Open Budget Survey 2008

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We Need Your Feedback!

Please take a moment to answer this online survey to help us as we redesign the IBP website. Thank you!

Correction

In Budget Brief No.6, "Indonesia: A Civil Society ‘Budget Movement’?“ we neglected to identify Hana A. Satriyo of the Asia Foundation Indonesia as the paper’s co-author, who along with Debbie Budlender uses the case of budget work in Indonesia to explore what makes a budget movement. We apologize for this oversight. To read the Brief, click here.

Publications and Events
On February 1, 2009, the International Budget Partnership (IBP) released the results of the Open Budget Survey 2008, an independent, comparative assessment of budget transparency and accountability across 85 countries. Overall, the results show that the state of budget transparency around the world is deplorable. However, the Survey also offers grounds for hope by providing evidence that countries in a variety of contexts can be transparent and can improve.

Sixty-eight of the 85 countries surveyed—80 percent—do not provide the public with the comprehensive, timely, and useful information needed to understand, participate in, and monitor the use of public funds. Nearly 50 percent of the 85 countries provide such minimal information that they are able to hide unpopular, wasteful, and corrupt spending.

The Open Budget Survey 2008 evaluates whether central governments give the public access to budget information and opportunities to participate in the budget process. It also examines the ability of legislatures and auditors to hold their governments accountable for managing the public’s money. To easily measure the overall commitment of the 85 countries to transparency and to allow for comparisons among countries, IBP created the Open Budget Index (OBI) based on the 91 questions on the Survey that evaluate public access to budget information.

The OBI 2008 finds that only five countries—France, New Zealand, South Africa, the United Kingdom, and the United States—make extensive information available to the public throughout the budget process. A further 12 countries provide substantial information.

Most troubling are the 25 countries that provide scant or no budget information to the public. These include low-income countries like Cambodia, the Democratic Republic of Congo, Nicaragua, and the Kyrgyz Republic, as well as several middle- and high-income countries, such as China, Nigeria, and Saudi Arabia.

Restricting access to information hinders the ability of the public, journalists, commentators, academicians, and civil society organizations to hold officials accountable. The Survey finds that most countries provide only limited information during the drafting, execution, and auditing stages of the budget process, which prevents the public from having input on overarching policies and priorities, improving value for money, and efforts to curb corruption.
Less Transparent Countries Share Similar Characteristics

Countries that perform poorly on the OBI tend to share a number of characteristics, which may point to some of the causes and consequences of the lack of budget transparency. The worst performers are mostly located in the Middle East and North Africa, and in sub-Saharan Africa. They also tend to be low-income countries and often depend heavily on revenues from foreign aid or oil and gas exports. Many of them have weak democratic institutions or are governed by autocratic regimes.

However, within most of these categories there are countries that perform well, showing that greater budget transparency is possible in a wide range of different contexts. For instance, even though more than two-thirds of the countries surveyed in sub-Saharan Africa do not do well on the OBI, Botswana and South Africa have relatively high budget transparency rankings.

While low-income countries, such as Chad and Liberia, tend to score below average on the Survey’s measures, there are notable outliers in this context, as well. For example, Peru and Sri Lanka both provide their publics with a significant amount of budget information.

Similarly, countries that depend heavily on oil and gas revenues tend to earn OBI 2008 scores below the overall average score of 39 percent out of a possible 100. However, even within this category, Columbia, Norway, and Mexico all perform fairly strongly.

Weak Formal Oversight Institutions Exacerbate Lack of Transparency

The results of the Open Budget Survey 2008 show that countries with the weakest legislatures and supreme audit institutions (SAIs) also tend to be those that that score lowest on the Open Budget Index. This is important because effective accountability depends not only on transparency and access to budget information but also on the strength of these institutions. The Survey finds that oversight capacity of legislatures and SAIs is undermined by several serious constraints in the majority of the countries studied.

In several of the countries surveyed, legislatures have very limited powers, time, and capacity to review the Executive’s Budget Proposal and to monitor its implementation. International good practices recommend that the executive provide a detailed budget proposal to the legislature at least three months prior to the start of the fiscal year to allow for a thorough legislative review. However, less than half of all countries surveyed meet this deadline. Given the limited time legislatures have to review the budget proposal, it is not surprising that 67 of 85 countries surveyed do not hold public hearings in which civil society organizations can testify on the macroeconomic and fiscal framework or details of the government’s budget proposal.

Furthermore, in almost one third of the countries surveyed the legislature does not have the opportunity to approve supplemental budgets until after the funds are spent. This is particularly problematic in countries with large and frequent supplemental budget requests—such as the Kyrgyz Republic, Malawi, Mexico, Sudan, and Yemen—and allows governments to hide controversial or unpopular spending.

The Survey results on the ability of SAIs to perform their oversight role are similarly disappointing. One of the most important measures of an SAI’s ability to provide effective oversight is its legal and financial independence from the executive branch. Unfortunately, in 26 countries surveyed the executive can remove the head of the SAI from office without the consent of either the legislature or the judiciary. Moreover, in 38 of the 85 countries the executive, not the legislature or the judiciary, determines the yearly budget allocation for the SAI. In 24 of these countries the Survey’s civil society researchers felt that funding for the SAI was below the level of resources needed to fulfill its mandate.
In 46 of the countries surveyed, the SAI maintains formal mechanisms of communication with the public to receive complaints and suggestions on the agencies, programs, or projects that should be audited. However, in 31 countries, the SAI has limited decision-making power over what it will audit, so a significant number of SAIs might be powerless to use public input effectively.

**Immediate Improvements are Possible**

Despite the complexity of these challenges, the Open Budget Survey 2008 shows that improvements can be made quickly and at relatively little cost. Comparisons between the Survey results for 2006 and those for 2008 show that some countries have already started to improve their budget transparency over the past two years. These countries—Bulgaria, Croatia, Egypt, Georgia, Kenya, Nepal, Papua New Guinea, and Sri Lanka—improved their OBI score by seven points or more from 2006 to 2008.

There may be several factors driving the improvements. For instance, the desire to join the European Union led to greater budget transparency in Croatia and Bulgaria. In Kenya, Nepal, and Sri Lanka, significant improvements either were influenced by the activities of civil society groups or have created opportunities for greater civil society interventions.

Regardless of the forces that created the will to improve, these countries’ higher scores can mainly be attributed to the release of specific budget documents that were previously unavailable. Open Budget Index 2008 scores are based on the availability of eight key budget documents that all governments should make available according to international good practice. Therefore, if the government releases a document to the public that was previously withheld or makes publicly available documents more comprehensive, it’s OBI score will increase significantly.

In the case of Egypt, the decision to release the Executive’s Budget Proposal increased their OBI score 25 points, from 18 percent in 2006 to 43 percent in 2008. Also notable is Georgia, which increased its score from 33 percent in 2006 to 53 percent (20 points) in 2008. The increase is due primarily to the government’s introduction of a Citizens Budget and a multi-year budgeting format.

Another country that improved considerably was Sri Lanka, which went from a score of 47 in 2006 to 64 percent in 2008 (17 points). The researcher in Sri Lanka attributes this improvement mainly to the intervention of civil society organizations and the media. In 2007, for the first time civil society organizations in Sri Lanka challenged the budget in court, questioning the authority given to the Treasury Department to transfer funds designated for “development activities” to meet expenditures under other programs. The Supreme Court ruled in favor of the civil society organizations, arguing that this power denied the public’s right to evaluate the use of public funds.

Kenya’s government took an interesting approach to increasing participation by asking the public to contribute proposals via email to the Ministry of Finance during the drafting phase. In addition, the National Audit Office began posting Fiscal Audit Reports on their website: [http://www.kenao.go.ke/index.html](http://www.kenao.go.ke/index.html). Kenya is a great example of governments using the Internet to make documents available and to communicate with the public. In addition to using Internet to make information publicly available, the Kenyan government established a Parliamentary Budget Office to assist legislators with budget research and improve their capacity to engage in the budget process.

The increase of Croatia’s score is mainly due to the inclusion of Multi-Year Estimates in budget documents in 2007, such as the Executive Budget Proposal. The increase in budget transparency in Croatia can be linked to advocacy efforts of civil society organizations, such as the Institute of
Public Finance, and the government’s desire to meet requirements set for admission into the European Union.

In general, improvements in the eight countries were driven by the governments’ decision to make available documents that they had previously withheld. This shows that progress could be made elsewhere quickly and at relatively low cost, if there were sufficient political will. Many countries that perform poorly on the OBI are already producing much of the budget information required for compliance with good practices. For instance in 51 of the 85 countries surveyed, the government produces at least one key budget document that is not disclosed to the public. Simply by making information already produced available to the public, these countries would increase their OBI scores and, more important, the ability of the public to play an effective oversight role. Another quick and relatively low cost way of improving transparency would be to post budget documents on the Internet.

**Government Reactions to the Open Budget Survey 2008 by Harika Masud**

Significant media coverage of the Open Budget Survey 2008 results led to a range of reactions from different governments. In addition to receiving requests from countries not included in this Survey, like Italy, Israel, Canada, and Singapore, to be part of the next round in 2010, the International Budget Partnership (IBP) and its partners received a variety of responses from governments covered in the 2008 research.

The majority of government responses centered on their countries’ score on the Open Budget Index (OBI)—a comparative measure of a government’s commitment to transparency based on the average of 91 of the Survey’s 123 questions that focus on how much information is made available to the public. For example, concern about Bulgaria’s OBI score led the Minister of Finance to request a briefing on the Survey. After being briefed, the minister agreed with the Survey responses for Bulgaria and commended the accuracy of the research. Other positive responses include those from the government of South Africa, which included the OBI 2008 rankings in its Budget Review for the 2009 fiscal year, and from a Brazilian budget expert from the House of Representatives budget office, who mentioned Brazil’s Survey results in his presentation at the February meeting of OECD Parliamentary Budget Officials in Rome.

In addition to positive feedback on the Survey results, responses ranged from defensive to encouraging. When the press asked Albanian Prime Minister Sali Berisha to comment on the OBI results for Albania, he deflected criticism of his government by arguing that the Survey evaluates the extent of transparency at the local, not the central, level of government. However Albania’s opposition Socialist Party turned out to be better informed, pointing out that the Open Budget Survey, on which the country’s OBI 2008 score was based, focused exclusively on evaluating central governments.

The Institute for Public Policy Research, the organization that conducted the Survey research in Namibia, is involved in a dialogue with the Ministry of Finance, which issued a press statement protesting the results of the Survey for Namibia. The ministry argued that the Survey “failed to distinguish between the high level of openness already achieved in Namibia” and neglected to highlight that “Namibia already scores nearly double the average of its Sub-Saharan African neighbors.”

One of the more disturbing government responses came from Cameroon. Even though the researcher there had requested well in advance of the February 1 release date that the government grant permission for him to release the Open Budget Survey 2008 results, he was not allowed to publicize Cameroon’s dismal results.
The reactions of the governments of Afghanistan and Rwanda were more encouraging. The Afghan government responded to the OBI 2008 results by arguing that Afghanistan’s national budget is highly dependent on foreign aid, which can be unpredictable. Thus it is difficult to finalize consolidated budget documents, including the Executive's Budget Proposal, far enough in advance to allow the legislature sufficient time to review it. However, the Ministry of Finance expressed a desire to improve Afghanistan's OBI score by making more budget information publicly available.

The government of Rwanda is engaged in a discussion with the IBP (through the World Bank) about its OBI 2008 score of zero out of a possible 100. The government is concerned that because the research was undertaken in 2007, the Open Budget Survey 2008 results do not reflect Rwanda's recent budget reform agenda, which includes posting more budget information on the government’s website.

As a first step, IBP is encouraging country governments to provide detailed responses to the OBI 2008, which it will post and publicize on its website. Subsequently, IBP may conduct in-depth case studies of a limited number of countries to document improvements.

It is not surprising to see governments of countries that performed well on the Open Budget Survey 2008 using the results to promote their efforts; nor is it unexpected that governments that performed poorly would criticize the research. However, the IBP is encouraged by the responses of governments like those in Afghanistan and Rwanda that indicate willingness to make their budgets more open and accountable to the public and engage in a public discussion about current and future improvements.

**Why Did Kenya’s OBI Score Improve? by Bonfas Owinga, Social Development Network**

The Social Development Network (SODNET), based in Nairobi, Kenya, is one of the organizations that participated in the IBP’s [Open Budget Survey 2008](https://www.ib预算.org). Here we reflect on this year’s score of 57 of 100 for Kenya on the Open Budget Index (OBI) compared to its 2006 score of 48. In particular, we examine the role of the government, international financial institutions, and civil society in promoting and supporting current budget reforms in Kenya.

Government-initiated budget reforms were led by the National Rainbow Coalition government, which started off reform-minded after a landslide election victory in 2002 and instituted many changes within the first three years of its administration. In 2003 the government reintroduced the Public Expenditure Review, which had been scrapped in 1997. It also established the Budget Supply Department, which coordinates the budget process and organizes open public forums on budget issues. Other examples of key budget- and accountability-related legislation include the Government Financial Management Act, the Anti-Corruption and Economics Crime Act, the Public Officer Ethics Act, the Public Audit Act, the Public Procurement and Disposal Act, the Privatization Act, and the Statistics Act.

In fiscal year 2005/06, the government adopted Government Finance Statistics (GFS) and a compatible economic classification system for the budget that replaced the line budgeting in use at the time. And, in fiscal year 2007/08, the Ministry of Finance began entrenching program-based performance budgeting, which should facilitate tracking and monitoring public funds.

A closer look at the Statistics Act of 2006, demonstrates the kinds of reforms necessary to improve the transparency and quality of budget decisions. Enacted on February 1, 2006, the law was designed to address data gaps, poor quality of data, and lack of professional independence at the Central Bureau of Statistics. The Act replaced the Central Bureau of Statistics with its
narrow scope and mandate with the Kenya National Bureau of Statistics, a semi-autonomous government agency.

The new agency, under the authority of the Ministry of Planning and National Development, is mandated to collect, analyze, and disseminate official statistical information in the country and conduct a population and housing census every 10 years. It is believed that the Act has given the agency more professional independence, as well as providing it with legal autonomy. Both of which will, in turn, enhance the quality of data collection and data analysis required for stronger policy development and planning.

A second tier of reforms stems from practices promoted by the World Bank and the International Monetary Fund (IMF). In 2006 the Ministry of Finance, in consultation with the Bank and the IMF, initiated a comprehensive Public Expenditure Management Reform Strategy. It has introduced the Integrated Financial Management Information System and Public Expenditure Tracking Survey to inform budget implementation and execution practices.

Finally, civil society organizations (CSOs) working closely with Parliament, have also played an important role in promoting budget reforms. In 2007 the Institute of Economic Affairs (IEA), together with other organizations like SUNY-Kenya, spearheaded the drafting and preparation of the Fiscal Management Bill 2007, which created the Parliamentary Budget Office to help legislators with budget research and improve their capacity to participate in the budget process. The bill also created the Fiscal Analysis and Appropriation Committee to enhance the role of members of parliament in the preparation and monitoring of the budget.

IEA has also published a budget guide for legislators each year after the budget is read in Parliament to increase the level of understanding of the budget and the quality of the budget debate. IEA and other CSOs continue to organize open public forums to discuss budget priorities before and after the budget is read, as well.

CSOs working on budget issues have developed an alternative budget, which generated serious debate about the proposed budget, and lobbied the government to publish budget information. In fact, they are currently pushing for the passage of a robust Freedom of Information Bill, which will guarantee public access to critical budget information and improve the levels of transparency and accountability.

The Kenya Budget Engagement Forum, created by a civil society budget group, lobbies members of parliament and the executive to open up the budget process to public participation. Other examples of increased public participation combine civil society advocacy work and internal government reforms. For instance, during the drafting phase of the 2007/08 budget, the government asked citizens to send in their views and proposals on the budget via email to the Ministry of Finance.

In addition, the government directed all 175 local authorities to hold public hearings on the preparation of their budgets and to read their budgets publicly. This initiative has created great interest and participation at the local level. It is likely that this will continue to have a positive impact on local government budgets as citizens’ priorities are taken into account. In addition, it will increase transparency and accountability as citizens become more involved and aware of the importance of the budget in their day-to-day lives and demand accountability from local government officials.

Although more needs to be done, Kenya has made significant progress in improving fiscal transparency and accountability since 2003. There have been multisector improvements across government, which involved CSOs and parliament. However, there is still more to learn about the political economy of why the government instituted reform and how CSOs contributed to it, indicating a need for further case study research.
Advocacy Strategies Using the 2008 Open Budget Survey Findings by Rocío Campos and Julie Seiwell

On February 1, the results of the Open Budget Index 2008 were released to the press and the public around the world ([http://openbudgetindex.org/index.cfm?fa=ipr](http://openbudgetindex.org/index.cfm?fa=ipr)). The OBI was designed to measure transparency practices in government budget systems by evaluating the public availability of eight key budget documents that governments should make public, according to international good practice. The OBI is part of the Open Budget Survey 2008, a comprehensive analysis and survey that evaluates whether governments in 85 countries give the public access to budget information and opportunities to participate in the budget process at the national level.

The International Budget Partnership (IBP) believes that open budgets allow the public to be the judge of whether or not their government officials are good stewards of public funds and, because they reduce opportunities for wasteful or corrupt spending, transparent and accountable budgets can increase the resources available to fight poverty. The survey is conducted biennially in partnership with independent civil society researchers within each country.

The IBP's civil society partners around the world work on social, political, and economic issues with an emphasis on eliminating poverty and improving governance. This work is directly affected by the level of transparency of their government's budget. In order to raise awareness about the critical importance of transparent and accountable budgets and to generate media coverage of the Open Budget Index 2008 findings, IBP provided support to its civil society partners to conduct launch activities in eight regions around the world—Central America, South America, Southern Africa, West Africa, East Africa, Middle East and North Africa, South Asia, and Southeast Asia.

The launches were hosted by the following organizations:

- The Center for the Implementation of Public Policies for Equity and Growth (CIPPEC) organized the South America launch in Argentina
- Fundar, Center for Research and Analysis organized the Central America launch in Mexico
- The Center for Public Policy Studies (CPPS) in Malaysia and the Philippine Center for Investigative Journalism (PCIJ) jointly organized the Southeast Asia launch in Thailand
- The Center for Budget and Governance Accountability (CBGA) organized the South Asia launch in India
- The Lebanese Transparency Association (LTA) organized the Middle East and North Africa launch in Lebanon
- The Social Development Network (SODNET) organized the East Africa launch in Kenya
- The Integrated Social Development Center (ISODEC) from Ghana organized the West Africa launch in Nigeria
- Idasa organized the Southern Africa launch in South Africa

The regional launch activities varied widely. For instance, in Central America, FUNDAR produced a Flash presentation of the OBI results that was posted simultaneously on the websites of the OBI researchers in the region and brought regional partners to Mexico City for two days of press events and public discussion. In South Asia, CBGA convened regional partners in New Delhi for a very successful press conference. In East Africa, SODNET brought together regional partners for two days in Nairobi to release the OBI, discuss issues of transparency with government officials and other civil society representatives, and receive training on SODNET's Budget Tracking Tool. In the Middle East and North Africa, Transparency Lebanon convened a half-day workshop in Beirut for OBI regional partners, civil society and government representatives, and the media that included...
presentations on OBI results for the countries in the region and discussion on regional transparency issues.

In addition to bringing IBP partners within regions together to collaborate on these activities, the regional events extended the reach of the Open Budget Survey 2008. Some of the media coverage generated from these events include radio broadcasts on W Radio and Espacio Abierto de Radio Ciudada in Mexico and on Capital FM in Kenya and articles in the Cambodia Daily, La Jornada (Mexico), the Daily Nation (Kenya), the Standard (Kenya), Nepal News, Malaysia Star, Philippine Star, Fiji Times, India Journal, Daily Star (Lebanon), the Times of India, and the Financial Express (India).

The launches helped increase public awareness of the importance of transparent and accountable budgets and served as an opportunity for IBP partners to start discussing and developing plans to use the OBI findings to improve budget transparency through different advocacy strategies in the upcoming months. Here are some examples of these plans:

- CPPS in Malaysia and Fundar in Mexico are working to produce a Citizens Budget as a way to push their governments to release an official Citizens Budget—one of the eight key budget documents, this is an accessible presentation of the budget intended for a broad, non-technical audience. Currently neither country publishes a version of this document.
- CIPPEC in Argentina, SODNET in Kenya, and ISODEC in Ghana are exploring the possibility of adapting the Open Budget Survey to their domestic contexts to examine the level of budget transparency at the subnational level and determine whether or not specific local budget documents are accessible to the public.
- Groups in Argentina, Malaysia, Mexico, and Kenya plan to continue dialogues on these issues with government officials and provide them with concrete changes governments can implement to increase the openness of their budgets. CPPS, for example, is planning to hold a meeting with the Treasury Ministry responsible for budget formulation to discuss ways in which Malaysia could improve its level of budget transparency.
- Groups in Cambodia, Indonesia, Malaysia and the Philippines agreed that important next steps for the region include drawing lessons and common benchmark standards for budget transparency and advocating for them independently and as a network for Southeast Asia, within the existing Association of South East Asian States (ASEAN) and other regional networks of civil society and independent media groups.
- Organizations with a strong media component like PCIJ in the Philippines will share the OBI findings with advocacy groups in their country to have a greater impact.
- In Lebanon, LTA used the OBI as a platform to develop recommendations to address common challenges in the Arab region. These recommendations include increasing the amount of information available to the public on how taxes are being used, developing a monitoring system for expenditures, passing laws to guarantee access to information, establishing a stronger relationship between parliamentarians, civil society activists, and Ministries of Finance to better understand the budget, and improving budget transparency and public participation in budget processes. LTA also plans to advocate for the ratification of the United Nations Convention Against Corruption (UNCAC). UNCAC is seen by the LTA as the most comprehensive anti-corruption tool currently available and is not ratified in every Arab country.

The eight regional launches, as well as the numerous country-level launch activities conducted around the world, succeeded in presenting the OBI findings and raising awareness in the media, governments, and the public on the importance of budget transparency and accountability for poverty reduction and improved governance. The IBP will continue to support its partner organizations in developing and implementing their advocacy strategies to increase the impact of the OBI findings at regional and national levels.
**Global Integrity Report: 2008 Finds Unregulated Money in Politics is Greatest Global Corruption Threat**

Global Integrity recently released the *Global Integrity Report: 2008*, which tracks governance and corruption trends in 57 countries. The 2008 report identifies the unregulated flow of money in the political process as the number one corruption threat facing a majority of countries. “For the third straight year, poor transparency around the financing of political parties and candidates was the weakest element of most countries’ anti-corruption frameworks,” said Global Integrity Managing Director Nathaniel Heller.

The study covers developed countries, such as Canada, Japan, and Italy, as well as dozens of the world’s emerging markets and developing nations, from Argentina and China to the West Bank and Iraq. Rather than measure perceptions of corruption, the report uses more than 300 “Integrity Indicators” to assess the accountability mechanisms and transparency measures in place (or not) to prevent corruption. Gaps in those safeguards suggest where corruption is more likely to occur.

As part of the report, Global Integrity introduces its new **Grand Corruption Watch List**, which identifies countries where the lack of effective mechanisms to regulate conflicts of interest and flows of money into the political process and poor oversight over large state-owned enterprises combine to pose a great risk of theft of public resources. The Watch List for the 2008 report includes Angola, Belarus, Cambodia, China, Georgia, Iraq, Montenegro, Morocco, Nicaragua, Serbia, Somalia, the West Bank and Yemen, all countries viewed at serious risk for high-level corruption. “Watch List countries are unfortunately characterized by a toxic mix of corruption risk factors that should be cause for alarm,” said Heller.

Other major findings of the report include:

- **The most significant anti-corruption failure in much of the Arab world is poor access to government information.** While the countries in the Middle East and North Africa assessed in the 2008 report struggle to match global medians on many factors, their comprehensive lack of effective access to government information is virtually double their deficits on any other issue assessed.
- **Several key countries experienced gains or backsliding since 2007.** Important improvements in anti-corruption efforts were noted in Bangladesh and Nigeria, and in China a more positive assessment over 2007 was linked to the introduction of a new regulation granting citizens access to government information. Unfortunately, Bosnia and Herzegovina, Ecuador, and Georgia all had declining scores this year.
- **Corruption and transparency challenges appear to be worsening on the Horn of Africa, threatening to exacerbate tensions in an already fragile security situation.** Drops in the Global Integrity scores in Kenya and Ethiopia, combined with Somalia’s earning the worst overall GI country score, indicate that the checks and balances needed to promote good governance and improve stability in this region are not in place.

“The country assessments that comprise the report offer among the most detailed, evidence-based evaluations of anti-corruption mechanisms available anywhere in the world,” said Global Integrity International Director Marianne Camerer. “They provide policymakers, investors, and citizens alike with the information to understand the governance challenges unique to each country and to take action.”

ATTENTION: Global Integrity is seeking proposals for projects that use Global Integrity’s award-winning diagnostic tools to improve governance and fight corruption. The winners get a US$1,000 prize and a chance to pitch the Partnership for Transparency Fund for funding to implement their ideas. Learn more at http://tinyurl.com/impactlink.

Taxes and Spending Are Two Sides of the Same Coin: Do Engage in Tax Analysis by Katarina Ott, Institute of Public Finance

The Institute of Public Finance (IPF) has existed as an academic research institution in Croatia since 1970, but our advocacy work started in the late 1990s. Croatian public finances at the time were in disarray—lacking transparency, government accountability, and citizen participation—due to the collapse of the old Yugoslavia and the establishment of the new country of Croatia, the transition from socialism to a market economy, and the war and its political, institutional, economic, and social consequences. This is why the IFP decided to move from splendid academic isolation to engage in activities that might benefit Croatians and the society as a whole.

Our first aim was to provide professional, independent budget analysis and draw attention to the conditions essential for more informed budget debates. Although at first our budget work emphasized expenditures—access to reliable data, appropriate classifications, and overall transparency—from the very beginning we also analyzed taxes, assessing their appropriateness, structure, rates, and burdens.

Analyzing expenditures can often seem more interesting than examining tax policies, particularly for groups engaged in advocacy on specific issues like poverty or the rights and needs of the disabled or minorities, but the budget consists of two parts—revenues and expenditures—that have to be balanced. This is why IPF consistently analyzes both and informs the public about critical issues (see related newsletters in English at http://www.ijf.hr/eng/index.php?ime=28 and press releases at http://www.ijf.hr/eng/index.php?ime=141).

Both expenditure and revenue analysis can be complex and publishing the results of any analysis often will provide you with more enemies than friends. This is because whatever the issue or policy you examine and whichever change you suggest, you will almost always come into conflict with somebody’s interests.

Identifying the policy choices that governments face is as simple as opening the newspaper or turning on the TV—exporters are demanding additional subsidies, the disabled are asking for preferential imports of necessary equipment, the minister of education is requesting free textbooks for all pupils; health care recipients are calling for the abolition of participation charges. Doing any of these would require choosing between raising revenues, cutting other public spending, or a combination of the two, and a thorough debate informed by objective analysis increases the likelihood of making the right choices. In order to effectively participate in these debates, civil society researchers and advocates must dig into the figures on both revenues and expenditures, do the calculations and suggest possible solutions.

Revenue analysis can take many forms, depending on the issues at stake and the policy environment in which you operate. For instance, income tax distribution among richer and poorer citizens and the extent to which each of the groups bears the tax burden are always controversial, so the IFP has published numerous evaluations on who pays income tax (see http://www.ijf.hr/eng/newsletter/9.pdf) and on what makes the personal income tax progressive (i.e., those with a greater ability to pay are taxed at a higher rate, see http://www.ijf.hr/eng/newsletter/23.pdf).
As Croatia has a very high overall tax burden—expressed as the share of taxes in gross domestic product (GDP)—and numerous preferential tax treatments for various regions, industries, and categories of taxpayers, the IFP often examines the efficiency of tax policies. For example, we have traced the effects of tax exemptions in war affected regions (see http://www.ijf.hr/eng/newsletter/23.pdf) and have assessed the administrative and compliance costs of taxation, i.e., the costs born by tax authorities and taxpayers (see http://www.ijf.hr/eng/newsletter/16.pdf or http://www.ijf.hr/eng/newsletter/21.pdf).

As Croatia is on its path to joining the European Union (EU), the IFP is watching closely the alignment of Croatian tax laws with the requirements of the EU. Unfortunately, the Croatian government does not candidly and objectively inform the public about the issues, problems and developments in the EU negotiations, or about positions taken. Although, we believe that the failure to make the information available is due more to a lack of capacity and poor institutional functioning than to some plot to deny citizens their right to be informed, we nevertheless think the public must be informed (see http://www.ijf.hr/eng/releases/4.pdf).

The current economic crisis will place greater demands on public spending while simultaneously reducing revenues and will require the government to tackle necessary institutional reforms and address the most burdensome expenditures like public servants’ salaries, pensions, and health. This situation will require us to renew our focus on tax policy to identify ways to generate sufficient revenues to cover these expenditures (see http://www.ijf.hr/eng/releases/9.pdf). We anticipate this work will result in new recommendations for changes to tax rates, exemptions (i.e., when specified activities or categories of taxpayer or income are not taxed) and thresholds (i.e., at what level of income do individuals or entities begin to pay taxes or pay higher rates).

Whenever possible, efforts should be made to link your analyses, whatever form they take, to specific government proposals for new policies or changes to existing policies, as that allows you to use the heightened media attention to raise awareness about the specifics of the proposals, as well as broader issues related to taxation. For example, the IFP has analyzed the impact of new income tax law on the distribution of the tax burden (see http://www.ijf.hr/eng/newsletter/18.pdf) as well as the impact of proposed changes to the personal income tax on the living standards of citizens (see http://www.ijf.hr/eng/releases/2.pdf).

To increase the ability of the public to understand our revenue-related work, the IFP published its first citizen’s guide to taxation in 2002, which has been updated many times (see http://www.ijf.hr/eng/index.php?ime=16). We are in the process of preparing an entirely new edition of the tax guide along with a new version of our citizen’s guide to the budget, first published in 2000 (see http://www.ijf.hr/eng/budget-guide/guide.pdf). In addition to the tax and budget guides, which are regularly used by journalists, NGOs, trade unions and local communities, we have organized numerous workshops and other forms of tax- and budget-related education.

Keep in mind the motto of one of my favorite IBP colleagues, the brilliant Joel Friedman, “taxes and spending are two sides of the same coin.” One can do no better as a first step to undertaking revenue analysis than to reach for Joel’s A Guide to Tax Work for NGOs, choose the most pressing issue in the local environment, and proceed according to the instructions given in that manual (see http://www.internationalbudget.org/GuideTaxWork.pdf).

Good luck with your tax work and feel free to contact IPF.
Barack Obama was sworn in as President of the United States on January 20, 2009, and in his inaugural address he made the following commitment: “And those of us who manage the public's dollars will be held to account—to spend wisely, reform bad habits, and do our business in the light of day—because only then can we restore the vital trust between a people and their government.”

In one of his first acts as president, Obama signed the American Recovery and Reinvestment Act—a $787 billion economic stimulus package of tax and spending measures designed to address the immediate crisis in the U.S. economy, create jobs, and lay the foundation for long-term growth. Consistent with the promise made in his inaugural address, President Obama has committed to making the implementation of the Recovery Act subject to unprecedented levels of transparency and accountability. As part of this effort, the U.S. government has set up a website—www.recovery.gov—where the public can access details of the use of the funds allocated under the Recovery Act.

President Obama has established the following five objectives for federal agencies to ensure that Recovery funds are spent effectively and efficiently and are subject to public scrutiny:

- Recovery funds are awarded and distributed in a prompt, fair, and reasonable manner
- The recipients and uses of all recovery funds are transparent to the public, and that the public benefits of these funds are reported clearly, accurately, and in a timely manner
- Recovery funds are used for authorized purposes, and every step is taken to prevent instances of fraud, waste, error, and abuse
- Projects funded under the recovery legislation avoid unnecessary delays and cost overruns
- Programs meet specific goals and targets and contribute to improved performance on broad economic indicators

On www.recovery.gov, the public will have access to aggregate data on how the Recovery Act is distributed across broad areas of spending and tax measures, disaggregated data by agency and state, and up-to-date information about the implementation. To date there is limited information on the website that would allow visitors to track the use of recovery funds, as agencies have yet to make final decisions on how to allocate the money. However, aggregate data and an overview of the law and its goals are available.

In addition, many federal agencies have established their own recovery sites, including the Agency for International Development; Departments of Agriculture, Defense, Education, Health and Human Services, among others; Environmental Protection Agency; and the Social Security Administration. The public can visit these sites (links are available at www.recovery.gov) to access weekly reports on the agencies’ funding, major actions, and planned activities related to the Recovery Act. And, because a significant portion of the recovery package will flow through state governments, all but 15 U.S. states have developed similar sites that track how funds allocated through the Recovery Act are spent at the state level.

The administration’s efforts to provide public access to detailed information about the stimulus package are reinforced by accountability mechanisms built into the Recovery Act, which establishes an oversight board of inspectors general (the watchdogs of government) called the Recovery Accountability and Transparency Board. This board will oversee the federal agencies
responsible for the expenditure of recovery funds. Until the board becomes operational, President Obama has coordinated a team from across federal agencies to track the use of Recovery Act funds and report findings on the website.

Transparency and accountability, including public participation and oversight, in the use of public funds is critical to preventing wasteful and corrupt spending, strengthening policies, ensuring the effective and efficient use of funds, and achieving desired outcomes. These are even more critical in times of economic crisis, when resources are limited and the need for government services is great. In this context, the steps the Obama administration is taking to implement the U.S. stimulus package in an open and accountable way is encouraging.

In contrast, the International Monetary Fund has identified Saudi Arabia as having the largest fiscal stimulus package (as a percent of Gross Domestic Product) to date, and China as coming in fourth, behind the U.S. and Spain. Both Saudi Arabia and China have shown an unwillingness to provide access to information on how the government manages public resources. In the Open Budget Index 2008, which measures public access to budget information in 85 countries, China’s score of 14 out of a possible 100 and Saudi Arabia’s score of 1 place them among the 25 countries that provide scant or no information to their publics. Given their past performance, it is unlikely that the Chinese and Saudi Arabian people will have sufficient information on their countries’ stimulus plans to effectively participate in decisions over implementation or provide adequate oversight.

Disclosure of Budget Data Needed for Informed Citizen Oversight of Farm Policies by Jack Thurston

In October 2006 an editorial in the French newspaper La Tribune argued that the details of who in France gets what from the European Union’s Common Agricultural Policy were state secrets second only to the government’s nuclear weapons codes. Thanks to a pan-European network of pro-transparency researchers, journalists, and NGO activists, from May 1, 2009, these details will be secrets no more.

Convened in May 2005 by Nils Mulvad, a Danish journalist and leader in computer-assisted reporting (CAR); Brigitte Alfter, a German reporter and access-to-information practitioner; and me, a policy analyst and former political adviser to the UK Minister for Agriculture, the network’s purpose is to share our experiences in getting governments to disclose the kind of budget data needed for truly informed citizen oversight of farm policies. (At the time only two countries—Denmark and the UK—had released any data on farm subsidy payments.) In addition, we thought it would be useful to develop an online database to allow the public to access the fruits of our transparency work, much like the U.S. Farm Subsidy Database launched by the Environmental Working Group in 2002 (see http://ewg.org/farm).

By December 2005 the database www.farmsubsidy.org was launched, and since then it has provided the public with access to all the data we have obtained on farm subsidies—currently well over 70 billion euros worth of payments. During that time almost 3.5 million user-searches have been recorded, and newspapers, television, and radio have covered our revelations about massive payments to some of Europe’s wealthiest citizens, including Queen Elizabeth II, as well as those about the more curious recipients of farm aid: airlines, golf courses, pony clubs, water companies, and oil rigs. The enduring theme of our revelations is that the benefits of farm subsidies flow overwhelmingly to the farms that are best equipped to do well in the market without state support.

At the moment we are rebuilding the website database from the ground up to provide better functionality, faster and more powerful searches responses, and a new set of interactive tools for
citizen oversight of this important part of the EU budget. We plan to build on our pioneering use of open mapping tools like Google Maps to present budget data in completely new and highly illustrative and accessible ways (see for example http://maps.farmsubsidy.org/sweden—an interactive map that shows some 2 billion euros in payments over a seven-year period). All data will be available via an Application Programming Interface that will enable anyone to combine, or “mash up,” payment data with other data sources, such as data on levels of pesticides and fertilizers in rivers and seas.

We are expanding our work into looking at data availability in other areas of the 140 billion euro annual EU budget, such as fisheries subsidies and development assistance. And we are at the early stages of a project that will examine government aid to industry in the EU, a hot topic at the moment.

Our approach to budget transparency goes beyond the traditional and very necessary agenda of the International Budget Partnership that emphasizes budget processes and the publication of revenue and expenditure data. On these measures, the EU and most EU countries score quite well, as shown in the 2008 Open Budget Index published in February.

We are pushing for budget transparency at the level of the individual enterprise receiving government support. When it comes to state subsidies, it is really important to know which businesses are being subsidized, and why. With governments all around the world launching fiscal stimulus packages of unprecedented size and scope to revive failing economies, there is more need than ever to track where the money is going. Well-informed public oversight not only plays a critical role in ensuring that waste, fraud, and abuse are kept to an absolute minimum but also helps ensure that public expenditure is properly aligned with public priorities.

Collaboration is at the core of what we do since local and specialist knowledge is always required to make data come to life. If your organization would like to collaborate on any of our projects, send a message to team@famsubsidy.org.

To learn more about Farmsubsidy, go to www.farmsubsidy.org.

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**Zambian NGO Stresses Need to Deliver Allocated Funds by Robert Valencia**

Through its research and policy analysis program, Civil Society for Poverty Reduction (CSPR) has been monitoring and tracking government budget expenditures and conducting poverty and other impact assessments to determine the effectiveness of government initiatives and programs in Zambia since 2000. As part of this work, CSPR issued three press releases in the first week of February expressing both its concerns and optimism regarding this year’s national budget.

CSPR pointed out a "weakness" identified in the 2007 Auditor’s General Report in the way the Zambian government allocates funds for Poverty Reduction Programs (PRP). The PRPs to which funds have not been fully disbursed include education and health programs, the national Ministry of Community Development and Social Services’ Fertilizer Support Program (FSP), and the Street Kids Fund, to name a few.

The ability of CSPR to monitor how the government’s budget was implemented depended, in large part, on the capacity of the supreme audit institution to produce and release in a timely way comprehensive audit reports. CSPR’s experience reflects how important it is that all stages of the budget process to be transparent, including the execution and audit phase, in order to hold the government accountable for how it manages the public’s money.
Saul Banda, CSPR’s acting executive director, explained that the Office of the Auditor General’s efficiency in producing budget reports “will only yield positive results if strong punitive measures are taken without delay on the erring officers, especially with regard to the misappropriation of funds.” Among some of the appalling findings from the Auditor General’s report was that the Street Kids Fund had no records of the disbursement of foodstuffs meant for target groups.

Banda emphasized the importance the CSPR places on strict fiscal control and monitoring during implementation of PRPs, which serve vulnerable people but “seem to be treated with little care.” Banda said that misuse of public resources for these programs can undermine Zambia’s efforts to achieve its Fifth National Development Plan, as well as the Millennium Development Goals (MDGs).

Emmanuel Musonda, CSPR provincial coordinator, and the CSPR’s Eastern Province Program Management Team (EPPMT) echoed Banda’s call for better fund allocation. Musonda has asked the government to disburse funds to the sectors in a timely way and to provide information on the disbursement to government departments and to the public. “Until this is done, this year’s budget will not stand to show government’s commitment in addressing poverty amongst its citizens,” he said.

In the last five years, the EPPMT has conducted budget-tracking exercises for such sectors as education, health, social protection, agriculture, and water and sanitation. In this year’s exercise, the EPPMT found that the allocated funds for the districts of Mambwe and Chipata were either disbursed late or not at all. For instance, the Fertilizer Support Program (FSP) recorded as unaccounted for 1,500 bags of fertilizer valued at US$12,291.

However, CSPR is optimistic about the government’s new budget allocations. For instance, the CSPR Western Province Program Management Team (WPPMT) applauded the government’s commitment to rehabilitate and expand 27 health training schools throughout the country, which are intended to mitigate the shortage of medical personnel, as well as the allocation of US$7 million to construct and rehabilitate seven vocational and entrepreneurship training institutes.

Furthermore, CSPR is hopeful about the government’s initiative to publish booklets that will report on the allocation for each project. Mubyana Kakenenwa, WPPMT chairperson, said that this measure is relevant since “we [WPPMT] have not been able to get information on allocations for the [Western] province due to the reluctance by some government officers responsible for keeping this information to release it, and this has negatively affected our advocacy work.”

CSPR concluded that the policy measures outlined for the budget year are “potentially good and if well and timely executed, especially with the raised concerns by various key stakeholders addressed, could make the vision of ‘seeing all our citizens, in all corners of our country, waking up each morning well nourished, in decent housing, with access to clean water and sanitation’ attainable.”

For more information about CSPR, please visit http://www.cspr.org.zm.

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**Interview with Mexico’s gender budget expert Lucía Pérez-Fragoso**

(excerpt from UNIFEM, Gender Responsive Budgeting Newsletter, Issue 3, March 3, 2009, pp. 5-6)

Local level GRB initiatives are increasingly recognized for their ability to help address gender equality issues in decentralized contexts. In Mexico City, Equidad de Género, an organization well known for its work in the area of Gender Responsive Budgeting (GRB) was approached in 2006
by the newly elected local government with a request for support in keeping one of their campaign promises i.e. building a “city with equity”. This request was made in the midst of broader policy reforms introduced by the newly elected government, which included the passing of the “Law on Substantive Equality between Women and Men” and directives for a systematic assessment of the differentiated impact of public policies on women and men.

The collaboration led within one and a half years to the adoption of the city’s first gender-responsive budget in 2008. In the following interview, we asked the Feminist Economist Lucía Pérez-Fragoso, Coordinator of the GRB program at Equidad de Género, about the process that led to this achievement, and what it means for women in one of the largest cities of the world, Mexico City.

UNIFEM: Could you tell us how did the 2008 Mexico City budget Proposal come about?

LPF: The 2008 Mexico City Budget Proposal called “Budget with Gender Equity” was the result of tremendous efforts, long-standing work and unfailing commitment of the new government, which presented the first gender-responsive budget within the first year of its coming into office. Developing this budget proposal was a result of the efforts on many fronts during 2006 and 2007, in addition to the many years of advocacy and capacity building undertaken since 2000 by women’s organizations and the National Women Machinery Institute of Women in the Federal District (INMUJERES DF), parliamentarians, particularly members of the Gender Equity Commission and UNIFEM. When the new administration came on board, an alliance was established between the Finance Secretariat of the Federal District Government (FDG), INMUJERES DF and Equidad de Género. INMUJERES DF had a network of gender focal points from each of the FDG agencies, who were responsible for gender mainstreaming in their institutions. This network had existed for several years, and had received training on gender issues. In 2007, Equidad de Género was asked to train the network and high-level officials in formulating gender-sensitive policies, programs and budgets using its widely-recognized methodology for applying GRB to promote gender equality. At the same time, the Secretariat of Finance had established a Gender Responsive Budget Directorate, tasked with providing advisory services to government agencies about how to track gender in budget allocations. The Finance Secretariat, INMUJERES DF and Equidad de Género worked together to include gender elements in the new budget formats and in the new programming and budgeting manuals that are used to train all public officers of the Mexico City Administration.

UNIFEM: What exactly makes the 2008 budget of Mexico City a gender-responsive budget?

LPF: The concept of a gender responsive budget is very broad, and can include several definitions. The 2008 budget of Mexico Federal District Government (FDG) can be considered gender-responsive for several reasons.

Firstly, major efforts were made in all FDG agencies to formulate gender-sensitive policies, programs and budgets. The first 20 pages of the City Budget Proposal clearly explain the work that was done for this. Secondly, the budget proposal outlines resources allocated for women’s concerns and gender equity, and proposes specific indicators to monitor the use of the funds, for instance, number of responses by the Government Office for Public Safety to cases of violence against women. Thirdly, in 2008, for the first time ever, resources were earmarked for gender equity in the city budget totaling 1,234 million pesos representing 1.12% of the whole budget. The budget proposal also included funds for a program seeking to eliminate violence against women in public transportation. This is part of a larger program named “Safe Traveling” (Viajemos seguras) which provides “women-only buses” at certain hours, in certain areas of the city. The Government of the City of Mexico launched this initiative as a result of exchanges made
with the Regional Program “Cities without Violence for Women: Safe Cities for All” during an international meeting organized by In Mujeres with UNIFEM’s support. The objective of this meeting was to discuss, analyze and compare successful experiences and initiatives of “safe cities” for women in the region. The theoretical model of UNIFEM’s Regional Program for “safe cities” was analyzed and its application in Mexico City was promoted as a means to ensure efficient public policies, attend to women’s security and comply with the Federal District Law on VAW (Ley de Acceso de las Mujeres a una Vida Libre de Violencia). Among other measures, posters to denounce violence against women in transport units have been placed in transport facilities. Special transport units for women were also assigned in some buses and subway cars; reserved entrances for women and specialized protection are also provided in certain locations. Fourthly, three budget items were created in order to assign resources to gender equity. Allocations assigned to these budget items are for activities such as designing, coordinating and implementing gender equity policies. A number of government agencies assigned resources for gender analysis on broader issues such as gender and environment. An effort was also made to disaggregate the number of beneficiaries of public programs by sex. The data sheet provides information to improve the design of gender policies, programs and budgets, amongst many other things.

UNIFEM: Does the 2009 budget include similar measures?

LPF: For 2009, the resources assigned to women’s and gender equity, represent 1.27% of the 2009 budget, a slight but considerable improvement as compared to 2008. A number of new programs were created and there is an overall improvement of gender-related programs in all government offices. INMUJERES and Equidad de Género also continue to strengthen GRB capacity of an ever-increasing number of participants engaged in the process of formulating gender sensitive policies and budgets. In addition, three new gender-related budget items were introduced into the budget: preventing violence against women; supporting women victims of violence, and ensuring women’s access to justice. Government agencies were also asked to report on actions each institution is taking to mainstream gender in its programs.

UNIFEM: What are the key factors of success of the Mexico City GRB initiative?

LPF: The success of the Mexico initiative is undoubtedly due to a combination of factors: political will, strategic partnerships, capacity and budget reform. The partnership between INMUJERES DF, the Secretariat of Finance – namely the Under-Secretariat in charge of public expenditures, which is responsible for FDG budgeting- and the civil society organizations was essential in framing the initiative. It was also strategic for Equidad de Género to have the technical know-how and methodology to support the formulation of gender policies, programs and budgets and to build the capacity of budget officers and gender focal points in early stages. I think that the involvement of the Secretariat of Finance was decisive in terms of changing the budget format and training manuals and instructing all government agencies to take at least one gendered action in their 2008 Annual Operating Program (planning document). Overall, The FDG gave tremendous support during 2008 and 2009 to the formulation of gender-responsive budgets. Among other features, the policy framework requires each government agency to define its targets including in the area of gender issues over the year. This provides a useful tool for accountability and monitoring implementation.

UNIFEM: What is the future of the GRB work in Mexico City?

LPF: The gender responsive budgeting experience in the FDG is work in progress, which calls for constant attention and dedication for much time to come. If we only look at the example of public transportation in Mexico City, can you imagine for a moment what it takes to move eight million people and the gender issues that come with it? In reality, access to transportation impacts access to education, health services, work, markets etc. If GRB helps in improving those services and increasing women’s access to them in a safe and quality manner, the impact on women’s lives will be invaluable. We need to be able to monitor this in future years.
Challenges of Education Finance in Orissa, India by Sarit Rout

In India, as in most low and middle income countries, the government is the primary provider of basic services, such as health and education. The country recently passed the 93rd constitutional amendment making education a fundamental right, but it faces enormous challenges to providing high-quality education to all, particularly the poor and marginalized. Some of these challenges are clearly present in the struggling state of Orissa, a primarily agricultural state where nearly 85 percent of its 36.8 million people live in rural areas. Around 38 percent of the total population in Orissa is from scheduled castes and tribes, vulnerable groups who face prejudice and economic isolation. As a result, the state falls below the national average for most socioeconomic indicators, including female literacy (50.5 percent in Orissa in 2001 vs. 53.7 nationally), life expectancy (57.2 years vs. 61.1), and infant mortality (65 out of 1,000 live births vs. 57).

Not only is female literacy lower in Orissa than in the nation as a whole but there exists a significant and persistent gender literacy gap within the state that points to a failure to address the education needs of women and girls. According to the 2001 census (the most recent data available) the gender gap is found to be 24.98 percent, nearly unchanged from 25.79 percent in 1971. Of greatest concern are the seven districts where the female literacy rate is less than 30 percent, a rate largely driven by the low levels of education for women in scheduled tribes. These districts are mostly tribal dominated and are characterized by extreme deprivation in terms of income and infrastructure, as well as by low literacy rates. There are many other inadequacies in terms of availability of classroom and supporting infrastructure that hinder the delivery of quality of primary education.

Public expenditure on education: Trends and issues

Although the private sector provides some support for education in Orissa, the state and national governments are the primary providers of schooling. The state government faced a serious financial crisis during 1990s, which resulted in greater public debt and fewer resources for other public spending for such areas as education. In response, the Orissa state government took a number of fiscal consolidation measures, which improved the financial situation and ultimately led to a revenue surplus in 2005-06. During this period, total education expenditure as a share of the total state budget declined, as has expenditure for elementary education. This is important because for many of the state’s residents, primary school is their first, and too often only, opportunity to receive formal education.

Not enough elementary education funds are targeted toward improving quality

Allocations for elementary education are spread among many programs and activities, including school administration, support for government and nongovernment primary schools, textbooks, scholarships, and the Tribal Areas Subplan (TSP) — a special plan introduced during the Fifth Five-Year Plan for the socioeconomic development of tribal people. Improving the quality of the education provided by schools requires investments in teacher training, textbooks and other learning materials, scholarships, and school buildings.

Unfortunately for efforts to address the education needs of the state’s students, allocations for textbooks as a share of the total elementary education budget have declined from 1997-98 to 2003-04, and total allocations for scholarships is less than 1 percent of elementary education expenditure. Likewise, there has been very limited investment in teacher training during the period. Most disturbing, the allocation for the TSP decreased substantially during the period.
examined, clearly contributing to the inadequate response to the educational needs of members of scheduled tribes.

**How effective has education spending in Orissa been in terms of outcomes?**

A field study conducted in two sample districts in the state sought to assess the impact of education spending on such basic challenges as increasing access to and improving the quality of primary education. School facilities and teacher availability are two primary factors influencing both access and quality. The study finds that of the 50 schools surveyed there are 12 schools with five teachers, three schools with four teachers, and 25 with only two teachers. Further, in most of the schools, teachers are required to prepare and serve the midday meal, taking them away from their teaching duties. This is a particular burden for the schools with only two teachers.

There are 39 percent fewer classrooms than needed in the districts, and nearly half of the schools studied have only two classrooms. Most important, more than two-thirds of the schools in the districts do not have a separate office room for the teachers. The study also found that 70 percent of the schools in the districts lack toilet facilities, 68 percent do not have playgrounds, and 62 percent of the schools lack a boundary wall. Further, 60 percent of the schools were found to have leaks during the rainy season, and only 26 percent are connected with all weather roads.

In terms of learning and teaching materials, the study found that in the schools in the district textbooks were either not available, or there was an insufficient number for all the students. Schools in both districts often face a delay of up to six months for textbooks. Compounding the effect of the poor quality or lack of adequate facilities, teachers, and textbooks is that in both districts the availability of scholarships and stipends is mostly irregular.

**Conclusion**

Policy pronouncements, such as the constitutional amendment declaring education a fundamental right, and resulting action do not always align, as seen in the example of Orissa. While public investment is a critical component in providing high-quality education, it is how the funds are utilized and whether they reach the targeted beneficiary that determines the outcomes. The critical question is how to increase the efficient and effective use of public resources for education, and civil society participation is an important part of the answer.

Education budgets in Orissa, and elsewhere in India, often lack sufficient funds for monitoring the performance of the teachers. Civil society can help fill this gap by mobilizing and building the capacity of community members to monitor how well the teachers and students are performing, as well as pitching in with meal preparation and serving so as to free teachers’ time for instruction.

As we can see from the Orissa example, India faces significant challenges in terms of increasing access and improving quality of elementary education. Civil society can document instances where there are problems and organize advocacy campaigns to pressure the government to improve the situation. Budget priorities should be based on real needs, and civil society plays a pivotal role in identifying those needs and advocating that they be addressed.

For more information on education finance in India and Orissa, contact Sarit Rout at saritrout@gmail.com.
Civil Society Engagement in Education Budgets: A Report Documenting Commonwealth Education Fund Experience by Victoria Perry
http://www.internationalbudget.org/resources/CEFExperience.pdf

The Commonwealth Education Fund (CEF) was established in March 2002 to promote civil society participation in the Education for All (EFA) program, increase public debate around education goals, bring about greater transparency in the education budget, and focus on the needs of children outside the education system. The CEF supported partners in 16 countries to empower communities to monitor spending on education at local and national levels. This involved building the capacity of civil society organizations (CSOs) to influence budget and education policy decisions. This report provides a snapshot of the experience of all 16 CEF countries. It explains how CSOs have engaged in the budget process, how to track disbursement of funds, and how to monitor expenditures and lobby for budget allocations for the education sector.

Making the Budget Work for Education: Experiences, Achievements, and Lessons from Civil Society Budget Work by Mario Claasen
http://www.internationalbudget.org/resources/BudgetsforEducation.pdf

The Commonwealth Education Fund (CEF) has been supporting civil society engagement with governments on their commitments to the Education for All Program (EFA) goals and the Millennium Development Goals (MDGs) since 2002. This report provides an overview of five case studies in Bangladesh, Ghana, Kenya, Malawi, and Uganda, where CSOs and local communities have been able to use budget analysis and budget monitoring to hold their governments’ budgets and policies accountable to the EFA goals and the MDGs. The case studies present both national and local level initiatives and provide key lessons, recognize achievements, and identify common challenges encountered by CSOs and local communities. The purpose of this publication is to provide key lessons for CSOs operating in the education sector to undertake similar initiatives in their own contexts.

A Budget Guide for Civil Society Organizations Working in Education
http://www.internationalbudget.org/resources/EducationBudgetsGuide.pdf

Budgets can be complex and intimidating to many people. However, budget work undertaken by civil society organizations (CSOs) worldwide over more than a decade has shown that, although budgets are technical at times, citizens can learn simple calculations to use and understand them. Budget work has proved that budgets are not abstract documents but are useful tools for civil society to use in their advocacy campaigns and to hold their governments and policy makers to account for their commitments to pro-poor spending. This guide has a particular focus on the education sector, provides basic information on how CSOs can get started on budget work, introduces key budget concepts, and uses case studies to inform CSOs on how budget work can help them tailor strategic advocacy messages and promote change in the education sector.


From November 7 through 20 in Cape Town, South Africa, the IBP held a pilot training workshop on Monitoring Budget Implementation. The workshop was attended by representatives of organizations from 13 countries across the world interested in monitoring the outcomes of government expenditures.
The 14-day workshop drew heavily on the IBP’s publication, *Our Money, Our Responsibility: A Citizens’ Guide to Monitoring Government Expenditures*. The guide presents 10 good-practice methodologies used by civil society organizations to monitor government budget execution and assess the impacts of budget expenditures. The course materials were the result of a collaborative effort and drew on the expertise and experience of organizations around the world currently implementing innovative methodologies and tools for monitoring government expenditures. The work of these organizations goes beyond influencing the development of budgets (budget formulation) to tracking budgets throughout their implementation (budget execution).

The training workshop is designed to provide participants with the basic ideas and tools of four monitoring methodologies, which will allow them to begin monitoring budget expenditures. The workshop is highly participatory and similar to other IBP training initiatives in which participants are required to respond to issues, raise questions and discuss the workshop material, and undertake group work and exercises. The training employs a comprehensive package of materials, including a simulation of the budget information for a fictitious country, as well as a maternal health case study problem that participants are required to analyze.

One of the participants observed that “the training was very intensive, informative, and practical in terms of application of methodologies.” As a result of what they learnt, participants felt they were now in a position to “be able to identify necessary and relevant documents and what to look for in the analysis of the documents to develop a budget related advocacy objective.”

In addition to monitoring budgets, the workshop focused on budget advocacy. Budget advocates much reach a diverse audience, which requires strategic thinking about how to get your advocacy message across to ordinary people. In the workshop, participants were introduced to some innovative media choices for communicating their budget advocacy message. Participants were required to make use of the following media for their presentations: rallies, puppet shows, radio drama, songs, and print. As a result of what they learnt, participants reported being able to see themselves doing “more intensive advocacy work.” One participant felt that “the training gave me a good experience especially in improving my understanding on ‘evidence based’ advocacy.”

An important long-term objective the IBP has for the workshop is for participating organizations to implement these monitoring methodologies. In order to determine the practical use of the tools, participants were asked to consider whether or not their organizations would be in a position to implement or interested in implementing the methodologies.

The feedback, on the whole, was positive. In evaluating the course, a number of participants said that the content was useful for their organizations’ current budget work. For example, one participant said, “the relevance of the training to our work situation is certainly high, especially at this moment, as we finalize our annual plan for 2009. At the same time we are drafting our advocacy strategy to guide activities for 2009 and beyond. Certainly the skills from the Budget Implementation Monitoring course shall contribute to the accomplishment of these very important activities.”

Another concluded that “it was a wonderful experience for me to participate in the workshop. It was full of multidimensional learning experiences, interaction with the experienced people, and sharing of views with the participants of workshop from different countries and different working environments. I am sure that in coming days I will be able to [make a] useful contribution and to play productive role as a member of my organization’s team working on monitoring on budget implementation and budget advocacy.”

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Civil Society, Budget Monitoring, and Policy Influence: Overseas Development Institute’s Event to Launch *Budgeting for the Poor* and the Open Budget Survey 2008

Civil society organizations (CSOs) play a key role in ensuring government transparency and accountability. With dedicated effort, they can also help to inform decision-making processes with evidence and research. On March 17, 2009, the Overseas Development Institute hosted an event to highlight the importance of inclusive and participatory budgeting processes by introducing a new book on the topic, *Budgeting for the Poor*. It also used the event to situate the book in a broader international context by offering an overview of results of the IBP’s Open Budget Survey 2008.

*Budgeting for the Poor* examines the increasingly important role CSOs play in analyzing government budget policies and in advocating for more transparent and inclusive budget processes in transitional and developing countries. Drawing on case studies of six budget groups across Europe, Africa, Asia, and Latin America, this book is the first comprehensive study of the impact and significance of civic initiatives aimed at enhancing budget transparency and the poverty focus of government expenditure priorities. Documented achievements include improvements in the transparency of budgetary decisions, increased budget awareness and literacy, and deeper engagement in the budget process on the part of legislators, the media, and civil society organizations. The case studies in this book show how budget groups produce greater equity in budget policies and strengthen democracy by fostering accountability, enhancing transparency and deepening participation and voice.

The event featured presentations by Mark Robinson, head of Profession for Governance and Conflict, UK Department for International Development (DFID) and editor of *Budgeting for the Poor*; Paolo de Renzio, research associate, Overseas Development Institute; and Warren Krafchik, director, International Budget Partnership.


Idasa Hosts “Parliament, the Budget, and Poverty” Roundtable in Cape Town, South Africa

On October 14, 2008, Idasa’s Political Information and Monitoring Service (PIMS) program convened public finance specialists, legislators, and members of civil society organizations (CSOs) to discuss the role of the South African Parliament in the budget process, with a particular emphasis on poverty alleviation. Paul Graham, executive director of Idasa, emphasized that the recent tabling of the 2008 “Money Bills” in Parliament—given the importance of budget amendment powers as a crucial tool for democratic participation—made the roundtable especially relevant and timely.

Joachim Wehner of the London School of Economics presented a paper on the history of budget amendment legislation in South Africa titled “Budget reform and legislative control in South Africa: Can Parliament be both powerful and fiscally responsible?” Wehner also presented the
findings of a 2003 study on the extent of legislative power in budget processes in over 30 countries, based on six key indicators: amendment powers, reversionary budgets, in-year flexibility, timing of the budget process, committee capacity, and research capacity. Comparative analysis of results showed legislative powers in South Africa to be among the weakest of the countries surveyed. However, Wehner noted that in the five years since the survey the ability of the South African Parliament to participate in the budget process has increased, including the growing capacity of the parliamentary research office.

Wehner suggested that the current 2008 Draft Money Bill Amendment Procedure and Related Matters Bill contains a number of necessary procedural safeguards to ensure fiscal responsibility in the context of greater legislative budget amendment powers, including establishing strong Appropriations Committees and a top-down process. However, he concluded that the real test of proposed institutional arrangements would be how well the legislature exercises amendment powers in a fragmented partisan context, as politics ultimately determine how legislative control is reflected in the budget.

Wehner’s presentation led to discussions on fiscal policy, and how to balance flexibility in budget amendment power with constraints and rules to ensure prudence. Others emphasized the value of a nonpartisan Budget Office, which would provide analytical capacity to committees and Members of Parliament.

In the second session, Tania Ajam of the Applied Fiscal Research Centre (AFReC) presented “Budget Oversight and Poverty Alleviation: Opportunities and Challenges,” focusing on how strong budget oversight within Parliament, coupled with transparency and accountability, could create incentives for public institutions to be effective, efficient, responsible, and responsive to the needs of the poor. Ajam suggested that effective oversight is determined by a number of factors, including political systems and culture, formal oversight and amendment powers, incentives for effective oversight, credibility and timeliness of information, and public awareness and perceptions.

Ajam identified a number of challenges related to institutional capacity, perceptions of Parliament’s credibility, and the need to emphasize budget outcomes and impacts rather than outputs and to clarify political versus managerial accountability. She also observed that provincial and local budgets have enormous implications for poverty alleviation and argued that Parliament should actively exercise its oversight abilities at these levels, as not doing so might reduce its relevance and credibility.

This presentation led to discussions on the effectiveness of budget outcomes, service delivery, and returns on investment. Participants also focused on the role of complementary oversight institutions, including the judiciary.

In the third session, Idasa researchers Len Verwey and Mario Claasen presented findings from case studies of civil society engagement with the budget. Claasen discussed the Women’s Budget Initiative in South Africa and the All-Party Parliamentary Caucus on Education in Bangladesh. In both cases, CSOs faced a number of challenges, including a lack of political will and dedication, institutional capacity, and policy prioritization within the legislatures. Verwey and Claasen argued that active participation by CSOs in the budget process is vital and can decrease information asymmetries between the legislative and the executive branches, provide effective oversight, and provide legitimacy for the final budget. They recommended that CSOs should form effective partnerships with one another and legislators at the outset of advocacy work, develop credible and relevant research, and seek to build capacity within Parliament.

In examining why a limited number of CSOs do budget analysis and whether input from such organizations is representative of public participation in the budget process, some suggested that CSOs funded by government may be hesitant to participate in budget processes or criticize
allocations or spending priorities. Others raised issues like the relative inaccessibility of data, the supply-driven nature of available information, and the technical expertise and capacity required.

It was argued that to effectively participate in the budget process, CSOs should avoid simply “legitimizing” public participation requirements and focus on outcomes and impacts. Budget analysis should be coupled more effectively with issue-based campaigns and advocacy, as in the case of the Bangladesh All-Party Parliamentary Caucus on Education. Other strategies should include engaging more effectively with parliamentary committees, the private sector, and the media, as well as forming stronger partnerships and cooperation among CSOs conducting budget analysis of all sectors of the government.

For more information, contact Len Verwey at lverwey@idasa.org.za.

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**Responding to the Challenges of Supreme Audit Institutions: Can Legislatures and Civil Society Help?**

The gaps between approved budgets and the realization of policy and development goals stand among key governance challenges in many developing countries. Supreme audit institutions (SAIs) play an important role in holding governments to account. However, many SAIs face serious challenges when trying to evaluate the expenditures and performance of government agencies. This paper explores those challenges in detail and suggests how SAIs can overcome some of them by forming and strengthening alliances with parliaments and civil society. It proposes that in circumstances where the legislature is weak, the SAI may need to stretch the letter of their mandate for the benefit of more effective application of public resources to development challenges. To learn more, go to: http://www.cmi.no/publications/publication/?3287=responding-to-the-challenges-of-supreme-audit.

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The nonprofit international media development organization Internews recently published a guide on how to incorporate new online platforms and using alternative energy to power radio stations and empower local media to provide people with the news and information they need. Community media has provided common people the ability to connect and the means to make their voices heard. Today this is a valued part of the media landscape, and international agencies are showing increasing interest in community media’s ability to inform. According to Internews more and more governments are acknowledging the contribution of community media to education, public health, and economic development and are creating policy and legal frameworks to enable its expansion. The guide can be particularly useful in the advocacy efforts of civil society organizations already taking advantage of new digital technologies and working to make their community media outlets sustainable. To learn more, go to: http://www.internews.org/pubs/pdfs/InternewsCommunityMediaGuide2009.pdf

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**Aid Effectiveness: Overview of the Results 2006 Survey on Monitoring the Paris Declaration**

In the Paris Declaration, donors and partners committed to monitoring their progress in improving aid effectiveness against 56 specific actions, from which 12 indicators and targets were
set for 2010. This report presents the findings and recommendations of the first round of monitoring that was conducted in 2006 on the basis of activities undertaken in 2005. The conclusions of this report are based on a survey of 34 self-selected countries, and a comprehensive list of donor organizations covering 37 percent of aid programmed across the world in 2005. The report shows that in half of the developing countries signing on to the Paris Declaration, partners and donors have a long road ahead to meet the commitments they have undertaken. Key implications of the survey include higher expectations for reform, deeper ownership and more accountable institutions, and increasing aid efficiency together with donor harmonization. The authors suggest that aid effectiveness issues and results need to be discussed more explicitly at the country level and credible monitoring mechanisms need to be developed. To learn more, go to: http://www.oecd.org/dataoecd/58/28/39112140.pdf.

The Network Movement for Justice and Development (NMJD) Requests Technical Assistance on Budget Analysis in Sierra Leone

The Network Movement for Justice and Development (NMJD) is a national civil society advocacy and development organization established in 1988 in Kenema, eastern Sierra Leone. NMJD is committed to promoting good governance; participatory democratic practices, human rights; gender; economic and social justices; and a culture of peace. NMJD has four core programs: peace and security, mining and extractives, youth empowerment, and governance and accountability. The goal of the governance and accountability project for which this request is made is to increase transparency and accountability in the budget and policy processes in the health and education sectors in Sierra Leone. The project’s goals are:

- Increased ability of civil society to demand better services in health and education sectors
- Improved performance of service delivery in the health and education sectors
- Increased ability of both government and civil society to provide relevant, reliable, accurate, and up-to-date data on health and education programs
- Effective and accountable results-based management in program planning and implementation

The project covers three districts, Kono in the east, Bombali in the north, and Western Area Rural district in the west. To maximize the impact of the project and to promote sustainability, a partnership-based approach and capacity building of partners and program staff are necessary. In this regard, program staff and project partners have acquired basic skills in budget and human rights, monitoring, health and education policies. Nevertheless, further technical support around budget analysis, budget and expenditure tracking, pro-poor (health, education, women- and children-oriented budget development) processing, and documentation of findings, are necessary. Technical support to staff in these areas would bring innovative approaches to budget advocacy, as well as using the skills acquired to strengthen other civil society organizations.

NMJD hereby solicits skilled budget experts to offer technical assistance on budget analysis and budget process issues for a period of two months, effective April–May 2009. For more information contact Abu A Brima, executive director, at abrima@nmjd.org or abubrima@yahoo.com

New OBI Manager and OBI Senior Analyst

The Open Budget Initiative is about to embark on a significant new growth path. The IBP is planning to expand the Initiative to include work at the subnational level and to substantially
boost its advocacy work with international institutions and at the country level. This is in addition to producing the Open Budget Survey every two years. As the newly appointed manager of the Open Budget Initiative, Vivek Ramkumar is the perfect person to lead the Initiative through this exciting period. When Vivek joined IBP his primary experience was in right to information advocacy, particularly at the subnational level. At IBP his focus shifted to budget analysis and advocacy. This new appointment gives Vivek the opportunity to combine his experience with access to information advocacy and budget analysis and advocacy. And it provides an opportunity for IBP to learn how to bring these two communities together and develop its own advocacy path.

In addition, the IBP is very glad to introduce Maurice Nsabimana, who recently joined the Open Budget Initiative team as senior analyst. His primary focus is on collaborative research in budget transparency and oversight at national and subnational levels of government. Prior to joining IBP, Maurice worked in the private sector, civil society, and at multilateral institutions. Most recently, he worked on macroeconomic policy at the World Bank, where he focused on debt and fiscal sustainability in Central and Western Africa. Previously, Maurice served as a legal assistant to former U.S. Attorney-General Ramsey Clark at the International Criminal Tribunal for Rwanda. Maurice holds an MA in international affairs from the School of International and Public Affairs at Columbia University and a BA in Computer Science from Vesalius College in Brussels, Belgium.

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**Call for Comments: International Monetary Fund Proposes New Role and Governance Reforms**

In a report released on March 24, 2009, the International Monetary Fund (IMF) seeks to leverage the current global financial crisis to expand its role in ensuring global financial security and expedite governance reform within the institution. In the Final Report of the Committee on IMF Governance Reform, chaired by South African Finance Minister Trevor Manuel, the committee identifies a need for a “decision-making body with the requisite political heft, national policy-making authority, flexibility, and widely acknowledged legitimacy to provide an effective mechanism for collaboration and response to early warnings and global financial problems.” The report argues that the IMF could be that body, if the committee’s recommended package of reforms is adopted and implemented with appropriate speed.

In brief, the report recommends the following broad reforms:

- Complete the next round of quota and voice reform by Spring 2010 to “facilitate better representation of emerging and developing economies”
- Amend the Articles of Agreement to eliminate the five appointed chairs on the Executive Board and consolidate other chairs
- Activate a Council, composed of ministers and governors from member countries, that will be responsible for strategic decisions on surveillance and financial facilities
- Reconfigure governance responsibilities of the Executive Board and the Managing Director and staff to increase accountability and improve functioning

For more information, including a link to the full report, visit [http://www.imf.org/external/np/sec/pr/2009/pr0988.htm](http://www.imf.org/external/np/sec/pr/2009/pr0988.htm) or contact IMF Public Affairs at [publicaffairs@imf.org](mailto:publicaffairs@imf.org).

The IMF is seeking views from the public on its transparency policy and has posted a call for comments. You can provide your views through a short questionnaire or provide other comments by e-mail to [transparency@imf.org](mailto:transparency@imf.org). Please note that the deadline is April 30, 2009.