



INTERNATIONAL BUDGET PARTNERSHIP
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Evaluating Budget Transparency in 36 Countries

The International Budget Partnership (IBP) has released a new study, *Opening Budgets to Public Understanding and Debate Results from 36 Countries*. It is based on responses by civil society organizations to the Open Budget Questionnaire, which the IBP developed to evaluate public access to budget information and the openness of the budget process from the perspective of civil society organizations. The study's findings are intended to contribute to ongoing efforts to enhance budget transparency around the world.

The study evaluates budget openness according to three major categories. The first category covers the documents that government should make publicly available to enable civil society to understand and analyze the executive budget proposal.

The second category tests what documents the government makes publicly available to enable civil society to monitor and evaluate the implementation of the budget.

The third category examines whether countries are encouraging public and legislative involvement in the budget process, such as by holding legislative hearings on the budget that are open to the public and by giving the legislature sufficient time to debate the budget. Other issues studied include whether the executive issues a pre-budget statement to disclose the expenditure and revenue parameters it will use in formulating its budget proposal.

The results of the study include the following:

- The countries surveyed fare best in the first of the three main areas examined: the executive's budget proposal. Documents related to the executive's budget are routinely released to the public and typically contain significant amounts of information on at least the budget year and the year before it. On the other hand, serious shortcomings in this area are not uncommon. These should be judged in a harsh light; at a minimum, governments should provide a clear and comprehensive picture of their fiscal positions as part of their own budget proposals.
- Far fewer countries report positive practices in the second area examined: issuing public reports that monitor the budget while it is being implemented or evaluate the budget once the fiscal year has been completed. Governments typically fall short of international best practices in this area. Without these documents, the public and civil society cannot easily assess budget outcomes, including how well public funds are being spent.
- The weakest scores, in most of the countries surveyed, concern the final area examined: efforts by the executive to facilitate public discourse and understanding of the budget. Most executives fail to provide information to the public and to legislatures that can help make the budget (and the policies it embodies) more understandable. Without such information, a broad and informed debate on a nation's fiscal priorities is impossible. In addition, official avenues for legislative and public input in the budget process tend to be lacking.

A number of countries— such as Slovenia and South Africa — have been able to develop open budget systems in a relatively short period of time, indicating that progress on these matters is feasible. Indeed, many countries could make substantial additional progress with little effort; such as by making public some of the budget documents that the executive currently produces for internal purposes. That simple step would significantly increase the openness of the budget processes in many countries.

The findings for the Open Budget Questionnaire are available on the IBP website at <http://www.internationalbudget.org/openbudgets/index.htm>. The IBP welcomes feedback on its findings and expects that this feedback will greatly contribute to refining and expanding the transparency effort to additional countries in the near future, as the issue of budget transparency continues to receive increasing attention around the world.

For more information, contact Pamela Gomez at gomez@cbpp.org.

Citizen Demand for Budget Transparency and Accountability, Mexico

In fiscal year 2003, the Mexican Congress provided 600 million pesos in additional funding for women's health and related programs. Of this amount, 30 million pesos originally allocated to fighting HIV-AIDS were instead given by the Ministry of Health to the private organization "Pro-Vida" to create and improve "Centros de Ayuda para la Mujer" (Aid Centers for Women).

Since financing a private organization with public funds contradicts public health policy, six civil society organizations (CSOs) launched an investigation into this matter. They started their search by attempting to document irregularities within the Budget Committee. Limited

transparency within the legislature, however, prevented the groups from obtaining the necessary documents.

Ultimately, thanks to Mexico's new Transparency and Access to Public Information Law implemented in June 2002, the groups were able to obtain:

- a funding request that Pro-Vida presented to the Ministry of Health on December 3, 2002
- confirmation from the Ministry of Finance that 30 million pesos were given to Pro-Vida's national committee
- confirmation from the Ministry of Health that in 2004, 30 million pesos were assigned to Pro-Vida
- the signed agreement between the grants administrator and Pro-Vida
- a financial and social impact report on the spending of the resources
- a 6,525-page financial file containing receipts that back up the 30-million-peso expenditure

Armed with this information, the CSOs then decided to investigate how the money had been spent. Their conclusions clearly pointed to the misuse of public funds.

More than 80 percent of the funds were used to hire the services of a publicity company, a furniture and medical equipment importing company, and a ballroom. These three companies share Pro Vida's address, telephone number, and administrative director. The CSOs also documented the purchase of luxury pens, clothing, and groceries. In addition, the receipts show serious inconsistencies, such as the fact that products were acquired in July yet receipts were not printed until October.

Following publication of the investigation results, the CSOs launched a transparency campaign supported by 700 organizations across the country. The campaign demanded that:

- the Ministry of Health publicly explain its reasons for financing a private organization
- the government audit the spending of resources and clarify responsibilities
- the 30 million pesos be returned and the HIV-AIDS budget be restored
- the legislative branch formulate policies to prevent executive-branch agencies from arbitrarily deciding how public funds should be used

The campaign was the focus of national media attention for two weeks, occupying headlines in 10 newspapers, 20 radio broadcasts, and 7 TV broadcasts. As a result of public pressure, Congress subsequently voted unanimously to take the following steps:

- call on the Minister of Health to appear before Congress and explain the 30-million-peso decision
- speed up the official audit, which is currently underway
- create a special bicameral commission to investigate the case from the beginning

The Ministry of Health ultimately asked for the return of the 30 million pesos and cancelled its contract with Pro-Vida, suspending the distribution of funds to the organization for remainder of 2004 and 2005.

This example of citizen monitoring is being analyzed by prominent intellectuals and also is a popular topic amongst the general public. The CSOs involved have decided to continue this

initiative by following up on the commitments made by the legislature and the executive (specifically, the Ministry of Health and the Internal Comptroller).

For more information, contact Helena Hofbauer at helena@fundar.org.mx.

Investigating Local Budget Fraud in Indonesia

According to the Bandung Institute of Governance Studies (BIGS), a NGO based in West Java, Indonesia, members of the local parliament in the Bandung Mayoralty are suspected of involvement in the embezzlement of nearly \$1 million in local funds during the 2001-02 fiscal year. This is not an isolated case; similar problems have been identified in other regions, including Padang (West Sumatra), Kendari (North Sulawesi), Cirebon, Ciamis and Garut (West Java), and Surabaya (East Java).

During the last three months, BIGS has struggled to bring all 45 members of the local parliament in West Java to the local court. The case is now being investigated by the local attorney general. However, there is great concern that the case will not be properly prosecuted, due to the lack of law enforcement and to prevailing corruption in Indonesia's judicial institutions. To monitor the work of the attorney general, BIGS has visited the attorney general's office regularly every two weeks.

BIGS has received support from the media and the general public to promote stronger government accountability, despite practices inherited from Suharto's authoritarian rule. On seven occasions the daily newspaper *Pikiran Rakyat* has devoted headlines to the local parliament corruption case. Citizens have also responded in a positive way, writing letters to the newspaper urging the attorney general and court officer to do their job in a transparent, participatory, and accountable manner. In addition, some government officials have provided encouragement (though discreetly, due to the risk of losing their positions if they show their support more openly).

For more information, contact Dedi Haryadi at BIGS at biggs@bdg.centrin.net.id.

Multilateral Debt Relief for MDGs

Gordon Brown, the British Chancellor of the Exchequer and International Monetary Fund chairman, has announced that the UK will pay the World Bank and African Development Bank for the portion of the multilateral debt owed to the UK by low-income countries undergoing economic reforms. This represents 10 percent of the total debt owed to the World Bank and other development banks, or about 7 percent of all the debt of the world's poorest nations.

Brown has long promoted policies to solve the international debt crisis, including a proposal to provide 100 percent relief on bilateral debt that heavily indebted countries owe directly to the UK.

The new initiative may be a significant step forward in gearing the resources needed to meet the Millennium Development Goals (MDGs) and enabling low-income governments to

devote a higher proportion of their budgets to health, education, and social programs. The proposal is open only to those countries that demonstrate that the savings will indeed be used to meet MDGs. Among these countries are those that have been through the Heavily Indebted Poor Countries Initiative (HIPIC) — Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Tanzania, and Uganda — as well as other countries such as Vietnam and Armenia, where the World Bank has assessed the country's capability to absorb direct budget support.

The UK initiative, which has been welcomed by aid agencies, is also intended to encourage other major creditors — such as the United States, Japan, and Germany — to lift the burden of debt repayments from developing nations. Brown's proposal is a powerful reminder of the shared responsibility of developed and developing countries toward meeting the MDGs and advancing social development. To read the press conference by Gordon Brown on October 2 at this year's World Bank-IMF meetings, go to:

<http://www.imf.org/external/np/tr/2004/tr041002.htm>.

Budget Transparency Opportunities in Kyrgyzstan

In September, Jim St. George of the IBP and Predrag Bejakovic of Croatia's Institute of Public Finance spent eight days in Kyrgyzstan collaborating with the Soros Foundation-Kyrgyzstan's efforts to promote budget transparency. The visit included four days of meetings to assess the conditions for budget work in Kyrgyzstan and a three-day budget conference sponsored by the Soros Foundation and attended by an array of government officials, members of Parliament, and representatives of civil society.

The assessment portion of the visit determined that remarkable opportunities for budget work may exist in Kyrgyzstan. There are several civil society organizations in the country that could likely do this work with real skill. In addition, the Ministry of Finance appears eager to work with civil society in improving budget transparency, and the Soros Foundation-Kyrgyzstan is committed to advancing the work.

Following these meetings, St. George and Bejakovic joined 50 Kyrgyzs in a three-day budget transparency conference at Lake Issyk-Kul, in the Tian Shan Mountains. In addition to representatives of civil society, the conference included both the minister and deputy minister of finance, the minister of local affairs, the chair of Parliament's budget committee, and other members of both the executive branch and Parliament. St. George and Bejakovic presented sessions on applied budget work, as did Meruert Mahkmutova of Kazakhstan's Public Policy Research Center. The result was a remarkably frank exchange of ideas and discussion of the prospects for transparency and budget work. Interestingly, at times the government side appeared more interested in expanding budget transparency than civil society was.

Participants left the meeting with a broader sense of the possibilities that would arise from greater budget transparency, along with an explicit commitment from the Ministry of Finance to work with civil society to open up the budget process and increase public participation.

For more information, contact Jim St. George at stgeorge@cbpp.org.

Snapshot of Argentina's 2005 Budget

The executive's 2005 budget proposal was presented to the Argentinean Congress on September 15. The budget, which estimates a favorable GDP growth rate of 4 percent, devotes a significant amount of the projected revenue increase to debt repayments. It also expands several areas of spending, increasing social security by 9.4 percent, public infrastructure by 52 percent, education by 15 percent, and defense and security by 11 percent.

According to CIPPEC (Center for the Implementation of Public Policy for Equity and Growth), based in Buenos Aires, one highly positive feature the budget is that it offers realistic macroeconomic assumptions for the first time in many years. However, other important elements of the budget deserve closer attention:

- The budget contains a proposal to enable the head of the Cabinet to modify the uses of public funds regardless of the provisions in other laws.
- While social spending would increase in real terms, it would shrink as a share of total spending.
- Monitoring budget implementation remains a key issue. According to a study released in August 2004, only 56 percent of funds directed at social programs were spent; this problem particularly affects the health and welfare sectors.

To find a complete preliminary analysis of Argentina's budget proposal (in Spanish), go to: <http://www.cippec.org/espanol/fiscal/archivos/lupa/informes/analisis%20preliminar.pdf>.

Oxfam/Idasa Budget Workshop, Senegal

On September 20-22, Oxfam America's West Africa regional office, in cooperation with the Institute for Democracy in South Africa (Idasa) organized a regional training workshop on applied budget work in Dakar, Senegal. The workshop brought together a group of Oxfam's partner organizations in Guinea-Bissau, Burkina Faso, Gambia, Guinea, and Mali, along with representatives from several Senegalese organizations, to strengthen their budget analysis capacity.

The three-day intensive introductory training covered basic budget concepts and analysis, including practical applications of basic quantitative calculations. Other topics addressed were public expenditure management and Medium Term Expenditure Frameworks (MTEF). Participants explored the role of civil society in the budget process in francophone African countries and reviewed practices and tools to engage in applied budget initiatives and work with policymakers.

The workshop is the first step in a broader budget initiative by Oxfam America to increase participants' knowledge and skills in monitoring and evaluating government policies and programs in the context of poverty reduction initiatives.

For more information, contact Ibrahima Thiam, regional director of Oxfam's West Africa regional office, at ithiam@oxfamamerica.org, or Marritt Claassens, director of the Africa Budget Project, at marritt@idasact.org.za.

New Publications on Budgets and Human Rights

Monitoring Child Socioeconomic Rights in South Africa: Achievements and Challenges was published in July by the Children's Budget Unit (CBU) at the Institute of Democracy in South Africa (Idasa). This book looks at the South African government's programs aimed at delivering basic nutrition, health services, social services, and education to children comparing these efforts both to the ideals expressed in the South African constitution and to the government's obligations as a signatory to the UN Convention on the Rights of the Child.

CBU also has issued an innovative accompanying report, *Children's Participation in Monitoring Socioeconomic Rights*, which focuses on the children's participation component of the Idasa study. In this report, children living in poverty discuss how the government can improve the quality of their lives and the lives of their parents.

For more information on these and other publications, visit Idasa's website at: <http://www.idasa.org.za/index.asp?page=publications.asp> or contact Judith Streak at judith@idasact.org.za.

Dignity Counts, a guide to using budget analysis to advance human rights, was recently prepared by Fundar–Centro de Análisis e Investigación, the International Budget Partnership, and the International Human Rights Internship Program. It uses a real-life case study to explore how budget analysis can be used to assess a government's compliance with its human rights obligations and to arrive at specific recommendations related to government budgeting that would improve the human rights situation.

Dignity Counts focuses on the right to health in Mexico, but its analysis is applicable to other human rights (such as education and housing) and to other national contexts. The publication describes the case study (which focuses on health care services available to the informally employed and unemployed in Mexico), a section on human rights, another on budget analysis, a discussion of the analytical process used to relate human rights and budget analysis to a specific situation, a detailed discussion of how this thinking process is applied to the case study, and a section on using budget analysis for human rights advocacy.

For copies of *Dignity Counts* in English, contact the International Human Rights Internship Program (IHRIP) at ihripescr@iie.org. For copies in Spanish, contact Fundar at fundar@fundar.org.mx.

New in the IBP Library

A Review of Experience in Implementing Medium-Term Expenditure Frameworks in a PRSP Context: A Synthesis of Eight Country Studies

By Malcolm Holmes and Alison Evans/Center for Aid and Public Expenditure (CAPE) at the Overseas Development Institute (ODI)

This paper discusses the results of a cross-country comparative study of Medium-Term Expenditure Frameworks (MTEFs) in eight African countries (Benin, Burkina Faso,

Cameroon, Ghana, Rwanda, South Africa, Tanzania, and Uganda) and one European country (Albania). Individual reports on each of the nine countries are available on the CAPE website. Also available at the website is a Good Practice Guidance Note, which was prepared to assist policymakers and donors in implementing an MTEF as part of a national poverty reduction strategy.

Why Budgets Matter: The New Agenda of Public Expenditure Management
Center for Aid and Public Expenditure (CAPE) at the Overseas Development Institute (ODI)

Employing the new paradigm of "public expenditure management," this paper provides an overview of contemporary budget theory and processes and the importance of best practices in their formulation and implementation. It also discusses the intersection of public expenditures and development aid in efforts to reduce poverty in developing countries.

Technical Assistance for Making Resource Allocation Pro-Poor and Participatory in the Pacific
Asian Development Bank (ADB)

This outline shows how a grant approved by the ADB will provide technical assistance to promote NGO participation in poverty-reduction efforts in the Fiji Islands and Vanuatu. The grant will assess regional efforts to involve civil society organizations in resource allocation processes at all levels, with a specific focus on women and youth.

Announcements

BUDGET ANALYSIS AND HUMAN RIGHTS CONFERENCE

A "Linking and Learning Program on Budget Analysis and Economic, Social, and Cultural Rights" is being organized by ESCR-Net in partnership with Dignity International, Fundar – Centro de Análisis e Investigación, the International Budget Partnership, and the International Human Rights Internship Program. The program is designed to equip activists with the skills to apply budget analysis techniques to their ESC rights work. The conference will be held March 11-19, 2005, in Alcochete, Portugal. The deadline to apply is November 15. For more information, go to:

<http://www.internationalbudget.org/themes/ESC/index.htm> ,or go to: www.escr-net.org.

CONFERENCE ON GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT: THE ROLE OF ACADEMIC INSTITUTIONS AND SOCIETIES IN ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS

The School of Accounting and Economics and Employment Research Institute at the Napier University in Edinburgh, Scotland, will host a conference to develop a framework for analyzing the role of academic institutions and societies in achieving the Millennium Development Goals. Delegates will critically examine the factors influencing universities' contribution to the stock of global knowledge.

The conference will take place 8-10 November 2004. For more information, go to:

<http://www.uel.ac.uk/wrstd/conferences.htm>

CONFERENCE ON LESSONS LEARNED FROM RIGHTS-BASED APPROACHES TO HEALTH

The Institute of Human Rights of Emory University, in collaboration with the World Health Organization, CARE USA, The Carter Center human rights office, the U.S. Centers for Disease Control and Prevention, and Doctors for Global Health, is hosting a conference on evidence-based relationships between health and human rights. The primary audience will

include public health and development professionals. Sessions will benefit middle- and senior-level program managers and community-level practitioners from the public, nongovernmental, and private sectors. The emphasis will be on case studies and field examples. Topics to be covered will include children's health, HIV/AIDS, infectious disease, sexual and reproductive health, conflict, refugees and internally displaced populations, and poverty and other determinants of health.

The conference will be held April 14-16, 2005, at the Emory University Conference Center, Atlanta, Georgia, U.S. For more information, contact the Institute of Human Rights, 1525 Clifton Road, Suite 108, Atlanta, GA 30322, USA (Tel: 404/727-4609, Fax: 404/727-8768).

INTERNATIONAL COURSE ON PARTICIPATORY PLANNING, MONITORING, AND EVALUATION

The International Agricultural Centre, based in the Netherlands, is organizing a course that focuses on how to design and institutionalize participatory planning and monitoring and evaluation systems in projects and programs for continuous learning and enhanced performance. Particular attention is paid to the relationship between management information needs and responsibilities, as well as to the planning and monitoring and evaluation functions.

The training takes place February 7-27, 2005, in the Netherlands. For more information, visit IAC's website: <http://www.iac.wageningen-ur.nl/iac/index2.htm?courses/module.cfm?code=61/20/2005>.