Mali Releases First Citizens Budget in Francophone Africa

On 17 February 2011 Mali’s Citizens Budget -- the first one in a Francophone African country -- was released with support from the International Budget Partnership’s (IBP) Mentoring Governments Program. More than 50 people attended the public release, including the IBP’s partners GREAT Mali, Coalition des Alternatives Africaines Dette et Développement, and the Groupe de Suivi Budgétaire. Two days before the release, the authors of the Citizens Budget met with budget organizations at the Commission for Institutional Development and included some of their recommendations into the final version of the document.

The next step is to publish a one-page version of the Citizens Budget in 10 local languages for broader distribution. To this end, the IBP met with members of a rural community to discuss the kinds of budget information that they would be interested in, i.e., grants and subsidies for small-scale production, educational programs, electricity, and microfinance opportunities.

In another meeting with the Budget Minister, the IBP discussed a proposal to produce short radio and television clips on the Citizens Budget in indigenous languages that would explain how the people’s money is used. In a country with high illiteracy rates, like Mali, this can have a significant impact on public awareness of budget issues.

The IBP is scheduled to return to Mali in May to follow up with these tasks, collaborate in the production of the one-page Citizens Budget, and generate a proposal for the radio clips.

To learn more about the Mentoring Governments Program, go to: http://www.internationalbudget.org/what-we-do/mentoring-gov-program/

To read Mali’s Citizens Budget, go to: www.cdi-mali.gov.ml.
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In India Budget Analysis Informs a High Court Case to Protect Local Health for Women and Children by Prashant Raymus, Center for Enquiry into Health and Allied Themes

Working jointly at the local and district level to prevent child malnutrition in Maharashtra, the Indian Center for Enquiry into Health and Allied Themes (CEHAT) and other voluntary organizations like KHOJ (Quest for Knowledge, Hope, Opportunity, and Justice) started a counselor program with the local government in 2007. The goal of the program is to improve health services for pregnant women and children in all government health care centers of Melghat, a tribal or low-income area in Maharashtra. The program trained local girls and boys from the Korku and other forest-dwelling communities in order to become counselors who would: a) promote health education; b) increase access to health services for indigenous people; c) facilitate referrals to reduce child and maternal deaths through regular visits; and d) report on the conditions of health care facilities.

According to an independent evaluation of the counselor program in 2009 by the international organization, Bhavishya Alliance, and the national group, the Centre for Studies in Ethics and Rights, the program had achieved qualitative and quantitative improvements in hospital services in Melghat, including:

- A 13 percent increase in the number of patients receiving out-patient and indoor services, while expenditure increased by less than 5 percent;
- An increase in hospital deliveries;
- Longer hospital stays of severely malnourished babies;
- Improvements in referral facilities, ambulance services, and food quality for severely malnourished babies;
- The provision of 24-hour hospitals services; and
- Better patient care.

In spite of these improvements and the evaluation’s recommendation to continue with the program, in February 2010 authorities terminated the counselor program without offering any explanation. In response, the KHOJ wrote a letter to the Mumbai High Court registrar requesting an investigation and filed an affidavit countering the state government's
decision. In the affidavit, the KHOJ presented budget evidence on the underutilization of allocations in key health care areas, the inadequacy of funds allocated to the counselor and child malnutrition programs, and the low level of health spending in Melghat compared to other districts. At this time, the KHOJ also recommended that the government invest optimal resources in the National Rural Employment Guarantee Act (NREGA) in order to provide the guaranteed 100 days of employment established in the law. The income from this employment, in addition to benefits received from the supplementary diet budget for malnourished children, would allow poor families to meet their nutritional needs.

In December 2010 the High Court held a hearing to review the evidence, and ordered the continuation of the counselor program. The Court instructed the government to review the funding concerns raised by KHOJ and stated:

"Regarding budget provision, it is submitted that during the current financial year 2010-11, a budget of Rs.41.19 lakhs [1] has been kept at the disposal of the District Health Society, Amravati under RCH-II PIP 2010-11 for organization of VCDCs (Counseling Centres) and CTS (Child Treatment Centres).

The petitioners' submit that the amount of Rs.41.19 lakhs will not be sufficient for the current financial year 2010-11 because about 50,000 children in Amravati district are suffering from malnutrition and the aforesaid amount of Rs.41.19 lakhs would come to Rs.82/ per child for the rest of the year. It is submitted that the requirement is Rs.30/ per child per day i.e., Rs.900 monthly per child and therefore for four months (of the remaining fiscal year) the said amount is not sufficient.

Hence, the Additional Chief Secretary states that government will consider the above suggestion."

On 24 January 2011 the government led a consultation titled "Tribal Health Plan Implementation Processes and Budgets" with various stakeholders, including Ravi Duggal from the International Budget Partnership, who delivered a keynote address and moderated the session on budget issues. At this meeting, the government announced that a supplementary grant of Rs. 50 lakhs was allocated to the counselor program in response to the December 2010 court order, and that more resources would be allocated to improve health services. The participants agreed that future allocation should be a proper cost basis allocation (i.e., one that accurately estimates the cost per child to provide adequate care and provides that amount for all projected eligible beneficiaries), equivalent to Rs. 900 per child per month (or 15 times the present allocation of Rs. 1350 lakhs, assuming a three month child nutritional treatment).

As part of the review of the counselor program's funding, the district administration and the secretaries of tribal, rural, and health development approached several civil society organizations to develop a guiding document for future work in Melghat. A civil society coalition discussed how to participate in this process particularly regarding the need to significantly increase the counselor program's budget.

For more information, contact Prashant Raymus raymusprashant@gmail.com.

**Community Monitoring Fights Corruption and Improves Health Services in India by Rocío Campos, International Budget Partnership**

In 2005 the government of India launched the National Rural Health Mission (NRHM) to improve the delivery of health services and provide universal access to health care in rural areas. To this end the NRHM included an accountability process in which a key component
is providing the opportunity for community members to regularly monitor the progress of the NRHM’s interventions and give suggestions for better planning of health activities. The nine states selected for the 18-month community monitoring phase were Assam, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, and Tamil Nadu. In each state, three to five districts were selected, covering 1,600 villages and 300 public health facilities.

The Center for Health and Social Justice (CHSJ) and the Population Foundation of India (PFI) worked with the Ministry of Health and Family Welfare to set up a community monitoring mechanism, including a national secretariat and an advisory group on community action, that would provide oversight and guidance. In addition to these efforts to coordinate civil society organizations (CSOs), citizens, and government officials, the national secretariat also appointed a task group to develop community monitoring tools that would raise awareness of the right to health and the importance of community participation in the NRHM scheme. The tools include:

- a website (http://www.nrhmcommunityaction.org/) with background information, resources, and NRHM milestones;
- a 30-minute documentary to illustrate the process’ challenges and achievements;
- three manuals for managers, trainees, and community monitors; and
- a media fellowship for journalists in Hazaribag, Palamu, Ranchi, and West Singbhum to sensitize them about public health issues, particularly maternal and child health.

The community used report cards to monitor public health services, particularly coverage, access, quality, effectiveness, and cases of denial. The data obtained was collated by monitoring committees, which also conducted site visits and surveys to verify the information and obtain first-hand assessments of certain facilities. Each monitoring cycle at the village level included group discussions with the general community and women groups, as well as exit interviews of patients using out-patient services. The group discussions and exit interviews were accompanied by a facility survey. This detailed process to obtain and verify information achieved important changes:

- In the public health center of Cherai in the district of Jhodpur, Rajasthan, a nurse was transferred for accepting bribes from pregnant women in exchange for private quarters.
- In the public facility of Bomboli in the district of Udaipur, Rajasthan, committee members successfully addressed corruption in the Janani Suraksha Yojana (JSY) — the children’s welfare program — where they identified irregularities in the disbursement of benefits to beneficiaries and the delivery of free medicines to card holders below the poverty line.
- The community monitoring process in Orissa sensitized service providers and beneficiaries to the negative impact of corruption. Before the community monitoring process, most of the women who gave birth in hospital facilities faced harassment for bribes in order to obtain JSY benefits. After strong opposition from villagers based on evidence from the monitoring, the community was able to resolve nearly 80 percent of the cases of corruption at the primary and community health care levels.
- In Assam the locals from Ratanpur can now access health services at a newly-renovated clinic, as a result of one of the facility surveys.

To read the full report, go to: http://www.internationalbudget.org/pdf/RevivingHopesRealisingRights.pdf.
The Zambian civil society organization Civil Society for Poverty Reduction (CSPR) released the results of its *Budget Execution and Service Delivery Barometer* for January-June 2010. The CSPR developed the Barometer — which is still in its pilot phase — in 2009 to measure the Zambian government’s ability to execute its budget and deliver services to the poor.

The Barometer tracks the allocation and utilization of funds for development projects and monitors the quality and availability of services at district and community levels. To do this, a panel of experts from civil society, development agencies, academia, local governments, and the private sector review a combination of official government data and feedback from stakeholders at community, district, provincial, and national levels. The panel then grades the government’s performance according to how well it meets 26 indicators in six categories:

1. citizen participation;
2. pro-poor resource management;
3. transparency and accountability;
4. equity;
5. human development; and
6. basic service delivery and management.

The Barometer, which is expected to be published quarterly, provides a running commentary on the government’s performance. The CSPR’s latest report shows that from January-June 2010 the government of Zambia scored between 20 and 40 percent for most criteria, indicating that it just barely met them. The best score (54 percent) was for the indicator “government is sharing responsibility for service delivery,” which shows that although the government met many aspects of the indicator, the progress made might have been too recent to assess its sustainability.

The Barometer provides civil society groups and the general public with a powerful tool they can use to hold their governments accountable. The CSPR hopes that its publication will promote debate on public sector reform issues and encourage the Zambian government to improve its budget execution and delivery of services — and to devote more resources to address its country’s social concerns. The Barometer may have the added value of deepening the collaboration between stakeholders in different sectors, such as those represented in the panel of experts mentioned above.

To see the full report, go to: [http://www.internationalbudget.org/pdf/CSPR-Barometer.pdf](http://www.internationalbudget.org/pdf/CSPR-Barometer.pdf)

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**Gender Budgeting in Armenia: Challenges and Achievements by Gagik Torosyan, Economic Development and Research Center**

On 1 June 2009 the [Economic Development and Research Center (EDRC)](http://www.edrc.am) launched “Gender Responsive Planning and Budgeting in Armenia: Learning Together,” a project to promote the economic security of women through enhanced access to and control over public and private resources in Armenia. The project set out to strengthen the capacity of government at the national and local levels in Armenia to apply gender analysis during budget planning, monitoring and evaluation, and reporting. It worked to develop and implement strategies to engage women in budget processes through advocacy and the monitoring of government projects and policies on gender-sensitive economic security. A research team gathered relevant data and created a database to:
• present the gender orientation of public budget programs in Armenia;
• highlight gender-related problems and achievements in different fields; and
• provide the data for gender monitoring of budget programs in the country.

Other project activities include:

• producing two analytical documents on the methods and tools available for gender-responsive budgeting;
• developing training modules on gender budgeting for both civil servants and civil society organizations (CSOs);
• conducting a seminar for CSOs on the rights of women in Armenia;
• providing trainings for local and potential trainees on gender-responsive budgeting; and
• delivering a workshop on gender-responsive budgeting for international and local nongovernmental organizations, particularly members of the Armenian Sustainable Development Program Civil Partnership Network.

In addition to these activities, the EDRC would like to:

• develop a baseline and follow-up surveys to facilitate monitoring and evaluation of gender-oriented government projects;
• conduct monitoring and evaluation of programs aimed at maternal health care, child birth allowances, and allowances for the care of children under age two; and
• use the upcoming review of the Sustainable Development Program (SDP), which also serves as Armenia's second Poverty Reduction Strategy Paper, as an opportunity to institutionalize gender-responsive budgets and propose relevant gender-responsiveness indicators and measures to be included in the revised SDP.

Although the ERDC does not have adequate funding to take on these additional activities, it hopes to attract new resources and continue building on the results it has already achieved toward gender responsive budgets in Armenia.

For more information, go to www.edrc.am or contact Gagik Torosyan at gtorosyan@edrc.am.

Promise of a Citizens Budget in Botswana by Gape Kaboyakgosi, Botswana Institute for Development Policy Analysis

After attending the release of the Open Budget Initiative 2010 on 26 October 2010, the secretariat of the Botswana Association of Local Authorities (BALA) contacted the Botswana Institute for Development Policy Analysis (BIDPA) to give a presentation on the budget transparency of local governments. The event, titled "Learning and Sharing Pathways: Local Economic Development and Transparent Local Governance," was held in Gaborone from 24-25 January 2011, and it attracted professional and political staff from the councils in Botswana and the private sector.

During the presentation, the BIDPA introduced the concept of Citizens Budgets and distributed a copy of the South African Citizens Budget. This sparked the interest of the members of the BALA, leading them to request training on how to design a Citizens Budget. Some explained that many of the local governments in Botswana that get most of their funds from central government do not actually know the entire amount of money available to them, but others said that the councils could do more to inform their
constituents about how their money will be spent. The councils also felt that since the central government does not produce a Citizens Budget, this was an area where local government could take the lead.

The BIDPA agreed to conduct a training workshop on Citizens Budgets and is waiting to confirm the dates.

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**Kenya’s Muslims for Human Rights (MUHURI) Takes Its Success With Social Audits to the Next Level by Rocío Campos, International Budget Partnership**

Between 2009 and 2010 Muslims for Human Rights (MUHURI) conducted social audits of Kenya’s Constituency Development Fund (CDF) in three constituencies in Coast Province. [1] Two of these audits resulted in improvements in the management of the CDF funds. In 2009 in Kaloleni, MUHURI forced the CDF committee to disband after a social audit revealed that the committee had approved payment for contract work that was never completed. Members of the committee were taken to court to account for the mismanagement of these critical community resources.

In 2010 in Kisauni, MUHURI found that a dispensary serving HIV patients had been closed indefinitely. When questioned about it, the CDF committee claimed the dispensary was to be upgraded. However, the social audit revealed that no funds were set aside for that purpose, and there were indications that the land on which the dispensary was located was had actually been sold illegally, and that is why the dispensary was closed. Through MUHURI’s work with the community on the social audit, the illegal sale was canceled, and funds were committed to upgrading the dispensary, which is now open and serving the public.

MUHURI is moving beyond conducting audits with communities to training communities and nongovernmental organizations to undertake their own auditing exercises in order to increase the capacity to hold members of parliaments accountable for managing CDF funds. Many of these communities are now raising questions about the CDF spending in their own localities, indicating the self-sustainability of the social audit model. Muhuri is also building linkages with national and international organizations around decentralized funds like the CDF. In addition to its work to improve the implementation of the CDF, in 2009 MUHURI filed a lawsuit in the Kenyan courts to challenge the constitutionality of the CDF law. Although the case was abandoned due to a lack of resources, the threat of legal action forced the government to set up a CDF task force to review the implementation of the legislation.

MUHURI wants to build on the success of its social audits by performing mini social audits that focus on single projects at the community level. The idea is to work with local residents to monitor projects that are close to home. The mini audits should be less expensive and require less effort on the part of residents already living in these areas. Another effort to extend the reach and deepen the impact of its work on social audits, MUHURI is also envisioning experimenting with social audits conducted jointly with a government department, following the Indian model.

MUHURI hopes that by expanding its efforts to engage communities in auditing it can generate more regular contact between citizens and elected officials and more constructive dialogue around budget monitoring practices.
For more information, contact Muslims for Human Rights (MUHURI) at info@muhuri.org.

[1] The CDF provides approximately US$ 1 million each year directly to members of parliament to spend on development projects in their constituencies. Policies and programs like the Kenya CDF that give individual legislators the authority to determine how public money is spent in their local constituency can compromise the doctrine of separation of powers, thereby undermining established systems of accountability within governments. To learn more about the constitutional issues that such programs raise, see the IBP’s latest Budget Brief at http://www.internationalbudget.org/resources/briefs/brief12.htm.

**Monitoring Public Spending for Agriculture and Health in Guatemala by Alejandro Aguirre, Coordinación de ONG y Cooperativas**

Since 2004 the Guatemalan civil society organization Coordinación de ONG y Cooperativas (CONCOOP) has analyzed and monitored the formulation, approval, and execution of the national budget, independently and with support from such members of the Social Spending Observatory as the Centro Internacional para Investigaciones en Derechos Humanos. The CONCOOP engages in budget processes in order to advocate for increased social spending and fiscal transparency levels, and to improve the quality of public spending. In recent years the CONCOOP has focused on monitoring the budget for how it affects the agriculture and health sectors.

Once the executive’s budget proposal is available, the CONCOOP analyzes the expenditure or revenue proposals that will affect food security, access to land, and rural development. Regarding health the CONCOOP analyzes the resources allocated to prevent maternal and infant mortality, as well as hospital allocations. To do this, the CONCOOP tracks the execution of resources in two reports: it publishes one in January with the analysis of the execution for the previous year, and one in July with the findings on the execution of the first quarter of the budget year. Monthly budget tracking reports are also prepared to identify important findings that should be brought to attention. These reports are prepared with peasant and health organizations to strengthen their CONCOOP’s analytical capacity and ability to respond in a timely manner.

In its analyses, the CONCOOP uses the same database used by the Ministry of Finance – “Sistema de Contabilidad Integrado” or SICOIN and the “Sistema Integrado de Administración Financiera” or SIAF. This gives greater credibility to its reports, which strengthens its ability to influence legislative debates. In addition the CONCOOP maintains relations with congress, particularly the commissions of finance, health, and agriculture, and with national and international research centers to obtain information throughout the budget process.

In order to disseminate their findings the CONCOOP organizes press conferences and participates in different radio and television programs. It also closely collaborates with peasant organizations and health unions to inform their social mobilization processes and advocate during legislative debates for policies that will improve the conditions of small producers and public health services.

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**Information Obtained from Formal Request Reveals Underspending of Funds for Creating Jobs in Low-Income Areas in Argentina by Federico Arenoso, Poder Ciudadano**
Thanks to the Act on Access to Public Information of 2003, Poder Ciudadano in Argentina was able to request and obtain accurate and disaggregated information from the Ministry of Social Development on the budget execution of the employment program “Programa de Ingreso Social con Trabajo” (PRIST). The program was rolled out in August 2009 to give job opportunities to unemployed citizens who do not receive benefits from other government programs.

According to the information act, any citizen can request information from the government, which in turn is obligated to provide it as long as it has been produced. The response period is 10 working days, and the government can ask for 10 additional days to complete a request for information.

Although the government still needs to become more transparent and the information act is not always followed properly, in this case, the act allowed a civil society organization to obtain information that had not been published and use it to confirm that the public funds actually spent on the PRIST did not match its original 2010 budget allocation of $400 million U.S. dollars. The information provided was compared to data from the Ministry of Finance and several inconsistencies were found. For instance, in spite of funds being allocated to the PRIST to serve low-income areas, the funds were not actually spent. In addition to this issue in 2010, the budget for 2011 allocates PRIST funds for only two provinces, inhibiting the expansion of the program.

Poder Ciudadano will continue to monitor the funds allocated to the PRIST, which is very important to a socially marginalized sector of the population. In order to develop an advocacy strategy around this issue, Poder Ciudadano has shared its findings and exchanged experiences with social leaders, members of congress, and members of the cooperative organization Barrios de Pie, which satisfies the geographical and socioeconomic criteria required for areas to receive funds from the PRIST but have been excluded from it.

To read the national coverage to Poder Ciudadano’s investigation, go to:

For more information, contact Federico Arenoso at farenoso@poderciudadano.org.

A Response to the South African Budget 2011 by Len Verwey and Saranne Durham, Idasa

South Africa-based civil society organization (CSO) Idasa prepared this response to Minister of Finance Pravin Gordhan’s presentation of the 2011 budget proposal to the South African Parliament on 24 February 2011. CSOs who engage in budget processes as part of their advocacy will often prepare such analyses of the executive’s budget proposal as their first input into the budget debate and as a way to inform the broader civil society and the public as plans for raising and spending public money in the coming year get underway.

Although recent data suggest that the South African economy is expanding and will continue to do so — it grew slightly under 3 percent in 2010 and is forecast to grow between 3 and 4 percent in each of the next two years — a word of caution is appropriate. The narrative of the 2011 budget has not changed from that of the last two years, and South Africans will need to do more with less now that large annual real increases to states are a thing of the past.
The proposed medium-term deficits fit the current fiscal prudence model and could not have been reduced further without contracting the economy. Nevertheless, debt servicing is by far the fastest growing budget item over the medium term. In this context, efficiency and effective reprioritization are very important, particularly if the objectives of the New Growth Path (see: http://www.info.gov.za/view/DownloadFileAction?id=135748) regarding higher and more inclusive growth are to be realized.

Job creation as well as tax revenue will continue to lag significantly in spite of the apparent signs of a moderate economic recovery underway. As the Budget Review notes (see: http://www.treasury.gov.za/documents/national%20budget/2011/review/default.aspx) the South African economy lost a large number of jobs due to the global recession. This implies that the social impact of the recession was particularly pronounced in South Africa, and intensified existing unemployment trends. Therefore, it is essential that job creation initiatives succeed. Some jobs will be created by virtue of the global and domestic recoveries; however, targeted interventions are crucial to address especially problematic areas like youth unemployment. We also must learn from past policies. For example, earlier efforts to support small business have been inadequate, despite the potential contribution to creating jobs. Similarly, the training layoff scheme from 2009 felt short in its mission to allocate more than R 2 billion for training allowances as an alternative to retrenchment for workers during the recession.

These and other experiences suggest that better partnerships between government and other stakeholders are needed to address the jobs crisis. Civil society can play a key role in creating jobs, while business, government, and trade unions need to reach a wider consensus on the relationship between wage increases and productivity, as well as on creating better support and less red tape for small businesses. The proposed R 9 Billion Jobs Fund makes funds available for innovative, job-creating partnerships between government and nongovernmental organizations. This is a necessary intervention but it is imperative that no delays hamper the selection of appropriate projects and organizations, and that adequate oversight ensure these projects have their intended impact on jobs.

The budget 2011 gives effect, across sectors, to the objectives of the New Growth Path within a fiscal framework that finds an appropriate balance between the urgency of present challenges and medium- and long-term sustainability. However, in the wake of the recession, poverty and unemployment levels are increasing, which requires both short-term and structural changes. In addition, strong leadership, responsive institutions, and effective partnerships between government and other stakeholders are needed to transform South African society.

Every year after the release of the budget, Idasa circulates a pre-release commentary and an immediate response to the budget through print and electronic media. In addition, this year Idasa's Political Information and Monitoring Service Budget Unit conducted radio interviews and will present their observations and analysis of the 2011 budget to the South African Parliamentary Portfolio Committee on Finance.

To read the full article, go to: http://www.idasa.org.za/media/uploads/outputs/files/idasa_comment_on_budget_speech.pdf

For more information, contact Len Verwey at lverwey@idasa.org.za.
The Instituto de Estudos Socio-Economicos Uses Budget Analysis to Increase the Efficiency of Public Spending in Brazil with a Human Rights Perspective by Atila Roque, Instituto de Estudos Socio-Economicos

In the last two years the Instituto de Estudos Socio-Economicos (INESC) in Brazil has promoted public social spending to realize human rights through different efforts, including:

- Undertaking a project to educate young people in human rights and budget issues, involving more than 200 teenagers from six public schools in the federal district and leading to the approval of a budget amendment for 2 million Reals (see: http://www.internationalbudget.org/resources/newsletter49.htm#INESC). The project received an award from the Banco do Brasil Foundation.
- Establishing a partnership with the federal public prosecutor to produce quarterly budget analyses of how the government budget is addressing the needs of children and youths. Brazilian law establishes allocating resources for children and teenagers as a public budget priority, and the public prosecutor intends to demand that the government fully comply with this requirement.
- Developing and implementing a budget analysis methodology with a human rights perspective, focusing on race and gender discrimination. This methodology makes budget analysis more accessible to other social movements in Brazil.

The INESC’s research over time shows that the Brazilian government uses diverse contingency mechanisms throughout the fiscal year to delay the availability and spending of resources intended to fulfill rights obligations. In 2009, for example, key social sectors received only a share of funds that had been allocated for them in the budget: housing (9 percent), culture (55 percent), and citizens’ rights (67 percent). In the same year, debt service expenditures were 63 percent higher than planned.

In addition to its work to identify problems in budget execution, the INESC played a critical role in preventing a regressive tax reform bill from being approved. The reform would have eliminated Brazil’s social security fund, which earmarks revenues for social policies. The INESC formed a broad coalition with members of parliament, the executive, and civil society to defeat the reform. In addition to blocking the bill, the coalition’s efforts led to six parliamentary amendments to the general tax reform initiative and generated debates that prompted the Council for Economic and Social Development (a presidential advisory body) to produce a report arguing for a fairer tax system based on direct taxation.

In order to deepen its work, the INESC plans to:

- continue doing high-quality budget analysis that focuses on social spending;
- expand its use of social media and alternative communication tools to strengthen the reach and influence of civil society; and
- train broader sectors of civil society on budget issues to enable them to participate in the national advocacy agenda.

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The Politics Behind Development Aid by Ravi Duggal, International Budget Partnership

According to the study “International Monetary Fund (IMF) and Aid Displacement” by David Stuckler, Sanjay Basu, and Martin McKee, development assistance for health that is channeled through governments has a negative impact on public health spending, and assistance through private nongovernmental organizations has a positive impact.[1] The study shows that for every $1 of health aid that is given to governments, there is only a $0.37 increase in health spending.

Though this low rate of return on investment occurs across countries, there is a clear difference between countries that receive aid from the International Monetary Fund (IMF) and those receiving aid from non-IMF donors. For non-IMF donor recipients the health spending increase for every $1 in aid was $0.45, but for the IMF donor recipients it was only $0.002 — less than one cent! The explanation for this difference might be due to key differences between IMF and non-IMF aid recipients. In particular, the IMF’s assistance is usually linked to severe economic problems within a country, so there is a greater chance of health aid being diverted to other areas in dire need and hence the displacement of health aid is inevitable. Thus, the role the political economy plays in development aid seems detrimental to public health spending in the long run.

Beyond this difference, many have used the report’s findings about the poor return on investment when aid is channeled through governments to conclude that more development aid should be channeled through the private sector. However, the authors of the study refrain from making any such conclusion, warning that there are other underlying factors leading to such results.

One of these factors is that the way health aid is given allows governments to shift domestic health funds into other sectors, thereby reducing the overall increase in health spending that should result from foreign assistance. Most bilateral and multilateral donor agencies provide health aid as programmatic assistance, i.e., it is conditional or earmarked for specific programs like HIV/AIDS, malaria, reproductive and sexual health, etc. Thus when a government gets assistance for HIV/AIDS, it can reduce its commitment of domestic budget support for that activity. This happens even in countries where the federal government provides program-based assistance to subnational governments, because there can be a similar withdrawal of budget support for subnational governments.

In contrast, if the assistance is given as general budget support, rather than tied to a particular sector or program, it is less likely to be used to replace domestic commitments. General budget support adds funds to the general pool of resources and is akin to tax revenues on which parliament makes decisions, unlike donor funds which are conditional or attached to a program and may prompt decision makers to reduce their own commitments for that program.

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