

## **Workshop Summary: Sorry for the Inconvenience, We Are Trying to Improve Credibility**

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What would it take to ensure that governments meet their budget promises each year? In December 2019, the International Budget Partnership (IBP) gathered about 40 representatives from government, civil society, international organizations, and the donor community to confront this issue in the second Community of Practice meeting for the Addressing Budget Credibility project. As was the case with the [first meeting](#), participants shared their experience with budget credibility from multiple dimensions, including the causes of budget deviations, approaches to organizing national convenings, and the role of oversight institutions. This time, however, a stronger emphasis was placed on identifying actionable solutions. Together, we agreed on the following priorities:

### **1. Improving the quality of public financial management (PFM) systems.**



IBP's Paolo de Renzio facilitates the creation of priorities with participants.

During the meeting, IBP's Chloe Cho presented preliminary findings based on the Public Expenditure and Financial Accountability (PEFA) assessments, which suggest that the accuracy of revenue forecasting helps to explain – at least partially – expenditure credibility across more than 90 countries. These findings complement our recent national analyses on [Nigeria](#) and [Kenya](#) that show inaccurate revenue projections are associated with budget deviations. Further, key aspects of PFM systems, such as budget transparency and control in execution, were also discussed as significant factors.

One session looked specifically at how the procurement process can frustrate budget implementation and explored efforts to resolve bottlenecks. This conversation arose in light of past [research](#) by civil society organizations (CSOs) that indicated procurement is a major challenge affecting credibility. Volodymyr Tarnai from Centre Eidos, a CSO in Ukraine, described how certain procurement practices undermine timely and effective implementation of road infrastructure. Recently, Tarnai helped reduce abuse of the appeals process through amendments to the public procurement law. UNICEF's Jennifer Asman shared her organization's map of the procurement bottlenecks that lead the Ministry of Health in Lesotho to underspend its development budget. This tool is being used to address implementation issues and points to the need for officials to better account for capacity limitations during the planning stage and to improve coordination, especially with donors.

Participants also discussed how PFM-related issues hinder budget execution at the subnational level. John Kinuthia from IBP Kenya explained that, across 47 counties in Kenya, underspending was especially large for the development budget due to poorly planned projects, centralized procurement systems, and the late disbursement of intergovernmental transfers. Victor Odanga from the Council of Governors

emphasized that late transfers and ambiguity in the classification of recurrent and development expenditures seriously undermine credibility.

Following these discussions, participants examined the importance of addressing challenges with revenue forecasting and procurement. Many agreed that fiscal transparency was crucial to understanding the causes of deviations and monitoring budget execution, but that more needed to be done. Recognizing the need for more research, participants proposed to diagnose their countries' PFM challenges by examining systems, capacity and compliance. It was also noted that country-specific contexts should be considered to understand how different aspects of PFM systems interact and identify the actors that could lead the necessary reforms.

## **2. Empowering citizens to be agents of change.**

Throughout the meeting, civil society representatives shared their efforts to improve budget credibility in their countries, underlining how citizens can engage this issue and motivate for positive changes. For example, Andrea Villareal from Grupo FARO in Ecuador described how her organization has trained students to participate in the budget process and demand greater transparency on a deeply underspent scholarship program. Lahiri Jayasinghe from Verité Research in Sri Lanka shared a tool they developed to score the level of and transparency around budget execution in the agriculture and health sectors. Zlata Djordjevic from Transparency Serbia recounted their success in raising public attention on an opaque contingency fund that is frequently used to shift funds from the budget during the fiscal year. Evans Kibet from the Centre for Enhancing Democracy and Good Governance (CEDGG) in Kenya shared his experience in mobilizing community volunteers to improve access to clean water in Baringo by increasing budget performance.

Government representatives from each of these countries welcomed the work of CSOs and expressed willingness to collaborate on these issues in the future. The value of effective multi-stakeholder engagements was well illustrated further by Samuel Atiku from IBP Nigeria and Alfred Okoh from Nigeria's Budget Office of the Federation, who described a forum they co-hosted, which convened members of the executive, National Assembly, civil society, private sector, and international agencies for a frank discussion of Nigeria's budget credibility issues.

A key recommendation emerging from the meeting called on governments to provide clear and detailed justifications when they modify the budget. Unless governments do this, citizens are unable to adequately monitor budget implementation and engage officials on the problems. Complementary to this, participants also stressed that educating and training citizens on the budget process is crucial to credibility. Civil society representatives offered to promote trainings like Grupo FARO's. Government representatives, for their part, proposed increasing public access to information through digital platforms and involving citizens in the planning process.

## **3. Including oversight actors as a part of the solution.**

During the first Community of Practice meeting, participants noted that oversight institutions, namely legislatures and Supreme Audit Institutions (SAI), were missing from the discussion. To be sure, legislators can play a role in exacerbating poor credibility, as was discovered in [Nigeria](#) and [the Philippines](#), but they can also be instrumental to monitoring and ensuring budget implementation. For this reason, the second meeting sought to include these actors and devote time to reflect on their role.

UN DESA's Aranzazu Guillan Montero kicked this off by summarizing the responsibilities of SAIs on oversight and control of budget execution. Chris Mihm from the U.S. Government Accountability Office (GAO) then offered practical insights on this by explaining how SAIs, despite lacking the mandate to enforce their recommendations, can work inside and outside the government to incentivize actions.

María Inés Solís Quirós, representing both the Legislative Assembly of Costa Rica and ParlAmericas, expounded the role of legislators. Representative Solís illustrated how parliaments can foster credibility throughout the budget process by reviewing and debating budget proposals, proposing realistic amendments, working with independent fiscal institutions and creating space for citizens to monitor implementation of the budget and reviewing SAI reports at the end of the year.

Following this, participants deliberated on how oversight actors can coordinate with other stakeholders and each other to address budget credibility challenges. Mihm emphasized that SAIs and civil society have mutual goals – increasing transparency, oversight and accountability – and stressed the independence and adequate resourcing of SAIs. Others noted that citizens can push parliaments to request audit reports on budget credibility issues and that CSOs can facilitate dialogues among government institutions, including finance ministries, SAIs, and parliament.

#### **4. Building powerful narratives around the lack of budget credibility.**

Another common theme was the need to “humanize” the issue to draw public attention and create political pressure to resolve it. Some civil society representatives mentioned difficulties they faced in communicating budget credibility challenges. Likewise, Montero and Mihm acknowledged that the length and density of audit reports makes it difficult for people to utilize them.

Participants were excited to offer ideas about how to better communicate budget credibility. One involved using clear, colloquial language and showing how credibility affects people's lives. Governments could do this by presenting budget information in a more user-friendly and intelligible manner that connects to performance indicators. Civil society could then analyze this information and disseminate it to the public in a way that resonates. Kibet described how CEDGG already does this by converting budget reports into “community friendly” versions, which has helped generate public interest in Baringo.

It was also highlighted that stories should be tailored to the interests of different audiences. Participants would work on this by creating compelling arguments on why budget credibility benefits not only citizens but also public and private sectors.

Although it was not explicitly probed, this point relates to a broader challenge with connecting budget credibility with the quality of service delivery, which is discussed in our joint [research](#) with CSOs and [study](#) on irrigation. Creating powerful narratives on budget credibility requires improving the selection of and reporting on performance measures, especially through an inclusive process that invites public input.

Overall, the second Community of Practice meeting again demonstrated why budget credibility is an issue best tackled collectively. Through these gatherings, we can share important lessons and set tangible goals that leverage the strengths of different actors. Although poor credibility is a serious global issue, the Community of Practice offers hope that progress is attainable.

IBP started this work in the form of a two-year pilot that has over time drawn great interest around the world. Moving ahead, we intend to push this agenda forward and bring focus to the four priorities agreed on by participants.



Community of Practice participants gather for a group photo.