

# A Taste of Success

*Examples of the Budget Work of NGOs*

## **Analyzing and Affecting Policy Fundar, Mexico**



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*This case provides an interesting example of how budget work can affect policy and how a budget organization can develop in response to a particularly compelling problem that people mobilize around – in this case money in a “secret fund” that the President could use without any accountability.*

### **Background**

FUNDAR is a Mexican applied research institution working to strengthen democratization through efforts to increase government accountability and transparency. Although FUNDAR officially established itself as an independent organization in 1999, some of its founding members and staff have been engaged in budget analysis work since 1994. The initial steps in this field were started within Civic Alliance – a broad coalition of Mexican NGOs – and the Mexican Academy for Human Rights.

### **Issue**

Mexico has long struggled against the problems associated with government corruption. As the country has moved increasingly toward democratization, there has been more opportunity to create public pressure for improved government transparency. Civic Alliance and current FUNDAR staff have made important contributions to this trend through the promotion of a more inclusive and transparent budget process. In particular, the group mobilized around the issues of the President’s “secret fund” and discretionary allocations for public officials’ salaries and benefits.

### **Action**

In 1994, Civic Alliance began its public right-to-information campaign by targeting the President’s secret fund, a portion of the budget that allowed the President to spend money without having to account for it. Through a simple but innovative procedure that is based on the constitutional right to ask for information, the organization requested details about the budget of the President’s office, expenditures of all the allocations under his control (including the secret fund), and the amount of his income. After a year without a response, the organization initiated a legal process based on the violation of individual guarantees established in the Constitution to bring the issue completely out in the open and to seek resolution. Despite several court decisions asking the President to deliver the requested information, no progress was made. This lack of action on the part of the President was the starting point of an aggressive media campaign that turned the secret fund into an issue of public debate. In spite of promises about transparency and participation, the President was deliberately refusing to comply with court rulings demanding the open delivery of public information.

Notwithstanding the publicity of the secret fund process, access to information about the fund continued to be denied. It took the help of members of Congress who were committed to democratization and to finally gaining access to detailed budget information. Thorough analysis of several years of allocations and spending patterns, carried out by current FUNDAR members and staff, led to key information about the secret fund, which had grown from \$47 million in 1983 to \$191 million in 1994. Attention was also turned to public officials’ salaries and benefits, which were not regulated and were not subject to tax in most cases, as well as the pattern of discretionary

spending in government offices. The research conducted on these issues was published in a series of articles in one of Mexico's mainstream national newspapers, underscoring focal points of transparency at the moment when Mexico's first Congress with a majority of opposition members began.

## **Results**

Both FUNDAR and Civic Alliance now believe the campaign against the President's secret fund was economically and politically costly for the organizations. Economically, the long and expensive legal process against the Presidency required a significant portion of the organization's scarce resources, an expenditure that is not realistic for most non-governmental organizations. Politically, the legal process led to wide-ranging counter-attacks from the Administration that further stretched the capacity and resources of the organization. The campaign did, however, have clear positive effects. In spite of never complying with Civic Alliance's petition of information, President Zedillo sharply decreased the amount of spending from the secret account and, as pressure mounted from all sides, allocations to the secret fund eventually were eliminated entirely.

The research and publicity on public officials' salaries and discretionary spending was very effective, in part because the legislative officials were newly elected and uninformed about the budget. The timing allowed FUNDAR to educate them about specific issues regarding the lack of transparency of the budget. As a result, the federal government started to regulate salary benefits and to make their operations more transparent. Specific regulations regarding benefits and bonuses were established, and the issue now is addressed clearly in its own section of the budget documents.

Building on this experience, FUNDAR was formally created to conduct solid budget analysis. The credibility won by its staff through these experiences allowed the organization to start monitoring the application of poverty reduction programs, and discretionary spending in the electoral context, and to analyze social expenditure through a gender lens.

## **Lessons**

FUNDAR's success seems to draw on the following lessons:

- Target issues. Although the President's secret fund was a relatively small concern in the context of the entire national budget, it was symbolic of the problems of Mexico's government and provided an obvious issue with which to capture public interest. Starting with a clear, high profile issue allowed Civic Alliance to generate momentum on the issue of transparency and accountability, as well as on the role citizens can and must play.
- Systematic research. The successful publicity campaign against the President's secret fund brought issues of government transparency and accountability to the forefront of public concern. Systematic and detailed research on very specific aspects of discretionary spending patterns made it possible to identify them clearly and highlight the importance of solid research as a means to influence the actions of government.

- Build on past success. The work carried out by current FUNDAR staff at a time when access to budget information was limited gave FUNDAR a solid base from which to construct other areas of budget analysis. The organization effectively capitalized on that momentum and the relations established within the government and civil society by moving to new areas in which the same issues were at stake.

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