INTERNATIONAL BUDGET PARTNERSHIP
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Open Budget Survey Tracker: November Update

The latest update of the Open Budget Survey Tracker (www.obstracker.org) is now available. Of the 240 budget documents monitored across all 30 countries, a total of 152 have now been published. This is a net increase of two from last month.

Check the November update to see details on which countries are making progress, which countries are falling behind, and what to watch out for the in the month ahead.

Update on PEFA Framework

Last year the Public Expenditure and Financial Accountability (PEFA) Secretariat called for submissions for revising their framework to improve public finance management. IBP, together with civil society organizations (CSOs) from around 50 countries, issued a joint response calling for greater emphasis on public participation and for reinstating donor aid indicators. So far, PEFA has not addressed these concerns.

We are now coordinating a second response to the proposed changes to call on PEFA to better hold both donors and governments to account. And read the Global Initiative for Fiscal Transparency's (GIFT) supplement on the incorporation of measures of public participation in budget preparation and implementation in the PEFA indicator set.

Engaging with International Agreements

What the Climate Negotiations Mean for National Budgets by Pieter Terpstra, World Resources Institute

In early December 2014, thousands of representatives from governments, civil society organizations, international organizations, and the private sector gathered in Lima for the UN Climate Change Negotiations. After two weeks of difficult negotiations, delegates laid the groundwork for an international climate agreement to be signed in Paris next year. Delegates will continue negotiations this year and begin the arduous task of turning the broad elements of a negotiating text into specific details.

Credit: Flickr/World Bank

But what do the decisions taken in Lima mean for national governments faced with the task of addressing the impacts of climate change and reducing their emissions? And how can civil society and budget groups contribute?

Great Momentum Leading up to the Negotiations

The momentum leading up to Lima was significant. It started in September with the UN Secretary General's Climate Summit and People's Climate March. The United States and China — two of the world's largest greenhouse gas (GHG) emitters — signed an unprecedented deal to reduce their emissions. Shortly after, the European Union announced that by 2030 it will reduce its GHG emissions to at least 40 percent below 1990 levels. At the same time, a large number of private-sector companies committed to taking action on climate, reducing their emissions, and strengthening their resilience to climate impacts.

On the finance side there was momentum, too. The International Development Finance Club (IDFC), a group of international, regional, and national development banks,– announced that in 2013 they committed US$89 billion in finance for adaptation and mitigation. Furthermore, a dozen countries pledged a total of US$10 billion to the Green Climate Fund to help countries prepare for climate impacts and make the transition to a low-carbon economy. This is an important milestone: it shows that developed countries have confidence in the fund and assures developing countries that money will flow.

Slow Progress Inside the Negotiations

Inside the negotiations, however, details on how to adequately fund climate action have been slow to emerge. Consensus was reached on the elements of the final text that will form the basis for 2015's new climate agreement for the post-2020 period. But many hoped that the final decision would include a "roadmap" for how to jointly mobilize the $100 billion a year in climate finance that is set off kick off in 2020.

Developed countries were urged to provide support but were not mandated to report how much they will commit to providing. (Climate negotiators call these "Intended Nationally Determined Contributions.") Negotiators will therefore need to find another way to formalize financial commitments for climate finance.

However, much more progress on finance is needed this year to secure a new global agreement. For instance, the sources, channels, allocations, and level of climate finance for coming years all remain unclear. Collaboration and compromise will be necessary if a framework to mobilize the trillions of dollars needed for emission reduction and resilience is to be agreed upon.

What Does This Mean for Budget Organizations?

Despite the slow progress in firming up the details, the amount of public finance spent on climate-related activities is likely to increase. National governments will continue to position themselves to access these international funds. At the same time, countries will have to increase spending from their own budgets to address rising impacts of climate change and reduce their GHG emissions.

National governments have different options to channel climate finance; for instance they can integrate climate considerations into their existing budget management system, or create dedicated funds and organizations to manage climate finance. Many countries are embarking on the latter and are in the process of establishing — if they haven't already — national policies, procedures, and institutes for managing climate finance.

In the negotiations, the focus of discussions on finance is shifting from "how much" to "what is being achieved." Budget groups and other civil society organizations are critical to these discussions — they stand to play a crucial role in ensuring that funds are spent effectively. By engaging in climate debates, budget groups can strengthen their knowledge and position to influence planning and policy processes, monitor implementation, and raise awareness. They can also mobilize communities and organizations to participate in planning, implementation, and oversight.

Strong engagement from civil society at the both national and international level can make a difference in ensuring that funding for climate change reaches its objective, namely low-carbon economic growth in a resilient world.

For more information contact Pieter Terpstra at pterpstra@wri.org.

Post-2015: Transparency, Accountability, and Participation in Financing for Development by Claire Schouten, International Budget Partnership

2015 is set to be a big year for global development. Not least because we will see the final outcome of the post-2015 Sustainable Development Goals (SDGs) process. Late last year the UN released its final report on the SDGs. The International Budget Partnership (IBP) welcomed the report, while calling for more specific targets for budget transparency and participation to be built into the framework.

Credit: Flickr/DFID

Finance is one of the most often cited obstacles to achieving sustainable development. This was recognized at the Rio+20 Conference in 2012, which saw the establishment of an intergovernmental process to assess and suggest options for effective financing. The so-called Financing for Development (FFD) process has kicked off with the backing of the General Assembly and includes consultations with international and regional financial institutions and various stakeholders, including business and civil society.

Fiscal transparency, participation, and accountability should be central to the post-2015 framework, its means of implementation, and Financing for Development. This is the key call of IBP and our partners.

Juan Castillo of Fundación Solidaridad, who helped ensure education spending goals were met in the Dominican Republic, highlighted the importance of fiscal transparency, accountability, and participation at a recent FFD session at the UN. He noted they are "essential for the socio-economic development of countries since [they] contribute to equitable and accountable public investments."

Like IBP and fellow civil society organizations, Castillo called for:

- complete transparency of aid, revenues, and spending toward each of the SDGs;
- a mechanism for monitoring spending and results toward each of the goals and targets, such as a finance tracker; and
- citizen participation in the budget process, including legislatures conducting public hearings at key moments of the budget cycle.

As the intergovernmental process continues ahead of the Financing for Development conference in July 2015, we stand ready to help advance open, sustainable development and the financing that will ensure results.

For more information, contact Claire Schouten at claire.schouten@gmail.com.

Accountability and Participation

Rethinking Social Accountability by Fletcher Tembo and Louise Ball, the Overseas Development Institute

Over the last two decades, donor investments in social accountability and citizen empowerment initiatives have grown rapidly. This trend is anchored in new thinking about what makes aid effective, one that emphasizes the inclusion of a diverse set of actors, as well as greater transparency and accountability. But how can we translate these aspirations into practice?

The Overseas Development Institute's (ODI) Research and Policy in Development (RAPID) program recently published a report that sheds some light on this question. The report looks at the effectiveness of accountability programs and considers how they can be improved. It draws on lessons learned from ODI's Mwananchi program, which aimed to strengthen citizen engagement with local and national government in six African countries.

Credit: Flickr/Mwananchi-Africa

Interlocutors and Institutional Transformation

Mwananchi, which means ordinary citizen in Kiswahili, was a five-year program aiming to "change citizen-state relationships towards more transparency and accountability." Working with national coordinating organizations in each country, Mwananchi issued calls for proposals from so-called interlocutors — civil society organizations (CSOs), media outlets, and traditional authorities — to identify and implement citizen projects.

Interlocution occurs when actors establish the right relationships, conditions, and spaces for transformation. While donors have traditionally considered (and supported) CSOs as "interlocutors," the Mwananchi experience clearly showed that other actors can successfully play this role. What matters is that they have the right characteristics to help solve a given collective action problem.

The research found that selecting organizations or individuals to be involved in a project just because they have a good reputation may not be beneficial — it may even impede change. Through the multistakerholder approach, when the right interlocutors (the "game changers") are identified and supported, they will be able to draw in other relevant actors. In turn, these other actors will contribute to finding the right solutions.

There are, however, dilemmas and challenges inherent to this approach. The Mwananchi experience found that some of the nontraditional interlocutors (such as members of parliament, local chiefs, or bureaucrats) were not as amenable as CSOs to using the granting frameworks and project management approaches typical to donor-supported programs. While such challenges may lead donors and coordinating organizations to favor working with CSOs, they should instead be rethinking how programs are designed and supported to allow room for a wider array of actors.

Rethinking Design and Support Mechanisms

It is clear from the Mwananchi experience that externally supported initiatives need to be flexible and adaptable. The report identifies a number of factors that donors and organizations implementing such programs should consider.

- Finding the game changers: time needs to be invested in identifying and supporting interlocutors who have the skills and networks to set about real change.
- Managing for results: progress happens in the long term — a narrow focus on predetermined or inflexible objectives and indicators can be counterproductive.
- Flexible time scales: pushing for results too early can undermine relationships, trust building, and the overall, longer term impact of an initiative.
- Flexible funding: allowing for program extensions, when there is a good likelihood of deepening impact, can significantly increase value for money.
- Cost structures: cost ratios and budgetary restrictions should be assessed periodically, and on a case-by-case basis, to ensure that they do not compromise quality or impact.
- Monitoring progress: logframe approaches tend to focus on the more quantifiable results. In Mwananchi, merging logframe and outcome mapping strategies proved successful in also capturing more behavioral or process types of results.

Conclusions

Successful multistakeholder approaches to social accountability require greater innovation and flexibility from donors. This will involve rethinking all aspects of program design and delivery, including how we understand local context, power structures, funding modalities, results, and timeframes.

For more information about the research, contact Fletcher Tembo at f.tembo@odi.org.uk.

Looming Fiscal Crisis and Vulnerable Social Programs in El Salvador, by Rocío Campos, International Budget Partnership

Since the 1990s the Salvadoran government has had to continually borrow to keep pace with public expenditure. Fiscal reforms in 2010 acknowledged the problem, but according to a recent IMF assessment public debt continued to rise – from 54.25 percent of GDP at the end of 2012 to 58 percent in 2013. While a newly approved Law on Development and Social Protection guarantees continued investment in much needed social programs, the sustainability of such spending in the face of fiscal pressure remains a concern.

In light of this, last November IBP organized a forum to examine the sustainability of social spending in El Salvador. Bringing together government officials, civil society organizations, academics, and politicians from all corners of the political spectrum, the forum aimed to grapple with maintaining and improving social services amidst growing public debt. (Presentations in Spanish here.)

A Public Discussion

The forum provided the space for participants to openly discuss and debate the sustainability of social spending. Several viewpoints emerged during the event, reflecting the different perspectives of those involved.

According to the finance ministry's Director of Economic Policy, spending on pensions is a major contributor to the country's unsustainable financial trajectory, making it very hard to avoid taking on further debt. This is in line with the recent IMF assessment, which points to an "increase in pension-related debt which amounted to 11 percent of GDP." Many government officials emphasized increasing economic growth as the key to fiscal discipline.

Credit: Flickr/Lee Shaver

The leader of the National Health Forum, a coalition of civil society organizations working on health issues, talked about how tax evasion, coupled with El Salvador's regressive taxing system, exacerbate the government's inability to sustainably provide quality public services and protect basic rights.

Many civil society participants underscored the urgency of aligning political and economic policies with economic, social, environmental, and cultural rights. While experts from think tanks expressed a similar viewpoint in terms of articulating social and economic policies and linking fiscal reforms to social spending needs and priorities. Several participants outside of government pointed out that spending on services for needy populations needs to better correct, and not perpetuate, underlying inequities.

Looking Ahead

These types of frank and open discussions that involve multiple stakeholders need to continue if El Salvador is to address its public finance woes. There is an urgent need for the government to identify loopholes and correct the bad practices lest the crisis currently affecting pensions spreads to other social programs. It is critical that the government finds ways to safeguard basic rights and provide quality services, while remaining fiscally responsible.

For civil society, there cannot be a more opportune time to drive home the challenges facing social spending and articulate what the impact of potential cuts to vulnerable sectors would look like. IBP will continue to explore opportunities to engage with different actors in El Salvador to generate evidence on the importance of social spending investments.

For more information, contact Rocio Campos rcampos@internationalbudget.org.

Training Materials

Monitoring Budget Implementation

Want to learn how to monitor the implementation of government budgets? IBP has recently released a set of training materials on budget monitoring for civil society. Intended to support trainers, the material is divided into eight self-contained modules, each focusing on a different aspect of budget monitoring. And visit capacity building on the IBP website for other training materials.

Publications

IBP Publication

Has the U.S. Become More Serious about Fiscal Transparency Globally? Each year, the U.S Department of State conducts an assessment of the fiscal transparency of countries eligible to receive U.S. assistance and publishes its findings. This brief examines the 2014 Fiscal Transparency Report, outlines its findings, finds improvements made to the way the Department of State is assessing transparency, and recommends ways to further improve future assessments.

Further Reading from the Field – Relevant coverage of budget issues and civil society's engagement in public budgeting from academia and professional journals

The Global Initiative for Fiscal Transparency (GIFT) has published a new set of case studies and a synthesis report on innovations in public participation in budgetary and fiscal processes. These case studies examine the extensive efforts of South Korea, Brazil, and the Philippines to create new institutions and policies that encourage the participation of citizens and CSOs in complex policy processes.

The Inter-American Development Bank's Working Paper "Does Participatory Budgeting Improve Decentralized Public Service Delivery?" provides the first experimental evaluation of the effects of the participatory budgeting model. Using a randomized controlled trial of settlement-level administrative units across three Russian regions, this research found that the benefits often attributed to PB — increased public participation in public decision making, increased local tax revenue collection, larger fractions of public budgets channeled to public services aligned with citizens' priorities — were only found when PB was implemented in already mature administratively and politically decentralized local governments.

The *International Journal of Government Auditing* featured a short paper, "Side by Side with People: Korea's Experience with Participatory Auditing," on the Board of Audit and Inspection of Korea's (BAI) institution through which citizens and civil society can request public audits. It uses previous BAI experiences to address three key issues associated with supreme audit institutions' cooperation with citizens: values and benefits of participatory auditing, risks and control mechanisms, and lessons learned and challenges faced.

"Participatory Democracy and Effective Policy: Is There a Link? Evidence from Rural Peru" in the journal *World Development* examines the relationship between bottom-up and top-down participatory democratic institutions and effective agricultural policy in rural Peruvian municipalities. This article finds that voluntary participatory fora are strongly and significantly associated with more active and more effective agricultural policy; but more ambiguous results emerged when examining Peru's mandatory participatory budgeting institutions, finding more active but less effective agricultural policies after their implementation.

"Participatory Budgeting, Rural Public Services and Pilot Local Democracy Reform" is a case study on participatory budgeting (PB) in the Chengdu Municipality in China, which was designated by the government as a pilot zone to achieve a more balanced and integrated development between rural and urban areas. This article documents the findings of the research conducted over five years with data from over 2,000 villages.

Job Openings

Director of Country Strategies

IBP is seeking a Director of Country Strategies to manage its country strategies program and develop and implement an innovative vision to enhance and broaden the work.

GIFT Network Program Assistant

The Global Initiative for Fiscal Transparency (GIFT) is seeking a [Program Assistant] to provide administrative and logistical support to the GIFT Network.