



INTERNATIONAL BUDGET PARTNERSHIP  
Open Budgets. Transform Lives.

## e-Newsletter

SEPTEMBER-OCTOBER 2006 No.35

This issue of the IBP newsletter draws on a broad range of budget-related initiatives around the world. Just before the newsletter went to print, the IBP and country partners launched the Open Budget Index. This is a path-breaking study of budget transparency produced by the IBP in collaboration with independent organizations in 59 countries. Sergio Baierle reports on the political problems undermining participatory budgeting in Porto Alegre, the city that launched this movement. It shows that our victories on transparency and accountable budgeting must be closely guarded. We also report on important new initiatives in several countries: HIV/AIDS resource tracking in Nigeria, working to improve the impact of the auditor-general in Tanzania, and on new opportunities for budget work Kenya and Cambodia. Finally, work in Peru and around the world reminds us that while criticism is central to our watch-dog activities, taking time to highlight what is working in government can also be a powerful strategy to creating change. We hope you find this newsletter useful and welcome your comments and ideas. And remember, that the IBP website and our new *Guide to Tax Work for NGOs* are further resources to support your work.

### In this Issue:

- First-Ever Budget Transparency Ranking for 59 Countries
- Porto Alegre Struggles for Transparency and Accountability by Sergio Baierle, CIDADE
- Who Monitors HIV/AIDS Funds in Nigeria? Stories from Three Civil Society Organizations by Bimbola Adewumi, Anselm Nwoke, and Ufon Udofia
- Peruvian NGO Gives Award to Best Government Practices, Ciudadanos al Día (CAD) by Caroline Gibu
- Creative Online Ideas and Tools for Budget Practitioners
- Findings from Recent Audit Reports, HakiElimu, Tanzania (Part I)
- Budget Trainings in Argentina, Azerbaijan, and Turkey
- Opportunities for Budget Work in Cambodia and Kenya
- New Publication: *A Guide to Tax Work for NGOs*
- New Materials in the IBP Website

---

## First-Ever Budget Transparency Ranking for 59 Countries

The past two decades have seen growing interest in promoting public access to government budget information. This interest reflects the understanding that access to information on

government budgets and financial activities is essential to ensuring that governments are accountable to their citizens. Timely access to such information enables citizens to participate in, and understand, policy decisions that have profound impacts on their daily lives.

This interest also reflects broad global developments. The wave of democratic openings in many countries during the 1990s focused attention on issues such as combating corruption, ensuring effective public service delivery, and community-led development. In addition, a series of wrenching financial crises during the 1990s drew the attention of the international community to the implications of the lack of government transparency and financial accountability in the affected countries.

Against this background, the International Budget Partnership (IBP) began to develop the survey instrument that forms the basis of the current study in 2002. For the past two years, the IBP has worked with civil society and academic partners in 59 countries to collect comparative information to implement the survey and analyze its results.

The Open Budget Index is the first index to rate countries on how open their budget books are to their citizens. While the index finds that most countries provide at least some information to their citizens about the budget, the vast majority fail to provide the basic information necessary for good governance.

"In 53 of the 59 countries examined, citizens are limited by lack of access to information. In 10 countries, government accounts are closed books," said Warren Krafchik, director of the International Budget Partnership, which coordinated work on the index. "A country's ranking on the Open Budget Index is a measure of that government's commitment to accountability and transparency."

The Open Budget Index provides citizens, legislators, and civil society advocates with the comprehensive and practical information needed to gauge a government's commitment to budget transparency and accountability. Armed with this kind of information, lenders, development advocates, and aid organizations can identify meaningful budget reforms needed in specific countries, and increase the impact of their development work.

The Open Budget Index 2006 was calculated by the International Budget Partnership based on detailed questionnaires completed by local experts in 59 participating countries from every continent. The Index assesses the availability of key budget documents, the quantity of information they provide, and the timeliness of their dissemination to citizens in order to provide reliable information on each country's commitment to open budgeting.

"Having access to information gives us a voice in our country's budget. It allows us to push for improvements in people's lives in Mexico," said Helena Hofbauer, executive director of the FUNDAR Center for Analysis and Research, which conducted the research in Mexico. "Without information, we have no voice. The Open Budget Index provides accurate, independent information so that we know what reforms are needed."

For the 59 countries surveyed, the major findings from the Open Budget Index 2006 include:

Only six of the countries — France, New Zealand, Slovenia, South Africa, the United Kingdom, and the United States — provide the extensive budget information necessary for government accountability.

More than 50 percent (32) of the countries — fail to make public all of the seven key budget reports they produce. These governments produce this information for their own internal use or for international donors, but do not make it available to their citizens.

Six countries keep their budget secret until after it is adopted by the legislature – effectively barring any public participation in the budget's consideration (Angola, Burkina Faso, Chad, Egypt, Mongolia, and Vietnam).

Nearly half (25) of the countries fail to hold public hearings on the budget.

In 16 of the countries, the executive can fire the head of the country's external auditing body without the consent of the legislature or judiciary. The failure to provide security of tenure to the chief of the national auditing agency indicates the lack of a fundamental institutional safeguard to guarantee the office's independence from the executive.

"There is much work to be done around the world before budgets are an open book to citizens," said Pamela Gomez, project leader of the Open Budget Initiative at the International Budget Partnership. "But countries could achieve major reforms simply by releasing all of the budget documents they already produce to the public. With that small change, more than half the countries would improve their performance and, more importantly, citizens would be significantly more informed about the budget."

For the full 2006 report, high resolution images of the Open Budget Index findings, information on the participating civil society organizations from 59 countries, and press materials in Arabic, French, Portuguese, Russian, and Spanish, please visit <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>. For more information, send a message to: [info@internationalbudget.org](mailto:info@internationalbudget.org).

---

## **Porto Alegre Struggles for Transparency and Accountability by Sergio Baierle, CIDADE**

Budget planning and execution do not always live up to electoral campaign promises, and Porto Alegre, Brazil — the city that gave birth to participatory budgeting (PB) — is no exception. After 16 years of Workers' Party rule, Porto Alegre has been under a new government since 2005. The current mayor, José Fogaça, from the Popular Socialist Party (PPS) promised during his election campaign to keep PB as well as address the city's fiscal crisis and put an end to what he said was the over-politicization of government. Yet today, citizens of Porto Alegre are struggling to keep PB alive.

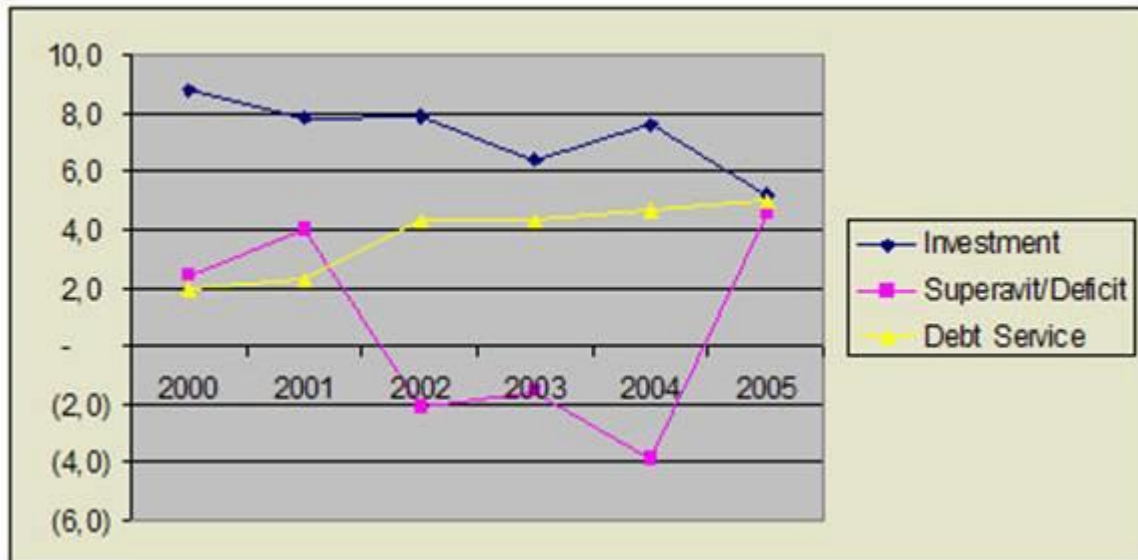
PB has four core principles: direct participation in government decision-making, self-rule based on social justice, full budget disclosure, and government accountability. While none of these principles has been fully realized—between 1988 and 2003—PB succeeded in turning the city's budget priorities in favor of the poorest areas of the city, as the chart below shows.

<b>IMPROVING BASIC SERVICES IN PORTO ALEGRE</b>		
	<b>1988</b>	<b>2003</b>
Share of population without water	5.3%	0.5%
Amount of unpaved roads	690 km	390 km
Share of population without connection to sewage pipelines	54%	16%
Share of population without sewage treatment	98%	73%
Share of population without garbage collection	15%	0%
Share of population with irregular housing	25.8%	18.4% (2001)
Illiteracy rate	5.6%	3.3%
Child mortality (per 1,000 live births)	18.6 (1992)	12.9 (2005)

SOURCE: Porto Alegre City Hall, 2004.

Nevertheless, Porto Alegre faced worsening fiscal conditions at the beginning of the new millennium due to factors such as rising health care costs and a reduction in state aid. From 2002 to 2004, the city faced a budget deficit and was forced to delay implementation of PB projects. In 2005, fiscal adjustment took precedence over PB, as the city produced a budget surplus through cuts in social spending and other essential services, such as garbage collection.

**Investment, Nominal Surplus/Deficit and Debt Service as Percentage of Total Yearly Revenue**



Source: <http://www.tesouro.fazenda.gov.br/>

In 2006 the city did not publish the investment plan for the year until several months into the year.

Far from transparent, budget information was scarcely distributed at all. The government claimed that it had executed 199 PB projects, but the Urban Studies and Advice Center (CIDADE) identified only 48 projects. CIDADE is still waiting for the government's

explanation of this discrepancy, which was promised to the group in April. Moreover, publication of PB council meetings — which should be available online — has been delayed for more than six months, causing increasing tension during PB sessions.

Also in 2006, the local parliament passed a law to postpone the date by which the mayor must deliver his annual budget proposal. There was no legitimate need for this change. The mayor does not need additional time to prepare the budget, since the mayor's discussions with PB delegates and councilors over the budget have not been expanded, and delaying the budget's submission to parliament will limit opportunities for parliament and the public to review it.

In addition, the government presented two different versions of its 2006 budget, one to PB participants and the other to the local parliament. When this fact came to light the government apologized but did not provide PB participants with a hard copy of the version presented to parliament. The version received by PB participants did not include data on tax exemptions or social targets.

THEMES	3 FIRST PRIORITIES ALONG THE YEARS															
	07	06	05	04	03	02	01	00	99	98	97	96	95	94	93	92
<b>SEWAGE</b>							3		1	3	3	2	3	3	1	1
<b>HOUSING</b>	1	1	1	1	1	1	2	1	3	2	1	3	2	1	3	
<b>PAVEMENT</b>			3		3	3	1	2	2	1	2	1	1	2	2	3
<b>EDUCATION</b>	2	2	2	3	2	2										2
<b>HEALTH</b>		3						3								
<b>SOCIAL CARE</b>	3			2												
SOURCE: CIDADE, 2006																

These various problems are taking a toll on PB efforts. Housing has been PB's top priority in the budget since 2002 (see table above), but when PB councilors looked at the government's proposal for housing in its 2007 investment plan, they realized that the government's figure addressed just one project: the Integrated Project for the City Entrance, which involves the development of a slum area that is highly visible to visitors entering the city. The mayor's office argued that the fiscal crisis precluded additional investments in housing, but it should be noted that the mayor is also proposing to spend several million dollars on consultants and experts to improve the city's management, including public-private partnerships. (Though the mayor agreed to reallocate a few million

dollars from these projects in order to help fund some basic budget priorities, in a budget of more than \$1 billion this is still very little.)

As the PB annual cycle unfolds, regional and thematic weekly meetings are continuing. But the more PB participants criticize the government, the more the government threatens to reduce their power. Recent events demonstrate that just as there is no free lunch in business, there is no free legitimacy in politics.

For more information, contact Sergio Baierle at [baierle@ongcidade.org](mailto:baierle@ongcidade.org).

---

## **Who Monitors HIV/AIDS Funds in Nigeria? Stories from Three Civil Society Organizations by Bimbola Adewumi, Anselm Nwoke, and Ufon Udofia**

This article presents updates from three organizations — AIDS Alliance Nigeria, Human Support Services, and Journalists Against AIDS — on their efforts to monitor HIV/AIDS funds in Nigeria. This work is important not only because of the large amounts of funding Nigeria has received to combat HIV/AIDS (\$141 million from the Global Fund alone), but also because of the large number of Nigerians living with HIV/AIDS (2.9 million out of a population of 133 million). Both donors and people living with HIV/AIDS want to see that as much money as possible directly benefits those afflicted by the disease.

Even though the Nigerian government has made a national effort since 1999 to combat HIV/AIDS, serious gaps remain in providing basic HIV/AIDS prevention, support, and treatment services at the community level. With a total population of 133 million, for example, Nigeria has only about 75 antiretroviral treatment sites.

According to Theresa Guthrie of the AIDS Budget Unit of IDASA, resource tracking can improve AIDS care by identifying resource providers and receivers, measuring the services reached those resources, identifying areas where resources have yet to reach, and measuring trends over time. Efforts are underway by the OECD, the Netherlands Interdisciplinary Demographic Institute, and the World Health Organization to track resources designated to HIV/AIDS in Africa as a whole.

### ***AIDS Alliance Nigeria, by Anselm Nwoke***

HIV has crept into every community in Nigeria, sweeping away the dreams of the future. Recently, hope has come with the discovery of life-saving antiretroviral drugs. To make these drugs more accessible, particularly to people in resource-poor countries, the funding focus for HIV/AIDS activities has shifted towards the provision of antiretroviral (ARV) treatment to those who need it.

In 2002 the Nigerian government initiated an ARV treatment program, which aimed to provide drugs for 10,000 adults and 5,000 children within one year. The program suffered a major setback in 2004, when a shortage of drugs delayed treatment for some people for up to three months, but the program resumed when more drugs were received.

Since the creation of the Global Fund and the President's Emergency Plan for AIDS Relief, donor funding for ARV treatment and other HIV/AIDS-related activities has increased to over \$285 million by 2005, while funding from the U.S. Agency for International

Development funding grew from \$2.7 million in 1999 to \$34.5 million in 2005. In response, the government also increased its funding through the National Action Committee on AIDS (NACA), from 1 billion Naira in 2003 to N1.47 billion in 2006.

Undoubtedly, contributions by civil society would have enriched the government's 2006 budget, for example. In most cases, funds for HIV/AIDS activities are buried in the budget with other activities, and the exact amount of funding specifically aimed at HIV/AIDS is not easily discernible.

AIDS Alliance Nigeria believes that civil society organizations can play a much stronger role in ensuring accountability, transparency, and high-quality service delivery if they work with the government to build a relationship of trust and respect. With this goal in mind, AIDS Alliance has started training civil society organizations, government agencies, and groups representing people living with HIV/AIDS on budget-tracking skills. The first phase of this project was the publication of "HIV/AIDS: The Disease Burden and the Level of Funding in Nigeria, 1998-2004," followed by a training by the Nigeria Resource Tracking and Advocacy Group for HIV/AIDS stakeholders from six states.

Funding for HIV in Nigeria has almost quadrupled in recent years. The challenge now is not obtaining more funds, but making existing funds work for the purpose for which they were given. In other words, the main tasks now are to ensure accountability and transparency in resource allocation, disbursement, and implementation.

### ***Human Support Services, by Ufon Udofia***

Human Support Services (HSS), an NGO dedicated to the needs of disadvantaged groups in Lagos, Nigeria, works on issues related to health, democracy, governance, and development. HSS's health work focuses on reproductive health and preventing HIV/AIDS.

HSS is collaborating with the Civil Society for HIV/AIDS in Nigeria on a project called "Increasing Participation of Civil Society in the Assessment, Monitoring and Evaluation of Resource Mobilization and Utilization on the Impact of HIV/AIDS Mitigation Efforts in Nigeria." The project works to increase resource allocations to HIV/AIDS and ensure a more efficient use of these funds in the Nigerian states of Lagos (Ikeja), Gombe, Cross River, Enugu, and Plateau.

The project's goals are to enhance the transparency and accountability of public bodies, international development partners, and NGOs involved in mobilizing, allocating, and using funds to combat HIV/AIDS. The project also tries to build relationships between civil society and government to create an effective HIV/AIDS response system and produce "best practice" models for monitoring and tracking resources at national, state, and local levels.

The need for the project stems from the 2001 Abuja African Heads of State Declaration on HIV/AIDS, TB, Malaria and other Infectious Diseases, in which Nigeria and other members of the Organization of African Unity ([http://www.un.org/ga/aids/pdf/abuja\\_declaration.pdf](http://www.un.org/ga/aids/pdf/abuja_declaration.pdf)) vowed to increase their health budgets and to use these added funds, along with increased funding from donor agencies and multilateral organizations, to achieve the Millennium Development Goals.

HSS believes that it is important to build civil society organizations' capacity to play a more active role as watchdogs on HIV/AIDS. For this reason, the project has concentrated thus far on capacity-building and training for civil society groups on public finance and budget analysis at the state and local levels.

In addition, the project created the Community Action Committee on AIDS, which trains community facilitators to address HIV/AIDS issues in local communities. These facilitators report that the project has developed their capacity — empowering them, for example, to facilitate the removal of a local government chairman in Ikeja who was not transparent and accountable to the community. Other accomplishments to date include:

- training eight community facilitators on public finance analysis, with specific emphasis on budget tracking for HIV/AIDS
- conducting a donor survey to track resource flows for HIV/AIDS
- analyzing state and local budgets from 2000 to 2005
- conducting media and legislative advocacy for increased allocation of resources to HIV/AIDS and more efficient use of those resources

### ***Journalists Against AIDS, by Bimbola Adewumi***

Journalists Against AIDS (JAAIDS) ([www.nigeria-aids.org](http://www.nigeria-aids.org)) was founded in 1997, after AIDS claimed the life of Fela Anikulapo-Kuti, one of Nigeria's most popular musicians and an anti-military crusader. Omololu Falobi established JAAIDS to serve as a platform for media activism around the issue of HIV/AIDS.

In 1998-99, JAAIDS held seminars in newsrooms and talked with editors and reporters about their needs and constraints in covering AIDS. In collaboration with the Nigerian Union of Journalists in Lagos, JAAIDS also facilitated a dialogue between AIDS workers, reporters, and editors about the reality of the AIDS epidemic, providing valuable HIV/AIDS information to more than 900 journalists.

JAAIDS was instrumental in the formation of the Treatment Action Movement and the Nigeria HIV Vaccine and Microbicide Advocacy Group, which work on issues related to HIV/AIDS prevention, treatment, and care and it continues to play an important role in shaping civil society's advocacy skills around HIV/AIDS at the national and regional levels. JAAIDS also helped establish the African Civil Society Coalition on HIV/AIDS, which had a strong influence on the outcomes of the 2006 African Union Summit on AIDS, TB and Malaria and the 2006 United Nations High-Level Summit on AIDS. Until December 2005, JAAIDS served as the African NGO representative on the program coordinating board of UNAIDS.

JAAIDS' current projects include budget advocacy and HIV/AIDS expenditure monitoring. Through its MONITOR (Monitoring Initiative to Strengthen Accountability and Monitor Implementation of the National Response to HIV/AIDS) project, JAAIDS carries out research studies to analyze the effectiveness and promote the accountability of AIDS spending in Nigeria. The JAAIDS study on HIV/AIDS allocations in the 2006 budget has earned the organization much respect for its work in this area.

JAAIDS is now preparing a study entitled "The National Action Committee on AIDS (NACA) and Developmental Partners funding response to HIV and AIDS in Nigeria: 2002-06." The study presents spending estimates on HIV/AIDS prevention, care, and research by donor governments, multilateral organizations, and private foundations to help policymakers and advocates better understand the status of HIV/AIDS funding in Nigeria. Its goal is to generate information that can improve the planning and management of HIV/AIDS programs in Nigeria.



The study will present several recommendations, including the creation of a central database within the Nigerian government of all resources provided by external donors for HIV/AIDS, which would make it easier to evaluate existing HIV/AIDS programs and design future interventions. The study also recommends that all stakeholders (external donors, civil society organizations, and government officials) work together by sharing information on available resources. It strongly advises the National Planning Commission and the National Action Committee on AIDS to offer an interactive session with all donor agencies working in the area of HIV/AIDS in Nigeria to understand their scope and operations. If potential donors first liaise with the National Action Committee on their plans, it would avoid duplication of efforts and over-saturation of funds in certain areas.

---

## **Peruvian NGO Gives Award to Best Government Practices, Ciudadanos al Día (CAD) by Caroline Gibu**

Earlier this year Ciudadanos al Día (CAD), a nonprofit organization based in Peru, announced its second annual Awards for Best Government Practices. The awards are designed to highlight activities that are having a positive impact on the lives of Peruvians and can be replicated by other institutions, to generate incentives that improve the relationship between government and citizens, and to point out what is still left to do and what is not working well.

Successful public administration initiatives nominated for the awards include:

- The provincial municipality of Ferreñafe created a website (<http://www.muniferrenafe.gob.pe>) to fulfill the requirements of the Law on Transparency and Access to Public Information. This website serves as a portal of information where citizens can get to know their district from an administrative and cultural perspective. The website offers information on public workers' salaries, the checks the local government signs each day, and the mayor's agenda.
- A small municipality transformed its trash problem into income by creating a waste-treatment plant. The population of the district of Independencia in Huaraz was affected by the pollution of solid waste that was a threat to public health and the environment. Most of the solid residues were dumped into the rivers that travel through the city or sit in open waste areas. Hence the municipality implemented the Integral Project of Environmental Management of Solid Wastes at Independencia (PIGARSI). The project achieved significant improvements to the environment; the production and commercialization of 6.6 daily tons of compost - 3.6 of which would be used in the production of oatmeal, spinach, and artichokes - ; the commercialization of 1.5 daily tons of inorganic residues (plastic, glass, cans, etc.) representing revenues of more than 790 thousand new soles a year (approximately 245,000 USD).
- A group of 15 government ministries participated in the joint purchase of goods. The transaction generated significant government savings of 450 thousand new Soles (approximately 140,000 USD). Hence improving the efficiency and transparency of government acquisitions and contracts.

While this is the first contest designed to improve public administration in Peru, CAD has identified at least 45 other countries that have implemented similar award programs, such as Canada, France, South Africa, United Kingdom, and the United States. Some of these programs are promoted by government agencies, others by universities, foundations, or

multilateral organizations like the World Bank and the United Nations Development Program. All are designed to collect and share best practices and create incentives for progress in public administration. (See for example: Impumelelo. Innovations Award Trust: <http://www.impumelelo.org.za>, a resource and database of innovations and best practices in the delivery of social services in South Africa that forms part of a group of similar programs, running in the Brazil, Chile, the Philippines, and the United States.

CAD launched the award program in January 2005 in collaboration with the nonprofit group "Defensoría del Pueblo" and the World Bank's International Finance Corporation (IFC), with support from national and international media. A technical advisory team made up of diverse personalities from academia, the private sector, civil society, and the public sector selected 78 best government practices. Out of these a jury selected 20 winners, which included practices by municipalities, regional governments, regulatory agencies, ministries, and public companies. (The jury evaluated just the nominated practices, not the performance of the entities as a whole.) This year the number of nominees was increased to 171, of which 12 received awards.

### ***CAD Created to Promote Transparency, Participation, Good Public Sector Management***

CAD was founded in 2002 by professionals from various disciplines with experience in public sector management. Its goals are to promote public debates on fiscal transparency and citizen participation in public sector management, to develop public policy proposals to improve the quality of public management, and to increase citizen participation in public administration. CAD publishes reports and newsletters analyzing the budget, the quality of government expenditure, the level of fiscal transparency, and the efficiency of administrative processes.

All of CAD's products are directed to ordinary citizens. According to Beatriz Boza, CAD's founder and executive director, the group aims to promote changes in public administration by inserting useful information and proposals into the media and public debates so they can later be implemented by policymakers.

One of the group's tools is RankingCAD. This methodology compares the level of budget transparency and availability of information across institutions (i.e., a group of municipalities, public companies or regional governments) that provide similar services to citizens. This methodology allows comparing different indicators of expenditure and transparency. For instance, a report on the executive's public spending looked at what portion of the budget of public-owned companies was allocated to current expenditures and recommended that those expenditures be reduced by 20 percent to cover the public financial deficit for the fiscal year. As a result, the Ministry of the Economy and Finance promoted a 10 percent cut, achieving unexpected savings of more than 115 million soles.

Another CAD tool for dissemination and capacity building is organizing workshops for public officials. Last summer CAD invited nearly 600 public officials to participate in best practices workshops in 11 towns around the country. The workshops, which included presentations by the 2005 winners of the Awards for Best Government Practices, raised awareness among participants about public perceptions of government and the need to work toward a model centered on serving citizens. Interestingly, participants agreed that improving efficiency in service delivery in Peru had little to do with changing laws or even the budget; instead, it was more an issue of political will and leadership.

CAD works not only to identify and disseminate best government practices but to generate a demand for them. Each example of a good practice, CAD believes, is linked to the fulfillment of a specific human right. People have the right to know how the government uses public resources and to know that these resources will be used efficiently; they also have the right to adequate public services and infrastructure. In short, CAD hopes to empower people with information to demand the fulfillment of their rights.

For more information, contact CAD at [consultas@ciudadanosaldia.org](mailto:consultas@ciudadanosaldia.org).

---

## Creative Online Tools and Ideas for Budget Practitioners

Listed below are some tools for civil society and budget practitioners that are available online. You or your organization may want to consider using them (or the ideas on which they are based) as you look for ways to address your constituencies, plan and design budget literacy resources, create budget advocacy campaigns, or develop accountability mechanisms.

- **Cyber-Budget** (<http://www.cyber-budget.fr/>) is a game developed by the French government to teach people about the budget process in France by placing them in the position of the minister of the budget. Players must complete four “missions,” representing different phases of the budget calendar, while keeping the budget as close to balance as possible. This involves developing a budget, defending it from changes by parliament, and executing it, while dealing with simulated random events and surprises that often arise to vex real-life policymakers. As an incentive to complete the game, the website claims that players with sufficiently high scores will receive a surprise.
- The **Anti-Corruption Internet Database’s Corruption Calculator** (<http://www.antigraft.org/wangonet/corruptioncalculator>) seeks to illustrate the cost of corruption in Nigeria each year. Users input the amount of funds put towards a particular project and the calculator shows the amount of money lost due to corruption and mismanagement. More importantly, the user can then calculate how many hospitals, schools, kilometers of road, or other services would have been created had the funds been spent appropriately.
- **Latinobarómetro** (<http://www.latinobarometro.org/latino/latinobarometro.jsp>) is a database of public opinion data gathered annually from over 19,000 interviews in 18 Latin American countries that together have more than 400 million inhabitants. The data can be used to create indexes on economic and democratic development — as well as public opinions and values — for use by governments, NGOs, international organizations, and mass media. *Latinobarómetro* is provided by the Latinobarómetro Corporation, an NGO based in Santiago, Chile.
- **Afrobarometer** ([www.afrobarometer.org](http://www.afrobarometer.org)) is a series of surveys conducted in 18 countries in eastern, western, and southern Africa that explore what citizens think about the way their country is managed economically, politically, and socially.

Please send a message to [info@internationalbudget.org](mailto:info@internationalbudget.org) if you would like to share other interactive online resources that budget practitioners might find useful.

---

## Findings from Recent Audit Reports, HakiElimu, Tanzania (Part I)

The Controller and Auditor General (CAG) is the official public finance watchdog in Tanzania. Each year, the CAG inspects the accounts of all government offices and issues reports that are presented to Parliament. The CAG reports contain critical information that can help improve accountability and governance. However, audit findings are not widely known, and often do not lead to substantive disciplinary actions.

With this in mind, HakiElimu decided to produce a set of leaflets making audit information more broadly available to the public so as to promote understanding, debate and public action. The leaflets cover central government audit findings and local government audit findings for the three most recent years for which data is publicly available (Financial Years 2003, 2004, and 2005). All of the data in the leaflets comes directly from the audit reports, which are available to the public in Tanzania, and have recently been put online by another local NGO, REPOA (Research on Poverty Alleviation), on their "Tanzania Governance Noticeboard," or TGN (<http://www.repoa.or.tz/tgn/index.php>.)

In 2004-05, the most recent year audited, 54 Local Government Authorities (LGAs) and 28 central government ministries, departments, and agencies (MDAs) did not receive "clean" audit reports. Although there are improvements, these reports show that the government needs to do a better job of managing public money.

Some main points of interest included the following:

- Many 'high' government offices (including the State House, Prime Minister, and Vice President) had clean reports in all three years and could account for all money spent.
- The Ministry of Works was not able to account for nearly 28 billion shillings in 2004/05, or nearly half of its non-salary budget.
- LGAs were unable to account for nearly 15 billion shillings, or 10 percent of their non-salary budgets, in 2004-05.

The leaflets show the auditor's opinion for each MDA or LGA. The leaflets also ranked the MDAs and LGAs from "best" to "worst" in terms of "questioned expenditure" – spending about which the auditor is not satisfied

The leaflets were launched on Tuesday, 17 November at the Dar es Salaam International Conference Center. HakiElimu's Executive Director, Rakesh Rajani, presented the main findings. There was a significant turnout at the event (about 70 people, including journalists, civil society organizations, and donors). Media coverage of the event and the leaflets themselves has been impressive. "Audit exposes how taxpayers' billions are lost," ran a special report on the front page of the prominent English-language daily newspaper *The Citizen*. Yet another article in same newspaper quoted Mr. Rajani as he explained that "some authorities have truly squandered the public funds." Other newspapers covered the event as well; *The African* covered the event with the announcement that "Over 218bn/- unaccounted for." One paper even conducted an in-depth interview with Hon. John Momose Cheyo, Chairman of the Parliament's Public Accounts Committee. HakiElimu has even heard that the President himself asked for a copy of the leaflets.

HakiElimu undertook this project in order to inform the media, government officials, and the public about the information in the audit reports, as well as to show other members of civil society what sort of information is available on the Tanzania Governance Noticeboard and how this data can be put to us. HakiElimu also plans to prepare a short report based on the

leaflets but with additional graphics and text, which will be referenced in the next issue of the IBP newsletter.

---

## **Budget Trainings in Argentina, Azerbaijan, and Turkey**

### **BUENOS AIRES, ARGENTINA**

The Mexican NGO Fundar-Centro de Análisis e Investigación, the International Budget Partnership, and the International Human Rights Internship Program held the Second International Learning Program on Budget Analysis and Economic, Social and Cultural Rights in Buenos Aires, Argentina, 2-11 October. The Centro de Estudios Legales y Sociales "Center for Legal and Social Studies" (CELS) hosted the event.

Twenty activists from around the world were invited to participate. Most work with human rights groups, but two of them work with civil society budget groups. A staff member of the office of the UN high commissioner for human rights also took part.

The ten-day program was designed to relate directly to the human rights work that participants conduct at home. Using budget and related data for a hypothetical country, as well as real-life cases from participants' home countries, participants examined the relationship between human rights and budgets. They also practiced analyzing a government's compliance with its human rights obligations under national constitutions and international human rights treaties.

The program also looked at budget structures and processes, the budget cycle and budget actors, and what an NGO could achieve through budget analysis and budget monitoring. Participants devoted two days to learning about specific budget analysis tools (such as developing per capita figures) and two days applying all they had learned by analyzing two hypothetical case studies (one on spending on HIV/AIDS and TB, the other on education spending) in order to prepare a presentation to the media, government officials, or other NGOs.

Following the first international learning program, held in 2005, program organizers decided to add three days to the course to allow more time for practice with budget analysis tools. That enabled this year's participants to develop a better understanding of the various budget tools and greater skill in using them to promote advocacy efforts.

Participants anticipate using what they learned in a range of ways. These include: enhancing the monitoring of health-related expenditures in India, challenging recent changes in the health care services law in Egypt, enhancing the monitoring of expenditures by the San Francisco (U.S.) city government related to a city human rights ordinance, and assisting in the monitoring of implementation of the right to food in Brazil. Program organizers will look for ways to continue helping participants as they seek to apply the lessons of the program. To learn about future courses, contact Ann Blyberg at [ablyberg@iie.org](mailto:ablyberg@iie.org).

### **BAKU, AZERBAIJAN**

The National Budget Group (NBG) in Azerbaijan recently invited the IBP to conduct a four-day training for members of the network. This training will be complemented with a second training for the NBG on budget advocacy, to be conducted in Washington, D.C., at the end of November. Formed in April 2006, NBG is a network of prominent Azeri NGOs, academics,

and citizen's groups; its activities include tracking government projects funded by oil revenues, promoting budget transparency, and conducting budget literacy training.

The workshop took place from 23-26 August and took the form of a "training of trainers," meaning that attendees were shown how to replicate their training in subsequent workshops they will conduct in Azerbaijan. In addition to providing modules on general budget advocacy and analysis, the workshop placed a great emphasis on budget tracking and the analytical tools it requires. The budget tracking modules were presented by Teresa Guthrie ([teresa@cegae.co.za](mailto:teresa@cegae.co.za)) of the newly formed Centre for Economic Governance and AIDS in Africa.

For more information on budget work in Azerbaijan, contact Ingilab Ahmadov ([Ingilab@pfmtc.az](mailto:Ingilab@pfmtc.az)) or Fidan Najafova ([fnajafova@osi-az.org](mailto:fnajafova@osi-az.org).)

For more information on the workshop, contact Albert van Zyl ([vanzyl@cbpp.org](mailto:vanzyl@cbpp.org))

### **ANTALYA, TURKEY**

The Open Society Institute (OSI) invited the International Budget Partnership to facilitate sessions on budget advocacy at a workshop entitled "Innovative Advocacy Tools and Strategies for Health Resource Monitoring" as part of the OSI Public Health Program Seminar Series. The workshop was held in Antalya, Turkey, September 26-30.

The workshop's primary goal was to develop effective advocacy strategies to promote transparency in the national health budget, utilizing information and communications technologies (ICT) tools. In addition, the workshop aimed to: foster a network of NGOs and other civil society actors advocating for more transparent and effective allocation of national-level health resources, provide a space for country teams to advance national-level advocacy strategies with input from colleagues, and advance a discussion on possible trans-national collaborations to promote health budget transparency (particularly related to HIV/AIDS).

Workshop participants came from Azerbaijan, Ethiopia, Georgia, Kazakhstan, Kenya, Kyrgyzstan, Malawi, South Africa, and Ukraine. Countries were selected primarily on the basis of existing health-resource monitoring initiatives and OSI interest in supporting these initiatives.

Workshop facilitators were drawn from Duke University, HAI, Parsons Institute NYC, The Network for Consumer Protection (Pakistan), and TacTech (Global). IBP's portion of the workshop focused on developing a budget advocacy strategy; IBP provided case studies showcasing different budget advocacy strategies.

For more information, contact Shaamela Cassiem [cassiem@cbpp.org](mailto:cassiem@cbpp.org).

---

## **Opportunities for Budget Work in Cambodia and Kenya**

### ***Can Civil Society Monitor Kenya's Constituency Development Fund?***

In 2004 Kenya established the Constituency Development Fund (CDF) in order to distribute government resources for local development more equitably through decentralization and greater local participation. Previously, local development and delivering government services had not been priorities of the highly centralized national government, so local

communities had tried their hands at it themselves. But while these efforts, such as *harambees* (funding drives for local projects such as schools and clinics), were responsible for generating the bulk of local development aid, they also were also plagued by abuses. One goal of the CDF was to put an end to the forced collection of funds that had occurred under the *harambee* system by delivering government resources directly to local communities.

The CDF has widely been seen as more effective in delivering development aid than the traditional line ministries and has been welcomed by previously marginalized local communities. Unfortunately, irregularities have been identified in the CDF's management. These include corruption, fraud, nepotism from the members of Parliament (MPs) who lead project selection committees, poor planning in the selection of projects, and problems in monitoring and oversight.

The CDF is one of seven decentralized funds the Kenyan government has created to bypass the traditional administrative structure and provide funds directly to the local level. Unfortunately, there is no regulatory framework governing the allocation of these funds, nor are there standardized criteria for financial or performance reporting on their use. Kenya's dual budget system compounds the regulatory weaknesses within the financial planning and management system because it separates recurrent expenditures from developmental and capital expenditures and requires all line ministries to prepare two separate budget documents each year.

The CDF operates as follows. Community development projects suggested by constituents are forwarded to a series of committees, which compile lists of priority projects and assess whether they meet with CDF guidelines and the area's development needs. A committee of Parliament then reviews the project proposals and submits a list of proposed projects to the Ministry of Finance, which releases funds to each constituency. MPs directly supervise the officials who implement the projects, bypassing the national ministries.

This structure reverses the constitutional separation of powers between the executive and Parliament, since the legislature ends up executing the program while the executive oversees it. As a result, traditional lines of oversight are blurred almost beyond recognition.

Though the current environment in Kenya is not very conducive to civil society work, enthusiasm for monitoring the CDF is high. CSOs have already taken members of Parliament to court for not delivering development projects authorized under the CDF. In another example, the Kenya National Commission on Human Rights, an independent government institution, has discussed collaborating with civil society groups to monitor the CDF and using the findings in its reports on human rights violations.

In addition, CDF monitoring activities present an opportunity to create a grassroots campaign that goes beyond the CDF to examine larger democratic issues, such as access to information and the government decision-making processes.

### ***Civil Society Budget Initiative Look for Budget Opportunities in Cambodia***

To assess opportunities for supporting budget work in Cambodia, the Civil Society Budget Initiative (CSBI) undertook a one-week mission to Phnom Penh in August meeting with a variety of Cambodian NGOs, think tanks and research institutions, as well as officials of international organizations and donors. CSBI is a partnership of donors and civil society organizations, managed by the IBP, which aims to build capacity for budget analysis in civil

society organizations in selected low-income countries, including Cambodia. CSBI coordination is provided by the IBP ([www.internationalbudget.org/CSBI.htm](http://www.internationalbudget.org/CSBI.htm)).

Although it is truthful to say that Cambodia has seen some improvement in the areas of governance and accountability since the mid-1990s, much more remains to be done. Poverty has been reduced, but inequality has also been growing. As much as 85% of the population lives in rural areas, and 35 percent lives below the poverty line (which in Cambodia is equivalent to 50 US cents a day).

In spite of this situation, enthusiasm was expressed at every single meeting regarding the potential for initiating budget work by civil society in Cambodia, with international support. Some contacts suggested the local commune level as a good point of citizen engagement on budget issues, and indeed some donors and international NGOs are already making plans to support such work. Other contacts illustrated the need for building up the budget oversight capacities of the legislature. Still others argued in favor of strengthening the role and capacity of think tanks or research institutes which have already engaged in some initial work around budget issues.

The mission team concluded that the current moment seems particularly appropriate to begin this work in Cambodia for a variety of reasons.

- Government is asserting more independence from international donors, after years of dependence on foreign aid. So the need is growing for Cambodian civil society to provide balance and government oversight.
- Significant oil revenues are on the horizon, and this prospect is triggering enormous enthusiasm (<http://www.csmonitor.com/2006/0830/p07s02-woap.html>). Consequently, it is very important to build public awareness of the challenges and problems which will come with administering these revenues, and to pursue public access to information about them in order to avoid the common "resource curse" of oil.
- There are many pending issues and reforms around the budget process which could benefit from more opportunities for civil society input and participation. The national budget law is currently being revised, and the budget cycle is being adjusted. Procurement law is undergoing revision, as well as the "organic law" regarding functions of different levels of government. Civil society involvement in these reforms would add to their credibility.
- Decentralization is an increasingly important topic, and some reforms are already under way. Commune councils will need to be held accountable for decentralized funds.
- As much as half of the Cambodian government activity — particularly social services — runs off-budget with direct funding provided by international donors into numerous ministry level accounts. This poses enormous challenges in terms of accountability and sustainability.

The main challenge to civil society budget work in Cambodia remains access to information, as there is no freedom of information law and no prospect for implementing one. Nevertheless, several contacts insisted that even initial steps by civil society to begin collecting and documenting available information would constitute a useful and important starting point for citizen engagement on the budget.

To date, some basic research on budget issues in Cambodia has been done by several groups. The NGO Forum on Cambodia ([www.ngoforum.org.kh](http://www.ngoforum.org.kh)) has analyzed the "pro-poorness" of recent budgets and advocated for greater budget transparency in their



*Development Watch* publication. The Economic Institute of Cambodia ([www.eicambodia.org](http://www.eicambodia.org)) documents government revenue, foreign debt, and budget expenditure statistics in their semi-annual *Cambodia Economic Watch* review. And the Womyn's Agenda for Change ([www.womynsagenda.org](http://www.womynsagenda.org)) issued a report on education sector budgets earlier this year.

The result of the CSBI mission was to encourage collaboration between the NGO Forum and the Economic Institute of Cambodia on future budget work. These two organizations have an established working relationship through participation in the Trade and Economic Development Network (TEDN) in Cambodia, and each has some experience with budget work. Importantly, such a partnership brings together the technical capacity for research with the networking and advocacy skills which are also required for effective budget work.

The two organizations are working toward a joint project on "Support to Budget Monitoring in Cambodia" with coordination through the end. The project aims to address the scarcity of information on the Cambodian National Budget, the lack of knowledge on the part of NGOs concerning the budget, and the lack of cooperation amongst NGOs concerning budget-related initiatives. Some proposed activities include: the creation of a budget resource center and database; publication of a citizen's guide to budgets in both Khmer and English, to be used in training sessions for stakeholders and the media, and; advocacy for greater transparency in areas of the budget that should be open to the public.

This joint proposal is currently under consideration by CSBI. The proposal review is not a public process. If support is approved, project activities would begin by the end of 2006.

---

## **New Publication: *A Guide to Tax Work for NGOs***

The International Budget Partnership (IBP) is releasing *A Guide to Tax Work for NGOs*. The guide is a companion to *A Guide to Budget Work for NGOs*, which the IBP published in 2001. Although the original guide dealt with all budget issues, including revenues, the main focus was on expenditure programs. The new guide is dedicated solely to revenue issues. Tax work is the logical next step for civil society engagement with the budget, building on the successes that civil society groups have had on the expenditure side of the budget. The guide is intended to help demystify revenue policy issues and give civil society budget groups the tools they need to influence revenue policy in the same way that they have been able to influence expenditure policy.

Tax policy has a substantial impact on many of the core concerns of civil society groups. Indeed, civil society groups would want to engage with tax issues for a range of reasons, including: to ensure that there is adequate funding for important anti-poverty programs; to improve the often skewed distribution of income and wealth in a country; to promote the type of economic growth that can benefit all citizens; and to enhance government transparency and accountability around all aspects of the budget. In many countries, tax debates are dominated by businesses and wealthy individuals, who often do not have the same concerns as civil society groups. Civil society groups can help broaden the debate and bring a new focus on fairness and the needs of the disadvantaged to the discussion of tax policy.

*A Guide to Tax Work for NGOs* discusses revenue issues, and especially taxes such as the value-added tax and personal income tax. It provides a basic description of different tax types, discusses some of the key issues surrounding tax policy and tax administration, gives

examples of civil society tax work from several countries, and provides ideas for revenue-related projects that groups might want to undertake. It also devotes a chapter to revenues issues associated with the extractive industries. The guide does not attempt to cover all revenue issues that are important in developing and transitional countries. For instance, it focuses only on national-level taxes, not on local-level taxes. Nevertheless, it provides an introduction that the IBP hopes will build interest and confidence among civil society groups considering engaging in revenue work.

To order copies of this publication, send a message to [info@internationalbudget.org](mailto:info@internationalbudget.org).

---

## **New Materials in the IBP Website**

### [Making the Money Work for the People](#)

By Bimbola Adewumi/*Journalists Against Aids Nigeria*

This study examines how the funds allocated in Nigeria's 2006 budget for HIV/AIDS programs were spent and how the Debt Relief Gains (DRGs) Nigeria obtained in 2005 affected HIV/AIDS spending. (In 2005, the Paris Club of creditor-countries agreed to cancel \$18 billion of Nigeria's \$30 billion in debt to the Club; Nigeria, in return, agreed to commit these Debt Relief Gains to pro-poor programs that will help the country achieve its Millennium Development Goals.)

The study analyzes the effect of the DRGs on the national budget and how those funds affected the budgets of federal ministries. It also looks at how different ministries have implemented HIV/AIDS programs. The study concludes with recommendations for both government and civil society, including a proposal that civil society groups receive DRG funds and be allowed to participate more fully in the budget process.

### [To Pay or Not to Pay? Citizens' Views on Taxation by Local Authorities in Tanzania](#)

By Odd-Helge Fjeldstad/*Research on Poverty Alleviation (REPOA)*

Widespread tax evasion is a significant barrier to collecting local revenue in Tanzania. This paper, based on data from a citizens' survey, examines Tanzanians' views of local taxation in order to highlight factors that affect tax compliance. It also outlines a conceptual and analytic framework through which to analyze tax compliance. The study concludes that a perceived lack of return, corruption of public officials, and nontransparent approaches to collecting taxes foster public resentment.

### [Poverty Alleviation in Rural Namibia through Improved Access to Financial Services](#)

By Jonathan Adongo and Mariama Deen-Swarray/*Namibian Economic Policy Research Unit (NEPRU)*

This report finds that rural Namibians have less access to financial services than those in urban areas (though they may rely more on informal lenders), and that improvements in this area could alleviate poverty, though by itself it may not be sufficient for the extremely poor.