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## e-Newsletter

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## **What Are Governments Spending on the MDGs? Petition to Demand Budget Transparency by Helena Hofbauer, International Budget Partnership**

The [Ask Your Government Campaign](#) is an effort to examine what happens when citizens request from their governments specific budget information related to development issues, including issues addressed in the Millennium Development Goals (MDGs). Over the past four months, civil society organizations in 84 countries have simultaneously posed to their government six questions related to MDGs 5, 7, and 8. [1] Two of the information requests inquire about expenditures on training midwives and the procurement of drugs to reduce maternal mortality. Two questions focus on the predictability and volatility of development aid, and the final two questions focus on government expenditures on environmental protection agencies and fossil fuel subsidies.

Without public access to budget information about government actions to realize the MDGs, citizens, civil society organizations, other stakeholders, and even the UN itself are prevented from holding governments and donors to account. In the lead up to the MDG Summit in 2010, UN Secretary General Ban Ki-moon recently released a draft [Joint Action Plan](#) that highlights the concern for ensuring greater accountability in the process of achieving MDG goals 4 and 5.

We believe that the Secretary General has an opportunity, once again, to provide leadership toward the realization of the inclusive ideals of the MDGs. His proposed Joint Action Plan and call for greater accountability in the MDG process can be strengthened by incorporating requirements that governments provide detailed and comprehensive budget information on their development commitments. This can be achieved by the upcoming UN MDG Summit taking the following actions:

- Require countries to consistently include additional budget information in the annual MDG country reports. Governments currently must generate measurable indicators of progress toward the MDGs under the UN's DevInfo system (an electronic platform for gathering and generating statistical information specifically related to progress on the MDGs). The budget information that should be required should include budgeted allocations and actual expenditures on key interventions that are linked to these indicators.
- Require all regional- and international-level MDG reports to include annual budget information on government efforts to realize each goal from 2011 to 2015, through an addendum to the MDG reporting guidelines.
- Include measures of budget transparency, such as the Open Budget Index, as an indicator of progress toward realizing the MDGs.
- Provide technical support to governments on how to meet these requirements for reporting budget information, as part of the technical assistance activities for MDG tracking.
- Require donor countries to publish information on their MDG-related funding.

**Take Action:** [Sign the Petition](#) to demand budget transparency from the MDG Summit!

For more information contact, Helena Hofbauer at [Hofbauer@cbpp.org](mailto:Hofbauer@cbpp.org) or go to: <http://www.internationalbudget.org/cms/index.cfm?fa=view&id=3653>.

[1] The effort is coordinated by the International Budget Partnership and involves 84 country-level implementing partners, and 11 international partners - the [White Ribbon Alliance](#), [Family Care International](#), [Averting Maternal Death and Disability Program](#) at Columbia University; [Publish What You Fund](#), [Oxfam USA](#), Oxfam Novib, [Development Initiatives](#); [World Resources Institute](#), [International Institute for Sustainable Development](#), [Access Info Europe](#), and the Center for Law and Democracy.

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## **Budget Analysis and Advocacy Can Close the Accountability Gap by Manuela Garza, International Budget Partnership**

As part of the United Nations' Millennium Development Goals (MDGs) process, governments have made maternal health a policy priority. However, this priority is not always reflected in governments' budgets and service delivery. There are many reasons why a government may not fulfill its obligations, including a lack of political will, insufficient resources, or a lack of formal accountability mechanisms. Citizens and civil society organizations (CSOs) can play an active role in holding their governments accountable for managing public resources effectively in order to meet their policy priorities. They also can monitor and accelerate progress toward development goals through budget analysis and advocacy. In the case of maternal mortality, citizens and CSOs can:

- analyze trends in public spending for health against other policy areas, commitments, and needs;
- monitor leakages in the flow of resources from one level of government to the next to see how much of the original allocations actually reach the ground (especially important in decentralized systems);
- track the procurement of goods and provision of services against budget allocations, using such tools as expenditure tracking;
- monitor if the health services provided reflect reported spending, including the quantity and quality of service delivery, using such tools as social audits; and

- Use analysis techniques like “costing” to estimate the cost of specific services that are needed or to evaluate whether these services have been budgeted for adequately.

These activities can be very effective; monitoring resource flows and tracking expenditures can help reduce mismanagement and corruption. Citizen engagement through the budget process not only involves people directly in decisions that affect their lives but can shift the balance of power between the government and the people. It can also enhance citizens’ ability to hold governments accountable to their commitments.

As part of the International Budget Partnership’s (IBP) Ask Your Government Campaign, CSOs in 84 countries have requested information from their governments about how much of the budget is being allocated to fulfilling development commitments, including improving maternal health. As of June 2010 only 27 governments have provided *some* information about their investment in lifesaving interventions linked to maternal health. These preliminary results indicate that with only five years left to achieve the MDGs, the fight against maternal mortality needs to be reframed in budget terms.

Civil society needs to engage governments to push them to provide comprehensive budget information. CSOs can demand not only more resources but sustainable allocations that are spent efficiently and transparently. The effective use of budget analysis and advocacy can help civil society to close the accountability gap that exists in far too many countries by monitoring, and demanding improvements in, how governments are spending public money to reduce maternal mortality and alleviate poverty.

For more information on the IBP’s Ask Your Government Campaign, go to:

<http://www.internationalbudget.org/cms/index.cfm?fa=view&id=3653>.

To sign the petition on budget transparency to achieve the MDGs, go to:

<http://www.internationalbudget.org/?fa=womenEmailForm>.

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## **A Review of the International Monetary Fund’s Paper on Budget Institutions and Fiscal Performance in Low-Income Countries by Dr. Diego Angemi, Development Economist**

The International Monetary Fund (IMF) recently released [Budget Institutions and Fiscal Performance in Low-Income Countries](#), which examines the formulation of multidimensional indicators to use in analyzing the quality of budget institutions in low-income countries. These indicators allow the fiscal performance of low-income countries to be benchmarked against that of middle-income countries, according to their institutional arrangements for good fiscal performance.

The analysis makes a significant contribution to solid theoretical and empirical evidence that suggests that institutional arrangements governing budget processes have a positive impact on fiscal outcomes. More specifically the study indicates that “for low-income countries, budget procedures that facilitate external monitoring are more credible mechanisms for ensuring proper fiscal responses than procedures that facilitate government self-monitoring. This may reflect the absence of adequate institutional checks and balances to hold executive branches accountable for observing (and complying with) budget rules and controls. In other words, procedural checks and balances in the budget — in the absence of deeper checks and balances in the political system — are not effective. A further possible implication of this is that in low-income countries, greater centralization of the budget

process in the hands of the executive — in the absence of strong transparency requirements and public oversight — may be actually counterproductive for fiscal discipline.”

Debate over government budget transparency is uncommon in many low-income countries, despite the importance of access to budget information to discuss whether the budget is working in favor of people’s needs. Malawi provides an example of a country where the patronage powers of the head of state have effectively neutralized the independent effectiveness of other political and state institutions, including political parties, parliament, the judiciary, and the security services. [1]

The President of Malawi’s recent announcement that the Youth Enterprise Development Fund be allocated to members of his political party and the purchase of a presidential jet last year suggests a chronic lack of transparency in the budget process. In addition, parliament’s role appears to be subject to the will of the head of state, as evidenced by the tendency to promote parliamentary debate only when the outcome is a foregone conclusion. When the ruling Democratic Progressive Party (DPP) did not hold a parliamentary majority in the 2007-08 and 2008-09 financial years (FYs), budget revisions were implemented prior to parliamentary approval. In contrast for FY 2009-10, when the DPP had an outright majority, the process for legislative approval as set out in law was followed.

Other factors that hinder political debate in Malawi include hierarchical political structures, power imbalances, and acceptance of subordination to those in power. Hierarchy is expected and inequality is anticipated in social relationships, which explains why in Malawi — and in many other low-income countries — the budget is received as an instruction, rather than an instrument for public debate.

This suggests that domestic demand for budget transparency does not exist in these contexts; rather demand originates purely from donor requirements. In this respect then, the authors’ analysis of the relationship between budget institutions and fiscal performance in low-income countries stands the test of empirical verification. However, their analysis does not substantiate the types of nontraditional interventions that are needed to establish more adequate institutional checks and balances that could hold the executive accountable for observing — and complying with — budget rules and controls.

This shortcoming matters when trying to unpack the dynamics of fiscal performance in low-income countries. Traditional measures to instill quality control mechanisms (i.e., conditionalities tied to aid) in budget processes often result in more opaque practices. One of the single most important, and common, conditionalities placed on many recipient governments is compliance with an IMF-sponsored economic program. Such programs provide regular assessments of governments’ macroeconomic and fiscal management. In addition to determining whether governments are eligible to receive loan financing from the IMF, these assessments serve as trigger mechanisms for other donor disbursement commitments.

A frequent key fiscal target in IMF programs centers on domestic borrowing. This conditionality aims to prevent the re-accumulation of high levels of debt following participation in the Heavily Indebted Poor Countries Initiative. Given the stakes involved in complying with these IMF programs, government officials face incentives to undertake activities to reduce budget transparency. Such practices may include building up payment arrears, keeping debts in state-owned institutions, and setting up separate treasury funds that are not reflected in budget documents. Such activities weaken the transparency of the budget system but make it easier to hit borrowing targets.

In the absence of public oversight, local and international initiatives, including current and future research efforts, promote opportunities to stimulate the public's demand for open policy dialogues to enhance budget transparency and fiscal accountability. Non-traditional interventions provide an important avenue to create more suitable systems for fiscal transparency and accountability. Analytical efforts to construct and test such interventions must strike a better balance between the technical and political aspects of budget formulation and implementation. In the wake of the increasing importance of emerging partners such as China, political dynamics threaten to undermine the technical nature of the budget process. Chinese aid is unlikely to feature on any national budget, and any attempt to analyze the quality of budget institutions in recipient countries ought to recognize the censored nature of official data. Finally, targeted high-level political consultations may provide a more pragmatic way to fill this techno-political void by holding the executive accountable for complying with budget regulations.

For more information, contact Dr. Diego Angemi at [diego.angemi@wadh.oxon.org](mailto:diego.angemi@wadh.oxon.org).

[1] See Booth, Cammack D., Harrigan J., Kanyongolo E., Mataure M., Ngwira N., 2006, Overseas Development Institute (ODI) Working Paper No. 261, London (2006)

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## **What Is Wrong with Constituency Development Funds? By Albert van Zyl, International Budget Partnership**

Constituency Development Funds (CDFs) are funding arrangements that channel money from central government directly to electoral constituencies for local infrastructure projects. Decisions about how these funds are allocated and spent are heavily influenced by elected members of parliament (MPs). [1,2] The degree to which these funds are controlled by parliamentarians, and the degree to which local citizens participate in them, vary from country to country. But the defining feature of CDFs is that MPs have substantial control over the distribution and application of centrally allocated funds, a significant break from their primary lawmaking and oversight roles.

CDFs have a negative impact on accountability and service delivery that most poor countries can ill afford. The risks associated with CDFs should be taken more seriously by governments, donors, civil society organizations, and other actors involved in the development process. They should actively discourage their adoption in countries where CDFs are being considered and promote other options for strengthening legislatures and improving local project delivery that could be more effective. In addition, MPs should resist the temptation of jumping into the task of managing and spending the budget and rather focus on the more sustainable processes of holding the executive to account for service delivery.

### **Spread of CDFs Not Supported by Evidence**

Comparatively little is known about CDFs. In fact it is surprising that policymakers have been prepared to adopt them, given the absence of research on their long-term impact in countries with well-established CDF schemes like Pakistan, the Philippines, and India.

Despite the dearth of research supporting these funding mechanisms, CDFs are spreading rapidly. To date at least 23 countries have adopted or are considering adopting CDFs: Bhutan, Ghana, Honduras, India, Jamaica, Kenya, Liberia, Malawi, Malaysia, Mongolia,

Namibia, Nepal, Nigeria, Pakistan, Papua New Guinea, Philippines, Rwanda, Solomon Islands, Southern Sudan, Tanzania, Uganda, Zambia, and Zimbabwe.

CDFs also grow very rapidly in size once they are introduced. In the Philippines allocations to members of congress have increased almost six fold since its CDF was introduced in 1990. In Zambia the size of the CDF has grown from 60 million Kwacha when it was introduced in 2006 to 666 million Kwacha in 2010. In Kenya the CDF was introduced at 2.5 percent of the national government's ordinary revenue and has grown along with the overall size of the government budget.

**Table 1: Amounts allocated per MP in USD**

	<b>GDP</b> (billion USD)	<b>Average Amount Allocated per MP</b> (USD)
<b>Philippines</b>	\$ 166.91	\$ 4,270,001
<b>Bhutan</b>	\$ 3.76	\$ 43,000
<b>Solomon Islands</b>	\$ 1.57	\$ 140,000
<b>Kenya</b>	\$ 34.51	\$ 794,464
<b>Malaysia</b>	\$ 194.93	\$ 577,951
<b>Jamaica</b>	\$ 15.07	\$ 456,361
<b>India</b>	\$ 1217.49	\$ 420,790
<b>Sudan</b>	\$ 58.44	\$ 317,543
<b>Pakistan</b>	\$ 168.28	\$ 240,000
<b>Malawi</b>	\$ 4.27	\$ 21,352
<b>Tanzania</b>	\$ 20.49	\$ 13,761
<b>Uganda</b>	\$ 14.53	\$ 5,187

Source: Hickey A. 2009 and Center for International Development 2009

It has been argued that CDFs can address a number of development and governance challenges that many countries face. They purportedly:

- ensure project delivery in the face of ineffective and corrupt local government structures;
- bypass central bureaucracies and channel funding directly to community level,
- enable the participation of the local population in the choice of which local infrastructure is delivered;
- empower the legislature by allowing them to allocate and spend money independently of the executive; and
- allow MPs to respond directly to concrete demands from their constituents, something that they may not be powerful enough to make the executive do.

These arguments in favor of CDFs are appealing, yet there are many critics of CDFs, as well. Though CDFs have made the headlines largely because of corruption and political manipulation associated with them, we believe that there are three more fundamental deficiencies built into the design of these schemes. [3]

1. CDFs may breach the key democratic principle of the separation of power by conferring the executive function of budget execution on the legislature.
2. As a result of this breach, CDFs may compromise the ability of legislatures to represent the electorate and to oversee the work of the executive.
3. By skewing resource allocation and project selection and oversight, CDFs also may

have a negative impact on governments' capacity to contribute to service delivery and development, especially at the local government level.

For more information, contact Albert van Zyl at [albertvzyl@gmail.com](mailto:albertvzyl@gmail.com).

[1] The term "MP" refers to legislature members in commonwealth or parliamentary systems. With the exception of limited cases like the Philippines and Honduras, most CDFs are found in commonwealth countries. For this reason we refer to elected legislators as MPs in this article.

[2] The Center for International Development (2009) offers a slightly wider definition of CDFs: "Constituency development fund is the generic name for a policy tool that dedicates public money to benefit specific political subdivisions through allocations and/or spending decisions influenced by their representatives in the national parliament." The definition that we use here refers more specifically to *unallocated* transfers to constituencies that MPs allocate to projects at their discretion.

[3] A recent Google search resulted in 120,000 hits for CDFs, many of which are newspaper reports of corruption.

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## **Advocates Seek to Improve Budget Allocations for Maternal Health in Nigeria by Abdulhamid Abdullahi Bagara and Zainab Muhamad Dayyab, Community Health & Research Initiative (CHR)**

In March 2008 Community Health and Research Initiative (CHR) started a three year project for "Repositioning the Commitment of 10 Local Government Authorities (LGAs) and State Government in Addressing Maternal Morbidity and Mortality in Kano State of Nigeria through Improved Budget Allocation and Service Delivery." The goal of the project is to improve budget allocations and ensure high-quality and efficient services to reduce maternal morbidity and mortality in Kano through advocacy, capacity building, and social mobilization. The 10 LGAs targeted in the project are: Bichi, Dala, Danbatta, Gwale, Gwarzo, Minjibir, Rano, Tsanyawa, Tudun, Wada, and Wudil. CHR is working on this effort with the Kano State Ministry of Health and Hospital Management Board. The project's activities include:

- capacity building and training of community-based organizations on advocacy and community mobilization;
- Establishing or strengthening health facilities committees to support three selected primary health centers in the 10 targeted LGAs;
- assessing the impact of the free maternity services program in Kano; and
- analyzing the state budget from 2007-2010 to gather evidence to support CHR's advocacy activities related to maternal health.

CHR's advocacy efforts include regular interactions with the media (e.g., *Radio Kano*, which broadcasts to 19 Northern states and the nationwide *Dailytrust* newspaper) to discuss promises made by policymakers. CHR's research on the impact of Kano's free maternity service program - in collaboration with the state government's maternal health services - led to recommendations such as the introduction of a Patient's Satisfaction Questionnaire to get feedback for providers to improve their services. In addition CHR offers technical assistance to community-based organizations working at the local government level on advocacy strategies to increase budget allocations on maternal health and improve the supervisory system and drug supply in the health sector for better service delivery. These efforts have led to the:

- introduction of patients' satisfaction questionnaires in the maternity wards of two secondary health centers to gather information for improving the quality of care;
- participation of organizations of health professionals in the free maternity services committee;
- improvements in the monitoring and supervision of health facilities;
- purchase of an ultrasound scanning machine (the first in Kano), thereby reducing waiting time for women in emergency obstetric conditions;
- provision of an ambulance and ultrasound scanning machine at Bichi General Hospital;
- construction of a new maternity unit in the community of Getso in Gwarzo; and
- provision of an ambulance and free antenatal care drugs, including magnesium sulphate, and the construction of a borehole to access clean water at the Umma Zaria Health Clinic in Dala.

For more information, contact Abdulhamid Abdullahi Bagara at [aabagara@gmail.com](mailto:aabagara@gmail.com).

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## Health Equity and Rights Watch in Maharashtra by Nilangi Sardeshpande, Support for Advocacy and Training to Health Initiatives

In collaboration with the Center for Enquiry into Health and Allied Themes, the Support for Advocacy and Training to Health Initiatives (SATHI) conducts budget analysis to address inequity issues in health care through its project "Maharashtra Health Equity and Rights Watch," established in 2005. The project monitors gaps in access to health care in Maharashtra to support advocacy for equity-oriented health sector reform and health rights. The project's research aims to:

- examine the trends of the total budget allocation and expenditure of select districts in Maharashtra;
- document the proportion of the health allocation and expenditure to the total expenditure in the budget;
- measure the budget's impact by linking budget expenditure with health care utilization data;
- compare health facilities across the state; and
- study health budget expenditure inequities between districts.

Administrative and financial information at the district and facility level was gathered and cross-checked with data from the Office of the Accountant General in Maharashtra and other state offices. Data from performance budgets (e.g., the Public Health Department and the Medical Education and Drugs Department), Zilla Parishad (ZP) budget documents, ZP annual account documents, district progress reports, and annual district plans were compiled and analyzed, as well. The key findings include:

**Per Capita Expenditure on Social Services at District Level** – Districts in less-developed areas of Maharashtra have higher per capita expenditure on social services than those in developed areas. This can be because less-developed districts receive additional funds under programs such as the Tribal Sub Plan. In addition, more-developed districts spend considerable funds from the municipal budgets that are not reflected in the state budget. Although the per capita spending is higher in the less-developed districts, these

expenses have not translated into better social sector services. In fact these districts have higher infant and maternal mortality rates.

**Total Expenditure on Public Sector Health Care** – Although government spending has increased in real terms from 2001-2007, the health budget has declined from 4 percent in 2001-2002 to 3.6 percent in 2007-2008. This may be connected to the National Rural Health Mission (NRHM) program launched in 2005 by the central government that allocated funds to health care services in the state. Half of these funds are off-budget and not accounted for in the state budget. This shows that although the NRHM aimed to improve health services the state government reduced its expenditure.

**District Variation in Per Capita Health Expenditure** - Districts in less-developed areas of Maharashtra have higher health per capita expenditure than those in more-developed areas. This could be the result of high population density in developed districts and the recent increase in investments in less-developed districts. Such additional investments are allocated under programs like the Tribal Sub Plan and are sometimes made through the central government - often on the capital account - although the major share is borne by state government.

**Rural-Urban Differences in Health Expenditures** - In the rural-urban distribution of health expenditures most districts show higher per capita spending in urban areas. At the state level urban areas have higher per capita health care expenditures. However, there are districts with higher expenditures in rural areas. These are mostly districts without government medical colleges and tertiary facilities with higher urban than rural expenditures (except for Pune). This means two things: 1) medical college and hospitals absorb a substantial portion of the public health budget, and 2) the public health budget is more proportionately distributed as per the population ratio of that district and even more generously distributed in rural areas.

**Inequities in District Hospital Expenditure and Efficiency of Utilization** – In an overwhelming majority of hospitals the Bed Occupancy Ratio (BOR) has declined between 1998 and 2007. There are fewer hospitals with BOR greater than 80. The poor services provided by public health institutions declines its utilization. Surveys conducted by the National Sample Survey Organization also support this. Hence the urgent need to invest resources in the public health system to revive the existing services with adequate human resources.

The author acknowledges the following contributors for their participation in this project: Ravi Duggal, Prashant Raymus, Abhay Shukla, and Nilangi Sardeshpande for project design; Prashant Raymus and Rahul Gosawi for data gathering; Deepali Yakkundi and Rashmi Padhye for data entry; and Prashant Raymus and Ravi Duggal for report writing.

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## **Earthquake Reconstruction in Pakistan: The Case of the Omar Asghar Khan Development Foundation's Campaign by Dr. Pervez Tahir**

The devastating earthquake that shook the Hazara region and the Azad Kashmir province in Northwest Pakistan on October 2005 led to a flood of donor money for reconstruction and

rehabilitation in the affected areas. Three years later many people were still without adequate housing or critical public infrastructure. This is partly the result of unfulfilled government promises and the slow pace of reconstruction projects. This case study describes how a large coalition of civil society organizations (CSOs) and citizens embarked on a campaign to jump start Pakistan's efforts to rebuild. The campaign was led by the Omar Asghar Khan Development Foundation, a CSO that engages people in the Northwest region in efforts to secure their human and livelihood rights. To read this case study, go to: <http://internationalbudget.org/pdf/CaseStudyPakistan.pdf>.

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### **Quality of Education Reforms: The Case of HakiElimu's Campaign of 2005-2007 by Ayub Rioba and Debbie Budlender**

HakiElimu is a civil society organization in Tanzania that works to ensure that all the country's children receive high-quality basic education. When developing its Program Strategy for 2004-2007, HakiElimu noted improvements in enrollment levels but identified a lack of attention to education quality. This case study describes the campaign that led to improvements in Tanzania's schools. To read this case study, go to:

<http://internationalbudget.org/pdf/CaseStudyTanzania.pdf>.

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### **South Africa: Civil Society Uses Budget Analysis and Advocacy to Improve the Lives of Poor Children by Neill Overy**

In South Africa a range of civil society organizations and coalitions have been central to post-Apartheid efforts to protect vulnerable children through social security grants. This case study describes how the persistent campaigning of these organizations has contributed to significant budget and policy changes over the last decade such as the expanded eligibility for the Child Support Grant. To read this case study, go to:

<http://internationalbudget.org/pdf/CaseStudySouthAfrica.pdf>.

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### **A Citizen's Guide to the Budget by Marijana Bađun, Institute of Public Finance**

The second edition of *A Citizen's Guide to the Budget* published by the Institute of Public Finance in Croatia is now available. Ordinary citizens, members of parliament, members of county assemblies, and city and municipal councils sometimes ignore the difference between the national budget, the general government budget, and the consolidated general government budget. This guide is directed to anyone who wants to understand the budget process in Croatia and learn basic budget concepts. However, it is also useful to civil society organizations and advocates in other countries as a model for producing a similar guide for their context.

The guide is available in Croatian and English and is divided into three parts. The first part provides a general definition of the budget and discusses the users, functions, principles, structure, and revenue and expenditure account of the national budget. In this part, the consolidated central government budget is examined, followed by descriptions of the

budgets of local units, their users, revenues, expenditures, and the implications of public and general government debt. The second part focuses on the main actors in and stages of the budget process. The third part explains how to use the information from the previous two parts in budget monitoring activities. Wherever possible the authors included data from Croatia's 2009 budget plan, using graphs that illustrate the general trends in Croatia's public finances in order to identify weaknesses in Croatia's budget system.

The guide is a good tool for fighting corruption, as it promotes access to comprehensive budget information. In the words of the authors, "Our goal is to have sound, efficient, and equitable public finances according to our possibilities and needs. To achieve this we need sound public policies based on government accountability at every level. The main prerequisite for government accountability is transparency. So who if not us, the citizens, will demand transparency?"

Journalists can benefit from using this guide to better grasp these topics and present them to their readers, and civil society organizations can use it to promote the rights of marginalized groups and fight against corruption. Ultimately the guide should motivate all citizens to be more active in the budget process and demand access to budget information.

To see the guide, go to: <http://www.ijf.hr/eng/budget-guide/guide-2009.pdf>.

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## **The End of Insurance? Mexico's Seguro Popular, 2001-2007 by Jason M. Lakin, International Budget Partnership**

Health system reforms that introduce insurance principles into public health systems (such as national health insurance, internal markets, and separation of purchasers and providers) have been popular in the last two decades. Little is known, however, about the political complexities of transforming existing health services into health insurance systems in developing countries. Mexico's Seguro Popular (Popular Health Insurance) program, introduced in 2003, was an attempt to do exactly this: radically alter the country's existing health service and convert it into health insurance.

Popular Health Insurance (PHI) has garnered international attention and has been held up as a model for other countries to follow. Yet little has been written about the political process that led to the reform or the difficulties of implementing it. This article fills that gap, offering an assessment of the reform context as well as of the process of formulating, adopting, and implementing it. It argues that, while the reform has improved Mexico's public health service, it has thus far failed to transform that health service into a true insurance system. Limited institutional reform has also left PHI severely underfinanced. The Mexican case is a cautionary tale for reformers who want to transform extant health services into health insurance systems.

To read the paper, go to: <http://www.internationalbudget.org/pdf/JHPPL2010.pdf>.

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## **Budget, State, and People: Budget Process, Civil Society, and Transparency in Angola by Jan Isaksen, Inge Amundsen, and Arne Wiig, with Cesaltina Abreu, Chr. Michelsen Institute**

The recently released report from the Chr. Michelsen Institute titled *Budget, State and People: Budget Process, Civil Society and Transparency in Angola* describes budget transparency in Angola and identifies obstacles and opportunities for greater transparency and public participation in the Angolan budget. The authors describe budget systems and processes generally before discussing Angola's budget, level of transparency, and civil society.

In its opening section the report looks at the functions and historical features of Angola's budget process and the role of state institutions (e.g., parliament and the executive) in the budget. The next section details the various phases of the Angolan budget cycle while identifying shortcomings and attempts at improvements throughout. Some emphasis is placed on the increased importance of transparency with Angola's natural resource-rich economy.

Civil society can play an active and crucial role throughout the budget process, whether in allocating public funds or monitoring government expenditure. The authors explain ways for civil society to get involved in the budget process. They also provide examples of current and potential civil society budget work in Angola. The conclusions and recommendations emphasize the need for democratic and institutional reforms and signal existing weaknesses with the Angolan budget process (especially regarding transparency and corruption) and civil society participation. The recommendations include calling for:

- an overhaul of the Angolan budget system, focusing on basic elements essential for public service delivery (i.e., transparency and citizen participation);
- civil society groups to increase their understanding and work in public financial management issues; and
- international financial institutions to reorganize their budget-related activities to focus on their impacts and work with governments to strengthen budget transparency and oversight.

To see this report in English or Portuguese, go to:

<http://www.cmi.no/publications/publication/?2706=budget-state-and-people-budget-process>.

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## **Practical Approaches to the Aid Effectiveness Agenda. Evidence in Aligning Aid Information With Recipient Country Budgets by Samuel Moon with Zachary Mills**

Donor aid is a substantial source of funds for many countries that are struggling to meet the needs of their people and strengthen their economy. What happens when aid bypasses the recipient government's budget process and is not aligned with the government's priorities? And what can be done to improve alignment, support good budget processes and decisions, and increase transparency and accountability? The IBP and Publish What You Fund have released a new paper that explores the linkages between aid and budgets.

The paper, written by the Overseas Development Institute, first, it documents similarities in how aid is treated in the national budgets of 14 aid-recipient countries, using two international budget coding systems as standards. Then it offers a generic system for classifying the amount and use of aid that best aligns with the administrative structures of the countries studied. Finally, the paper recommends strategies for increasing the

transparency of aid information, particularly aid that is not spent through recipient country budget systems

To read this paper, go to:

<http://www.internationalbudget.org/pdf/AidEffectivenessAgenda.pdf>

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## **Project Manager Position with Global Integrity**

Global Integrity is hiring a project manager to handle multiple fieldwork projects and develop methodologies, and organize outreach events. The deadline to submit applications is August 6, 2010. For more information, go to:

<http://commons.globalintegrity.org/2010/07/global-integrity-is-hiring.html>