

MODULE 6



USING

PRIMARY INFORMATION

**TO MONITOR BUDGET
IMPLEMENTATION**

MODULE 6 ❖ USING PRIMARY INFORMATION TO MONITOR BUDGET IMPLEMENTATION

LEARNING OUTCOMES FOR THIS MODULE

By the end of this module, participants will have:

- identified different kinds of primary budget documentation and explained what each is used for;
- recognized when primary information may be a useful tool for budget monitoring activities;
- analyzed program invoices and drawn conclusions regarding expenditures on a government program; and
- drawn some initial conclusions from analysis of program expenditure invoices to build and support a budget advocacy objective.

STRUCTURE OF THE MODULE

Sessions 13 & 14: Analyzing Program Expenditure (Proslimy Case Study)

1. Presentation on Proslimy & Provida	15 minutes
2. Task 6.1: Proslimy Case Study	2 hours, 45 min.
3. Task 6.2: Analyzing Your Findings	30 minutes

RESOURCES NEEDED FOR MODULE 6

- PowerPoint presentation *MODULE 6 Provida+Proslimy*
- Contract file in the Polarus Sourcebook with detailed invoices paid by the Sunrise State Department of Health to Proslimy (file includes 100 vouchers)
- Excel file for participants: *Module 6 - Proslimy Invoices (participant worksheet)* – a spreadsheet with information recorded from the 100 vouchers
- Excel file with answers for facilitators: *Module 6 - Proslimy Invoices (answer sheet)*

SESSIONS 13 & 14

ANALYZING PROGRAM EXPENDITURE (PROSLIMY CASE STUDY)

Duration of module: 3 hours and 30 minutes

STRUCTURE OF THE MODULE	
1. Presentation on Proslimy & Provida	15 minutes
2. Task 6.1: Proslimy Case Study	2 hours, 45 min.
3. Task 6.2: Analyzing Your Findings	30 minutes

- **Objective:** to provide participants with skills to monitor procurement transactions by analyzing information contained in primary procurement records maintained by the government.

1. PRESENTATION ON PROSLIMY & PROVIDA 15 MINUTES

- Introduce this part of the module with a brief presentation on the Proslimy contract in Polarus, and what can be learned from the parallel experience of the Provida case in Mexico.
- Use the slides in the PowerPoint presentation *MODULE 6 Proslimy+Provida* to support you.
- **READING 6.1** on the Provida case provides background information to inform the discussion.

2. TASK 6.1: PROSLIMY CASE STUDY 2 HOURS, 45 MIN.

- Refer participants to **TASK 6.1: THE PROSLIMY CASE** in their Workbooks. Briefly review the background information pertaining to the Proslimy matter, as set out on the task sheet.
- Make sure participants are aware that the file containing source documents relevant to this case is to be found in the last section of the Polarus Sourcebook. It is called **CONTRACT FILE: PROSLIMY**. The file contains 100 invoices relating to expenditures incurred by PROSLIMY. Participants will also be given an Excel spreadsheet for this exercise, which the facilitators should provide to them in advance to download onto their computers.
- Ask participants to spend the first few minutes individually reading through the TASK SHEET and the case file on PROSLIMY. Then invite questions of clarification and discuss anything participants are concerned about before they start working.
- As it is difficult for a whole group to work together on one computer, suggest that the participants first work in pairs or trios to conduct most of the investigation. They can then gather in their larger HMHC groups to discuss and interpret their findings.

3. TASK 6.2: ANALYZING YOUR FINDINGS

30 MINUTES

- Invite participants to reconvene in their HMHC groups and to interpret the results of their investigation into the **PROSLIMY CASE**.
- Ask participants to refer to the questions on **TASK 6.2: ANALYZING YOUR FINDINGS**.
- The aim is to capture specific findings and evidence that are relevant to the budget advocacy objectives participants set in Module 4 for their budget advocacy work to advance maternal health.
- Circulate amongst the groups and take note of if any of their conclusions or findings are out of keeping with what can logically be deduced from analyzing the PROSLIMY case file. If Necessary, highlight and clarify any instances where participants have misinterpreted the information in the documents.
- Facilitate a brief plenary discussion to review the participants' responses to Task 6.2.

READING 6.1: THE PROVIDA CASE

Background

In December 2002, the Mexican Congress approved an increase of 600 million pesos for women's health in the federal budget. The president of the Budget Committee provided detailed instructions to the Ministry of Health for the distribution of these additional resources; the Budget Committee president also gave instructions that 30 million pesos should be earmarked for 10 Centers to Assist Women. Angry legislators, involved in the approval of the supplement of 600 million pesos called civil society organizations to denounce allocation of the 30 million pesos for the Centers to Assist Women – the total allocation was intended for HIV treatment and prevention, and that Centers to Assist Women were not part of the approval.

A coalition of six CSOs came together to investigate the case: *Equidad de Género, Ciudadanía, Familia y Trabajo*; *Grupo de Información en Reproducción Elegida (GIRE)*; *Consortio para la Equidad y el Diálogo Parlamentario*; *Salud Integral para la Mujer (SIPAM)*; *Letra S, Salud, Sexualidad y SIDA*; and *Fundar, Centro de Análisis e Investigación*.

Drawing on Mexico's new transparency law, they learned that the Centers to Assist Women were a front for Provida, a right-wing pro-life organization that campaigns against abortion and against the use of condoms, running counter to the Mexican government's policies in the field of HIV/AIDS and population. The investigations also revealed that the 30 million pesos received by Provida represented 51 percent of the funds channeled through to NGOs in 2003, and was 120 times the amount that any single organization was legally sanctioned to receive. As time went by, information was sought on how the money was used by Provida. Copies of all the documents and receipts handed in by Provida to the Ministry of Health were requested and a full audit of the expenditure was conducted. It was found that 90 percent of the funds allocated to Provida had been blatantly misused.

A targeted media campaign was launched, after a request for a meeting with the health minister to discuss the issue was refused. An exclusive front page story in a leading Mexican newspaper gave rise to a persistent stream of articles and cartoons for more two months. A broader coalition of civil society groups was brought into the case: more than one thousand groups demanded government action.

The government's internal controller conducted its own audit, which not only confirmed all of the coalition's conclusions, but found additional administrative lapses. The Ministry of Health demanded the return of the money, and the internal controller imposed a fine of 13 million pesos on Provida. The external auditor reconfirmed the findings. Provida was asked to return the original

funds, pay the fine and it was barred from receiving public funds for a period of 15 years. Provida did not pay the fine, and the case moved to the courts, where it continues to linger — testifying to the inadequacy of the judicial process in Mexico.

Developing an advocacy strategy: step by step

THE PROBLEM

Each year a group of Mexican civil society organizations works with legislators in order to improve budget allocations for women's programs and particular health issues. *After successfully increasing the budget for women and health for fiscal year 2003, 30 million pesos was taken from it, and given to an ultraconservative organization that works against public health policies and objectives.* This entailed several problems:

- Unlawful allocation of resources, by the President of the Budget Committee (given that the Plenary of Congress had decided differently).
- Unlawful allocation of resources to an NGO by the Ministry of Health: NGOs have to submit proposals in an open process, not be allocated resources directly.
- Wrongful application of the legal framework to give out money to NGOs, by the Ministry of Health: NGOs are allocated a maximum of 250,000 pesos — Provida got 30 million pesos.
- Opposition between public health policies and Provida's programs.

INITIAL COALITION

A coalition of six CSOs came together to discuss the allocation of 30 million to Provida, as well as possible actions. **There was a strategic reason for these 6 groups to work together:**

- *Equidad de Género, Ciudadanía, Familia y Trabajo* was interested in strengthening a gender perspective in the budget, and advocate for more funds for women's programs;
- *Grupo de Información en Reproducción Elegida (GIRE)* had a long trajectory advocating for reproductive rights in Mexico, including abortion;
- *Consortio para la Equidad y el Diálogo Parlamentario* works with Congress on gender issues;
- *Salud Integral para la Mujer (SIPAM)* works on women's health;
- *Letra S, Salud, Sexualidad y SIDA* works on HIV/AIDS;
- *Fundar, Centro de Análisis e Investigación* works on budget issues, including women's health and HIV/AIDS.

All of these CSOs had one objective: to reverse the wrongful allocation of 30 million pesos to Provida.

GOALS OF THE COALITION

Short term objective: To reverse the unlawful allocation of 30 million pesos to Provida immediately.

Medium term objective: To address and correct the loopholes in the legal framework — regarding the budget discussion and approval process, and regarding the disbursement of funds by the Ministry of Health.

Long term goal: To increase the resources allocated to women's health and HIV/AIDS.

ACCESSING RELEVANT BUDGET INFORMATION

Initial phase

- The approved budget, which was not disaggregated sufficiently to identify the 30 million pesos.
- The document wherein 600 million pesos were approved by Congress, in addition to the resources already allocated to women's health and HIV programs.
- The letter by the President of the Budget Committee to the Minister of Health, where 30 million pesos for Provida appear for the first time.

The coalition then proceeded to request information directly from the Ministry of Health, regarding the 30 million pesos. This information was denied until it was possible to use Mexico's new Access to Information Law, which allowed the coalition to confirm that this money had already been disbursed to Provida. Further requests illustrated that another 30 million pesos was going to be disbursed in 2004, and another 30 million in 2005, all to Provida. This encouraged the CSOs to request more information on:

- The legal framework that regulates the Ministry of Health regarding disbursement of funds to NGOs;
- The maximum amount that can be allocated to one group;
- The groups that had been benefiting from allocations during 2003 and before.

Intermediate phase

Once fiscal year 2003 reached its end, the coalition requested:

- A copy of the contract or agreement signed between Provida and the Ministry of Health;
- A copy of the financial report submitted by Provida to the Ministry of Health;
- The complete financial file of Provida, consisting of more than 6,500 copies of vouchers, invoices and others accounting for all expenditures.

Since the amount of money that was being tracked was a small portion of bigger departments, it

did not appear disaggregated in any public document. As a result, the only way to have access to this information was through formal information requests. Having this information allowed the coalition to make a thorough audit on the way Provida spent the 30 million pesos, and launch a comprehensive public campaign.

Final phase

Letters to the legislature, the auditor, the internal controller and the Ministry of Health requesting information regarding their own procedures around the Provida case, once the misuse of public funds was established.

MESSAGE AND MESSAGE DELIVERY

The first year and a half of the coalition's work was dedicated to understanding what had happened, and to request and obtain the information that was needed to do so. Several actions around the legislature, as the place where the irregular allocation happened, took place. The impact was minimal. Almost no legislator was interested in fixing a problem that worked in their favor. The lack of clarity regarding how additional resources should be specified, and how they would be negotiated, left them ample room for political give and take. However, there were some members of the legislature who were interested in the case, and continued to support the case.

It was only until the citizen's audit of Provida's use of the 30 million pesos shed light on major irregularities, that a break-through into public opinion was possible. The misuse of funds was so blatant, and corruption was so evident, that a whole range of actions were planned:

- a. Building a broader coalition;
- b. A well-developed media strategy;
- c. Meetings with the Ministry of Health;
- d. Meetings with the legislature;
- e. Meetings with the Internal Controller;
- f. Meetings with the Superior Auditing Institute;
- g. Public follow-up actions, some of them symbolic

Throughout all of these actions, the main messages remained the same:

- Provida misused public funds and had to be penalized for this;
- The 30 million pesos had to be re-integrated to HIV/AIDS funds;
- The government had to proceed according to law — both regarding Provida and the initial irregular allocation of funds in Congress.

The messengers changed according to the audience, and the specific contribution the coalition asked from each audience varied. If we look at each individual action, this becomes clear.

a. Building a broader coalition

Given that Provida is an ultra-conservative group, which had been favored with an important amount of money by a conservative government, the coalition deemed it important to have wider support to face the government. After a year and a half of pushing the case without results, confrontation seemed to be the only option. The results of the audit gave the coalition enough proof for direct confrontation. A meeting was convened to share some general results with other CSOs and request their support for a “citizen’s demand for transparency and accountability”.

Once it was clear that many groups were offended by the findings of the coalition — for many different reasons, ranging from transparency to the hypocrisy of a group that defines itself as being on the moral high ground — it was possible to go even further. In less than one week the coalition had the support of 1,000 CSOs around Mexico. Over the next month, that support exceeded 2,000 groups.

b. A well-developed media strategy

In order to reach public opinion, and turn the case into an ineludible issue for the government, mainstream media had to be won over. The coalition discussed in depth the options, and decided to target the story, as an exclusive, to three different kinds of media: a leading newspaper, a leading radio news program, and a leading TV news program.

The leading newspaper was a center right, at the time quite conservative newspaper, *Reforma*, which was firmly committed to the topic of transparency. Instead of going with a leftist newspaper —a natural ally to the cause— the first one was privileged because of a strategic reasoning: if *Reforma* published the case on front page, everybody else would have to pick it up. Proof of misuse of funds (invoices and vouchers of the purchase of expensive Mont Blanc pens, and other irregularities) were handed to the newspaper ahead of time, in order for them to conduct additional research. The radio and the TV news programs were also contacted before the date that had been established for releasing the news, in order to allow for filmed interviews, additional research and a well-prepared coverage. All released the case the same day.

The following day, the coalition called for a press conference, which was attended by all major news reporters (TV, radio and newspapers), whose interest had already been stirred up the previous day. At the press conference, CDs with a PowerPoint presentation prepared by the coalition, including scanned versions of the documents that proved irregularities, were distributed. As a result, every single reporter had all the information and documents, in order to pull out whatever

example they liked. A week later, a paid insert was published, signed by 1,000 organizations, demanding expedient actions regarding the case, framed in the terms of the main messages defined by the coalition.

In only ten days, the citizen's audit achieved the following media coverage: more than 110 articles were published in the main newspapers, the topic was covered more than 100 times in radio news programs, and appeared more than 30 times in national TV news programs.

c. Meetings with the Ministry of Health

Before releasing the story in the media, a meeting with the Minister of Health was formally requested. The coalition obtained no answer, not even a request to wait until his filled up agenda could offer some space. As a result the public release of the case was scheduled. Once it happened, the Ministry was eager to have a meeting.

Before this meeting, with the Minister and Deputy Ministers, the coalition reconvened in order to clarify the messages, define who would speak, and what would be discussed. A memo was put together after the meeting and responsibilities were assigned in order to follow up the agreements. The Ministry of Health announced that a meeting had been hold, and also announced that further disbursements to Provida had been cancelled. They also demanded the devolution of the already spent 30 million pesos.

d. Meetings with the legislature

In a similar way, legislators were suddenly very interested in learning about the case and finding solutions to it. Several meetings happened with Congress people in the week following the public release of the information. Congress demanded actions on part of the Supreme Audit Institution, called the Minister of Health for a hearing, and approved the creation of a special commission to look into the case.

Once again, the coalition chose the strongest partners for addressing Congress, built on their capacities for developing arguments, and for supporting the meeting Congress would have with the Ministry of Health. The special commission was dismissed a month later, due to the decision of a handful of legislators — some of whom were “allies” of the initiative. In the end, the same problem than at the beginning appeared: the legislature didn't want to investigate into the loopholes that work in their favor.

e. Meetings with the Internal Controller

The Internal Controller took the initiative in approaching the coalition. A meeting was scheduled and, as in other cases, the arguments were refined, speakers defined, and documents integrated.

Irregularities were explained and dealt with in detail, in order to illustrate what the coalition found, and to express the interest in having the Internal Controller officially confirm these findings. Once the official audit finished, and the findings were confirmed and further extended with administrative irregularities, subsequent meetings took place. Again, a record was kept, follow up responsibilities were distributed among the members of the coalition, and work continued. The Internal Controller imposed a 13 million fine on Provida and barred them from receiving public funds in 15 years.

f. Meetings with the Superior Audit Institute

Once the Superior Audit Institute finished the external audit, and reconfirmed the coalition's initial findings, a meeting was convened with the auditors of the case. Findings were discussed at length, actions were commented, and follow up activities were initiated. This happened already eight months after the public release of the information, and exemplifies the length of a normal budget process. The coalition had started working on the topic at the beginning of 2003, and by this time it was 2005.

g. Public follow-up actions, some of them symbolic

Throughout this time, it was important to keep the issue as a relevant topic in public opinion, in order to maintain the interest and pressure. To achieve this, the coalition followed one basic rule: after each meeting with high-ranking public officials, the coalition would hold another press conference, explaining what was discussed in the meeting and what agreements had been reached. This was crucial in two ways: first, to make clear that the coalition was not willing to negotiate agreements behind closed doors; second, to keep the issue current.

In addition, some symbolic activities were developed. For instance, every year a public vigil for the persons that have died of HIV/AIDS takes place. HIV/ AIDS organizations have public stands and distribute information. The coalition carried a stand on the case, demanding official clarification and the devolution of the 30 million pesos for HIV/AIDS programs. A year later, while the legal process was still pending, a "citizen's tribunal" on the case was put together, to talk about the actions the government should have taken, and that were still pending.

TASK SHEET 6.1: THE PROSLIMY CASE STUDY

As you know, the city of Mortalia suffers from a very high rate of maternal mortality and has received a lot of unfavorable publicity in both the state and national media on this issue. Concerned by the damage to its image, the Sunrise state health ministry initiated a high profile maternal health program in the city of Mortalia, under the banner **Proud Women of Mortalia (PWoM)**. An amount of D1 million is allocated in the state's 2004 budget for this program in the city. Since the state health ministry faces shortages in staff, much of this money was allocated to contractors who were engaged to carry out the program on behalf of the government. The state legislature made an exception to normal government contracting procedures and directly awarded a no-bid contract to PROSLIMY, a large public sector contractor.

PROSLIMY submitted a budget for 312,500 Dinar to the state legislature and was awarded a D250,000 contract (each of the 10 budget categories funded in PROSLIMY's original proposal was reduced by 20 percent – the amount of the reduction in the entire program budget). The entire amount was paid in advance to PROSLIMY, which submitted bills for D250,000 at the end of the year to the state health ministry.

In 2005, a coalition of health activists from all over the country led by HMHC began investigations on the progress achieved by the maternal mortality prevention program in Mortalia. The state health ministry informed them that most of the program is being run by contractors and that very little information on the program is available with the ministry. However, the coalition's persistent demands for information were eventually rewarded when the ministry provided them with a copy of the original D312,500 estimate submitted by PROSLIMY to the state legislature. This information is presented in the table below.

CONTRACT ESTIMATES SUBMITTED BY PROSLIMY

Sr. No.	Particulars	Amount (D)
1.	Transport	12,415
2.	Medical equipment	105,560
3.	Publicity campaign	32,663
4.	Assistance to women	16,948
5.	Teaching and learning material	9,500
6.	Office operating expenses	19,585
7.	Meeting expenses	37,247
8.	Medicines	27,500
9.	Office rent and utilities	42,082
10.	Miscellaneous expenses	9,000
	Total Expenses	312,500

No other information was provided by the state health department. The department claimed that PROSLIMY had submitted accounts of its expenditures for D250,000, but that this information ran into hundreds of pages and it was not feasible for the government to make it available.

HMHC used the Right to Information Act of 2008 to demand copies of all the accounting records submitted by PROSLIMY. After a protracted struggle in the state high court, HMHC was able to access all the information available within the health ministry. This information is available in the **CONTRACT FILE: PROSLIMY** in the last section of your Polarus Sourcebook.

During subsequent meetings with the health ministry, HMHC members were able to obtain some information about the nature of expenses incurred by PROSLIMY during the execution of the contract. This information includes the following:

- PROSLIMY staff attended two conferences organized by the health ministry and paid for their travel (including air travel) to these meetings from the contract fees.
- PROSLIMY organized several public educational meetings throughout the year at which pregnant women were invited to attend courses on maternal mortality prevention strategies.
- PROSLIMY operated a mobile hospital unit (ambulance), which was equipped with medical equipment. The mobile unit travelled extensively through the region and provided medical services to pregnant women.
- PROSLIMY distributed nutritional food and clothes to pregnant women during medical camps that were organized in different regions throughout the year.
- PROSLIMY undertook a public campaign through newspaper advertisements and radio commercials to heighten public awareness on maternal mortality issues.

STEPS TO COMPLETE

Sift through the financial information obtained for the Sunrise State Department of Health and complete the following tasks:

1. Record 5 to 10 invoices obtained from the Sunrise State Department of Health onto a computer spreadsheet. The remaining 90 to 95 vouchers have already been entered for you in a spreadsheet that will be loaded onto your computers by the facilitators.

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2. Categorize each invoice entered in the spreadsheet under budget categories, using the same 10 budget categories as were utilized by PROSLIMY. Prepare a summary of the actual expenditures under each of these 10 budget categories.

3. Categorize the invoices chronologically into four quarters of the year and note down any spending patterns you become aware of.

4. Calculate the percentage of each expenditure category against the total expenditure. What does this tell you about PROSLIMY's spending priorities?

5. Carefully scrutinize all invoices in terms of three important value-for-money factors:
- a. economy (could the expenditure have been undertaken at a lesser expense?)
 - b. efficiency (were maximum outputs being achieved from minimum inputs?); and
 - c. effectiveness (did the expenditure deliver its intended results?).

Record any anomalies that you notice in a voucher on the spreadsheet that contains the details of each voucher entry.

6. Further, scrutinize all invoices for procedural irregularities. In Polarus, all invoices (whether maintained by the private sector or public sector) are required to be printed at a government printing press. Each invoice is given a unique identification number and is valid for a period of two years from the date of issuance (which is also printed on the invoice). The invoice contains the name of the vendor and the vendor's address and government identification number (issued for tax identity purposes). The buyer's name, address, and tax identity number is also printed on the invoice. The invoice should also contain details of the sale transaction. Use this and other

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information to check whether invoices in the PROSLIMY file contain any information that indicates falsification and/or fraud. Record any anomaly that you notice in a voucher on the spreadsheet that contains the details of each voucher entry.

TASK SHEET 6.2: ANALYZING YOUR FINDINGS

Reflect on what you have learned from your investigations into the sub-contracting of PROSLIMY to deliver components of the Proud Women of Mortalia program. Consider the following questions:

1. What are the three or four main findings of your investigations?

2. What are the implications of these findings for women in Sunrise State, especially those who are pregnant or in the post-partum period? What do your findings indicate about the government's intentions and performance in improving maternal health?
