two distinct and extremely powerful legal provisions – transparency and public monitoring. The passage of the Right to Information Act (RTI) in the year 2005 — have made social audits of the NREGA possible and strengthened these provisions since access to information is the primary and most crucial step in conducting a Social Audit.

Regular social audits since then and the presence of people's groups in certain areas have resulted in strong transparency measures, such as transparency boards at worksites detailing the funds allocated for (and spent on) labor and material. Also, the availability of muster rolls in nearly all the worksites has considerably reduced delays in wage payment and nonpayment of wages. Large numbers of men and women have attended the public hearings held as part of the audits to testify against false records and register their discontent, despite enormous pressure placed by local powers.

Apart from corrupt practices and deviation of funds that get identified in these social audits, such exercises also allow a discussion on various other features of a program, which get overlooked or unaddressed otherwise.

In the case of the Abhiyan, the social audits proposed that addressing basic issues like adequate honorarium and allowance to elected representatives, increasing administrative, technical and managerial staff at the lowest level and establishing responsibility for proper maintenance of records will also clear away instances and scope for possible monetary deviations and reduce the slack in implementation.

Resistance to Social Audits

Nearly all of the social audits conducted by the Abhiyan have been in coordination with the state government, local authorities, and field-level functionaries. The three have come

together on a number of occasions to discuss findings of the social audits and worked towards correcting the problems and strengthening the NREGA.

However, two audits recently organized by the Abhiyan in the district of Banswara and Jhalawar encountered strong resistance, even violence. Despite the strong transparency provisions in the NREGA and the RTI, members of the Abhiyan had to stage sit-in protests to access records. A wide array of local actors opposed the social audits, creating an air of fear and tension and making it difficult for the Abhiyan to conduct the social audit.

In Banswara, the Government of Rajasthan had itself invited the Abhiyan to do the social audit but then refused to be a part of the process in the midst of this resistance and violence. In Jhalawar, the government's failure to provide sufficient information forced the Abhiyan to restrict itself to five panchayats (small administrative governmental units usually composed of a cluster of villages); however, the audits there uncovered evidence of embezzlement in 14 different villages. There were numerous other instances of fudged muster rolls and other problems; for example, most marginalized sections of society were either denied a job card or charged for what should have been a free document.

These acts of resistance to the social audit raise fundamental questions and doubts about the government's commitment to transparency and accountability in development programs for the poor. They also expose the limits of the government's commitment to making the NREGA a healthy and successful program.

Emerging Challenges

A social audit is fundamentally a people's process. It has given shape to the idea of public vigilance in large development programs such as the NREGA, where it is nearly impossible for one person or agency to run the program. The idea of incorporating social audits in the NREGA also reflects a decade of struggle and democratic protests by ordinary men and women who realized the importance of official information to their lives and livelihood.

The events that unfolded in Banswara and Jhalawar, however, threaten to destroy this effort. The government and the local administration sought to strengthen the existing power relations in the area by resisting the social audit, in part by reading the provisions of transparency and accountability in the narrowest possible terms — announcing that the audit could be held only under the terms they themselves established. Such resistance only shows the potential of social audits to weed out the corrupt, strengthen people's entitlements, and establish accountability. The time has come for people's groups to redesign their strategies to meet these fresh rounds of attacks and keep alive democratic spaces and practices for those most marginalized.

For more information, contact mkssrajasthan@gmail.com.

Luta Hamutuk: Promoting Project Monitoring at the Community Level by Martin Tisne, Tiri

Luta Hamutuk, a Timorese NGO founded in 2005, is dedicated to establishing *ukun rasik an* (self-reliance) in Timor-Leste as a manifestation of the nation's commitment to economic justice and public participation, with respect for the values of democracy, equality, and

transparency. Luta Hamutuk's mission is "participation by the people in the struggle for economic justice."

Luta Hamutuk's work encompasses five interrelated areas: (1) monitoring reconstruction projects directly, (2) briefing local communities on revenue and expenditure issues, (3) creating a state/civil society committee to monitor several reconstruction projects in the eastern district of Los Palos, (4) issuing fact sheets on revenue and budget issues, and (5) conducting national advocacy on the above issues. The organization is also involved in monitoring oil revenues from the Timor Sea.

Project Monitoring

Luta Hamutuk's strategic approach to monitoring work can be broken down into four steps:

1. Luta Hamutuk starts its own monitoring of reconstruction projects, with its own staff. This generates national interest in these community issues and sharpens the group's sense of what the communities need and want.
2. As a foundation for its work, Luta Hamutuk briefs local communities on oil revenues and state budget issues. At each briefing, the group identifies "focal points," or community members who act as facilitators and will continue the work.
3. The focal points are trained and continue trainings throughout the year. In the pilot case of Los Palos, the focal points picked up Luta Hamutuk's own monitoring of a key road project and helped create a district-level monitoring committee to oversee six reconstruction projects.
4. Luta Hamutuk brings the issues raised by the committee to the national level and feeds the findings down back to the committee.

Luta Hamutuk monitors three projects itself: the construction of a road in the eastern district; electricity failures in Dili, and the lack of vendor spaces in Dili's Comoro market. These projects take the form of direct monitoring followed by short reports, press releases, and an extensive use of print and TV media, coupled with national advocacy.

Monitoring Committee in Los Palos

Community briefings are one of Luta Hamutuk's most important instruments to encourage monitoring work. Approximately 40 people attend each meeting, including government officials, journalists, and community members.

Luta Hamutuk staff begin the briefings by providing basic information on the source of the state's revenues (oil and gas), breaking down the mechanisms by which these revenues enter the state budget, before explaining what the state budget is and how allocations are made.

The Luta Hamutuk member who is from the village or district or region leads the conversation and is responsible for bringing people together and gaining the cooperation of local leaders. A briefing that goes well could lead to identification of a focal point who then may start a community monitoring project.

An example of the community monitoring that emerged from Luta Hamutuk's efforts is the pilot case in the eastern district of Los Palos. Two local focus points picked up Luta Hamutuk's own monitoring of a key road project and, together with Luta Hamutuk, helped

create a district-level monitoring committee in which state and civil society partners oversee six reconstruction projects in the area: two road projects, two clinics, and two school rebuilding projects.

The committee's ten members include two youth representatives who undertake the brunt of the monitoring work, reporting once a month to the committee on their findings and the status of the projects they are monitoring. The committee also includes a *suco*¹ chief representing the village and the heads of the district departments of health, public works, and education.

In each meeting the three heads of district departments discuss their concerns and any problems there may be regarding the projects. For example, in one case, the government had not yet paid the company performing the work, causing problems both for the department head and for the head of the village in which the project was being performed (since the local workers had not been paid). Meetings end with action points to be followed up by all.

Thanks to its good relations with higher levels in the government, Luta Hamutuk is able to have some influence on national policy. The group sends all of its reports to the president, prime minister, and speaker of the parliament for feedback before releasing them to the media.

This case study was written by Martin Tisne, program director at Tiri (www.tiri.org), an NGO based in London that supports civil society monitoring groups in countries recovering from war. For any questions related to Tiri's work, please contact martin.tisne@tiri.org.

For more information on Luta Hamutuk, contact Thomas Freitas at thomas_freitas@yahoo.com.

1 The subdistricts of East Timor are subdivided into *sucos*.

Global Integrity Report 2007 by Christopher Brown

In January, the Washington, D.C.-based NGO Global Integrity released its *Global Integrity Report: 2007*, which assesses anti-corruption mechanisms in 55 countries and the institutional framework available to their citizens to fight corruption. The report, published annually, utilizes a unique methodology to assess anti-corruption mechanisms utilizing quantitative data derived from original, on-the-ground research.

Although elections are commonly considered to be a key aspect of Western governance, the report found little evidence that they are strongly linked to improved governmental accountability. It also found that wealthier countries face similar challenges as less-developed countries, particularly in the area of political financing — the most serious deficiency in anti-corruption institutions around the world. Regulations aimed at limiting donations from wealthy individuals and corporations are often enforced poorly or not at all.

Also of concern, the report found a widespread lack of government accountability among foreign aid recipients, which presents serious dilemmas for Western and multilateral aid agencies.

On a more positive note, the report found that civil society organizations working in post-conflict countries with weak governments are playing important roles in combating corruption. Despite recent conflicts, Bosnia & Herzegovina, Lebanon, Liberia, Nepal, and Sierra Leone received moderate to strong ratings in the area of civil society. It is also worth noting that African governments were found to be more receptive to civil society's involvement in issues related to public service delivery than issues related to transparency and governmental accountability.

Despite the conventional wisdom that changes in governance and anti-corruption performance take many years to manifest themselves, several countries exhibited significant change from 2006 to 2007. One area of particular change was in the budget process. The average score for budget process increased from 58 percent in 2006 to 65 percent in 2007. Countries that had significant changes in their budget process score include: Argentina, Armenia, Azerbaijan, Bulgaria, Egypt, Georgia, Kyrgyz Republic, Mozambique, Nepal, Romania, Russia, and Tajikistan.

Countries whose overall score declined in 2007 include Georgia, Nigeria, Romania, and Uganda. Azerbaijan, Bulgaria, and Nepal saw their overall score improve since last year.

Global Integrity made some methodological changes in 2007, which are important to keep in mind when comparing the 2007 results with those from previous years. You can read more about the methodology at <http://report.globalintegrity.org/methodology/whitepaper.cfm>.

Global Integrity is seeking interested journalists, researchers, social scientists, and other experts with a background in governance and corruption issues to prepare its *Global Integrity Report: 2008*. The goal is to generate assessments for roughly 70 countries. The final country selection has not been made, and will be influenced by the interest expressed by qualified country experts, all of whom are compensated for their efforts.

To learn more about collaborating with us on the *Global Integrity Report: 2008*, please visit <http://www.globalintegrity.org/inviteletter.cfm>. Interested candidates should send a CV/resume with full contact information to info@globalintegrity.org no later than May 15, 2008.

For more information, please see the 2007 Global Report Index at <http://report.globalintegrity.org/globalIndex.cfm>.

Buying Power: Public Procurement, Aid, and Governance by Olivia McDonald, Christian Aid

A substantial share of any government's budget is used to purchase goods and services. To ensure that the money is used well and to limit the risk of corruption, rules guiding government spending decisions need to ensure transparency and accountability to citizens. Procurement reform is thus of considerable importance to donors.

But as Christian Aid, a UK-based NGO, stresses, it is important to scrutinise the economic and social implications of procurement reform as well as its impact on the budget process.

Government procurement is big business, worth about US\$2,000 billion each year. This explains why rich countries have been keen to put the subject of access to these lucrative markets on the agenda at the WTO and pursue it bilaterally through regional trade agreements.

Christian Aid's new research in public procurement concludes that donors can play an invaluable role in helping developing countries make the rules guiding government purchasing clearer, the procurement process more transparent, and government officials more accountable. To accomplish this, it may be necessary to link aid — especially budget support — to improvements in procurement systems.

However, Christian Aid finds that donor interventions do not always succeed in building more accountable procurement systems. Donor support will be most effective if the specific procurement reforms are rooted in the institutional make-up of the country concerned, not based on Western models, the group argues.

For example, in Ghana (which spends about 70 percent of its total budget on procurement), local governments cannot establish committees to make procurement decisions because of the lack of professionally qualified members such as accountants, procurement specialists, and engineers. Finding such persons is a real struggle in remote, rural areas. This means that many decisions have to go up to the central government, which contradicts the aim of decentralisation — taking more decisions to a local level.

In addition, donors tend to assume that maximizing the number of bidders guarantees both better competition and a better outcome, regardless of whether the bidders are located in the recipient country. This assumption ignores the potential impact on local firms that have traditionally depended on government contracts.

Christian Aid believes that recipient governments must decide for themselves whether to allow foreign firms to compete for particular contracts; if such firms are not allowed to compete and the result is that aid money is spent in the local economy rather than back in the donor country, so be it. Indeed, such an approach may maximize aid's development impact. For this reason, donor countries should support this approach — while pursuing their own economic objectives independently of their aid strategy.

An OECD ministerial meeting scheduled for September 2008 in Accra will assess progress on implementing the Paris Declaration on Aid Effectiveness. Specifically, it will look at: a) progress in support for procurement reform, b) recipient countries' actual experience with reformed procurement systems, and c) the practice of "aid-tying," whereby donor aid must go to firms from the donor country. Citizens' groups involved in the procurement process should work to ensure that this area is given the attention it clearly deserves.

Download the full report at: http://www.christianaid.org.uk/images/buying_power.pdf.
For more information, please speak to the report's author Olivia McDonald at omcdonald@christian-aid.org.

NGO Forum on Cambodia Launches Budget Guide and Work with Parliamentarians Toward a Pro-poor Budget in Cambodia

On November 14, the NGO Forum on Cambodia (a membership organization for local and international NGOs working in Cambodia) and the Economic Institute of Cambodia launched a budget guide containing information on the national budget and the budgetary process. Attending the launch were roughly 130 representatives from the National Assembly, Senate, government ministries, international financial institutions, civil society organizations, and the media.

The budget guide aims to increase the knowledge of civil society organizations about Cambodia's budget — knowledge that is currently confined to a small number of experts in the government, the National Assembly, research institutions, and development partners. The guide is intended for anyone directly or indirectly involved with the national budget, including government officials, members of parliament, media professionals, academics, students, and citizens. The NGO Forum hopes that the guide will help all such stakeholders find a space for themselves in the budgetary process and make their own contributions to the budget debate.

Among other topics, the guide examines the budget's effects on poverty reduction and the impact of the government's public financial management reform program on the budget.

Guide Receives Positive Reaction

Initial reaction to the new guide was very favorable. Various state and private radio stations, TV, and newspapers covered the launch, and attendees welcomed the guide as an important tool for teaching the general public — and especially civil society organizations — about the budget.

The World Bank representative noted the importance of having a well-informed civil society. In effect, civil society represents the "demand side" of Cambodia's public financial management reforms, which a variety of the country's development partners support.

The Guide will be used in 2008 in workshops and training sessions planned for civil society organizations interested in budget work. It is also likely to be used in certain university curricula.

The guide is available in English at:

<http://www.ngoforum.org.kh/Development/Docs/Budget/Guide%20to%20the%20National%20Budget.pdf>.

The guide is available in Khmer at:

<http://www.ngoforum.org.kh/Development/Docs/Budget/Guide%20to%20National%20Budget%20-%20Khmer.pdf>.

Working Toward a Pro-Poor Budget in Cambodia

On November 27, 2007 the NGO Forum on Cambodia organized a workshop for members of the National Assembly and Senate and civil society organizations to discuss concerns related to the 2008 draft budget. The roughly 100 participants came from the Cambodian legislature, civil society, the media, and development partners, among others. The

Economic Institute of Cambodia and the Cambodia Canada Legislative Support Project also helped organize the workshop.

The workshop took place three days before the National Assembly voted on the budget law and one day before budget consultations between members of parliament and the representatives from the Ministry of Economy and Finance.

The workshop was a milestone in Cambodian history: never before had National Assembly members and civil society consulted on the national budget law. While some government officials and legislators are suspicious of such consultations, seeing them as a tool of foreigners or opposition parties, the workshop proved that civil society's concerns are sincere and fact-based — and that civil society can be a serious partner for the National Assembly when it debates the executive's budget proposal.

The issues raised at the workshop included trends in budget allocations and an overview of publicly available budget information based on the 2006 Open Budget Initiative. (To view the results of the 2006 Open Budget Initiative, visit www.openbudgetindex.org.)

Presenters from the Economic Institute of Cambodia and the NGO Forum pointed out that the seven priority ministries identified by the government as crucial in the fight against poverty were not given priority in the budget, as some received smaller funding increases than other agencies of the government. Another concern expressed at the workshop is that the budget is not sufficiently linked to the government's objective of reducing poverty as fast as possible manner as outlined in the National Strategic Development Plan 2006-2010. Although the budget prioritizes health and education, other important areas — agriculture, rural development, justice, women's affairs, land management, urban planning, and construction — are not systematically prioritized.

Civil society also expressed concern at the US\$47 million increase for "precautionary expenses," bringing its total to US\$137 million for the 2008 budget. The use of these funds, which fall under "unallocated expenditure," is fully at the executive's discretion; no permission from the legislature is needed. Since the government made no "precautionary expenditures" in 2007, the massive increase in this part of the budget for 2008 deserves an explanation. Civil society has argued that these funds should instead be allocated to poverty-alleviating projects in rural areas and to strengthening the judiciary. During the workshop, the NGO Forum recommended that these funds be used to increase the budgets for the national audit authority and the seven ministries the government has identified as crucial in the fight against poverty.

The NGO Forum also provided an overview of the available budget information in Cambodia and asked for more information to become publicly available in 2008. Specifically, it requested that reports from the national audit authority and monthly expenditure reports from the line ministries are made public and posted on the Internet.

In general, civil society's message was well received by the legislators. All panelists and participants acknowledged the importance of civil society's involvement in the debate on the national budget and recognized that there is an increasingly positive climate for open debate, in which the National Assembly and CSOs can discuss issues constructively. One member of parliament stated that the workshop would have an impact on the legislature's discussion of the 2008 budget. The legislators also asked whether a similar workshop could be organized next year, preferably a few weeks earlier as the discussion of the draft budget was already in its final stage.

The NGO Forum later compared the approved budget with the executive's proposed budget and found that the legislature had not made any changes. It is quite clear that the legislature's role in the budget needs to be strengthened. Toward this end, the NGO Forum plans to work more closely with the National Assembly this year, such as by making electronic versions of the budget available so legislators can see trends over time and by putting the needs of the poor and marginalized groups in the context of actual budget allocations.

To obtain hard copies of the guide, or if you have any questions regarding NGO Forum's work, contact Ngo Sothath, Development Issues Program Coordinator at sothath@ngoforum.org.kh.

Participatory Budgeting in China: Professor Baogang He presents at the National Endowment for Democracy by José María Marín, IBP

On March 12 Professor Baogang He from Deakin University in Australia, currently a visiting professor at Stanford University, presented findings from his research on participatory budgeting in China at the National Endowment for Democracy.

In 2005, in the town of Zeguo in Zhejiang Province, China's central government performed the first experiment in polling local residents regarding budget matters and then using the results to set budget priorities.

Since then, several other provinces have experimented with different models of participatory budgeting, ranging from public polling to participation in the budget by the local legislature. Professor He discussed the different models of participatory budgeting, the incentives for undertaking it, and the prospects for participatory budgeting in China.

- In 2006 Bianyu Village conducted four polls of 47 elected village representatives and 25 randomly selected representatives on the topics of migrants, the village economy, and the village plan. The survey results were treated as the village's decision on these matters.
- In the township of Zeguo, a random sample of citizens was gathered to consider various infrastructure projects that were important for the town's future development. Briefing documents were provided and the participants engaged in discussions with trained moderators and experts. The projects under consideration were then prioritized according to the participants' choices.
- In Xinhe, 110 deputies and volunteers examined the budget before the local people's congress and debated each budgeting item with the congress. The debate led to proposed revisions in the allocations of resources, though it should be noted that citizen involvement in the process was limited. This model of participatory budgeting — which is starkly different from that adopted in other countries, where the executive branch rather than the legislature takes the lead — represents a way to rejuvenate China's local congresses, He stated.

Unfortunately, the sustainability of participatory budgets is uncertain. Zeguo, for example, did not engage in participatory budgeting in 2007, as it had in 2005 and 2006; in Xinhe, the budget was passed without public participation in early 2007.

Although the models of participatory budgeting adopted in China transfer some power to the people by allowing them to express their preferences regarding public projects, they constitute an administrative democratization rather than the radical democratization envisioned by earlier proponents in Brazil, He noted.

The fact that the participatory budget experiments depend on government leaders to mobilize the population and provide information is a source of concern, He stated, because of the ease with which manipulation can occur. In addition, the exercises take place under authoritarian conditions, and the government's goal is performance of the budget allocations, not expansion of citizens' rights.

In sum, these experiments in participatory budgeting show that they can be viewed as a great achievement if judged according to "who gets what," but if judged in terms of granting citizens' rights and promoting transparency, their success is more limited. Even under participatory budgeting, citizens' control of the budgeting process remains very limited; only a small part of the budget is discussed openly, and administrators continue to allocate the budget.

New Resources

Our Money, Our Responsibility. A Citizens' Guide to Monitoring Government Expenditures

by Vivek Ramkumar, IBP

<http://www.internationalbudget.org/resources/expenditure/index.htm>

This Guide reflects the growing focus of civil society organizations on monitoring the results achieved by government expenditures. It offers an overview of government budget implementation, including budget execution, procurement, impact measurement, and auditing and legislative oversight processes. The Guide provides practical, tested tools that can be used by independent organizations interested in monitoring government expenditures.

Primer on Civil Society Budget Work

Author: Siba Shankar Mohanty, Deepak L. Xavier, Pooja Parvati

Center for Budget and Governance Accountability

http://www.cbgaindia.org/publications/books_reports/PRIMER-2-FIN%20reduced.pdf

The guide provides information and techniques on issues related to budgetary provisions and public finance issues for civil society institutions engaged in budget work and advocacy as well as for field level functionaries associated with implementing programs on budget and policy advocacy.

Budgeting for the Future, Building another Europe

Edited by Sbilanciamoci!

http://www.sbilanciamoci.org/index.php?option=com_remository&func=fileinfo&id=116

This book puts forward a critical civil society outlook on the 2007/2013 European Financial Perspectives. Sbilanciamonci! create an European Civil society consultative network who used the Multiannual Financial Framework 2007-2013 as a scheme to develop the analysis on European expenditures and selected EU policies. The end result is a collection of major points of view of European civil society on the EU budget.

The Open Budget Blog & Other Public Finance Blogs

The IBP launched its Open Budgets Blog in March. You can find the blog at:

<http://internationalbudget.wordpress.com> We hope you join the online discussion. You can comment on any of the posts. Or email Albert at albertvzyl@gmail.com if you would like to write a guest post.

A guest post can be short (as little as 100 words), but should state an opinion or provide a new resource. Announcements of publications or activities will continue to be published in our newsletter.

A number of other Public Finance related Blogs have been launched recently.

EURODAD launched its Betteraid.org blog (<http://www.betteraid.org/blog>) in August last year. The Betteraid.org is the place to find gossip, inside stories and interesting tit-bits on how rich country governments and multilateral institutions are spending their aid money.

The IMF launched its PFM Blog (<http://blog-pfm.imf.org>) at the beginning of 2008. The PFM blog features current news, resources and ideas about public financial management systems and their operation and improvement.

The Overseas Development Institute's (ODI) Blog has existed for a while now and also regularly posts on issues relevant to the Budget Community. Find the ODI blog at: (<http://blogs.odi.org.uk/blogs/main>).