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Civil Society Groups and Public Audit Institutions Discuss Opportunities for Collaboration

In November 2006 the International Budget Partnership (IBP), the United Nations Department of Economic and Social Affairs (UN-DESA), and the Eastern Regional Organization for Public Administration co-hosted a two-day conference in Manila entitled "Dialogue on Civil Society Engagement in Public Accountability." During the conference, possibly the first of its kind, civil society organizations and public audit institutions from India, South Africa, the Philippines, Argentina, South Korea, and Mexico discussed opportunities for expanding collaboration.

The conference sought to familiarize representatives of civil society groups and audit officials with each other, enable participants to share experiences regarding the use of public audit processes, and foster dialogue between civil society groups and public auditors within the same country regarding ways in which they could strengthen oversight over public resources.

The IBP and UN-DESA, which organized the conference, selected these six countries because of their potential for collaboration between civil society and audit institutions. For example:

- In India, the Mazdoor Kisan Shakti Sangathan (MKSS), a peasants' and workers' union, uses public hearings to conduct social audits of local government expenditures in village communities. (In a social audit, program beneficiaries evaluate the performance of the agency and conduct oversight of agency expenditures.) During these social audits, communities check accounting records and other records on public-works programs in their area and identify instances of fraud, including falsified bills and labor rolls. MKSS' social audit methods are now being used all over India by citizen groups to monitor a new government program under which rural households are eligible to receive minimum-wage employment for 100 days in a year.

- In South Africa, the Public Service Accountability Monitor (PSAM), a research and advocacy organization, works closely with the legislature to track government responses to instances of financial misconduct and corruption identified in the auditor general's reports. PSAM has highlighted the large number of audit disclaimers issued by a provincial audit agency — which was unable to obtain financial information during the conduct of its audit — and organized a public campaign that led to stronger financial management practices in provincial government agencies.

- The Philippines, the Commission on Audit (the national supreme audit institution) and the NGO Concerned Citizens of Abra for Good Government (CCAGG) jointly conducted a participatory audit. CCAGG, which specializes in monitoring infrastructure projects, uses local volunteer monitors to verify that road construction projects are executed as per contract norms. (See CCAGG article below.)

- In Mexico, Fundar, a research and advocacy organization, identified large-scale corruption in a government contract awarded to a private agency under an HIV/AIDS prevention program by obtaining hundreds of pages of government...
accounting records using the national freedom of information law. (An official investigation by the national supreme audit institution corroborated Fundar's findings.) Subsequently, pressure from the Fundar-led campaign led the government to recover the misappropriated funds and change its policies governing the management of discretionary funds, including funds for the HIV/AIDS prevention program.

- In South Korea, Concerned Citizens for Economic Justice (CCEJ), an NGO working on economic rights issues, routinely uses the country’s national citizen audit request system to request government audits of public projects that waste resources or are plagued by corruption. CCEJ presented three cases of corruption in public projects that were corroborated by subsequent government audits. In one case, the government changed its procurement policies in part as a result of a CCEJ campaign to limit the issuance of no-bid contracts. (See CCEJ article below.)
- In Argentina, La Asociación Civil por la Igualdad y la Justicia (ACIJ), a human rights organization, filed suit to obtain the minutes of meetings by the congressional commission responsible for reviewing public audits and then used these records to highlight the commission's failure to act in response to audit recommendations.

**Participatory Audit Schemes**

During the conference, audit officials showed how they too are exploring innovative opportunities for including the public in the conduct of audits. For example:

- In the Philippines, the Commission on Audit entered into a partnership in 2002 with several NGOs, including CCAGG, to conduct participatory audit exercises. The exercises focused on performance audits, which assess whether a program has achieved its intended results; audit teams included members of both COA and NGOs. In addition, COA is providing Procurement Watch with procurement documents of agencies it is auditing so Procurement Watch can test a tool that measures corruption in procurement processes.
- In India, the Andhra Pradesh state government, inspired by the MKSS social audit process, is leading a social audit campaign in collaboration with a consortium of NGOs. Local forums are being held all over the state on the use of funds under the government's guaranteed-employment program, and the state government is acting quickly to correct any problems the social audits identify. Meanwhile, in the state of Rajasthan, the public auditor's office — frustrated by the poor implementation of its recommendations — has shared the findings of some of its audit reports with the MKSS and invited it to publicize the results so that action can be taken against errant agencies.
- In Mexico, the Ministry of Public Administration has developed a tool called SEPAT (Transparency and Citizen Participation Evaluation System) to monitor whether municipal agencies adopt sound disclosure policies, provide citizens with access to information, and facilitate social audits. Social audits of development programs are mandated by a 2004 law.

**Conference Findings**

1. **There is a wide spectrum of potential collaboration between civil society groups and auditors.** The conference highlighted three categories of CSOs initiated auditing work. At one end of this spectrum, civil society groups can conduct their own audits. Organizations like the MKSS have developed
innovative social auditing processes that are independent of government audit processes. In fact, many of the programs audited by the MKSS had previously been audited by government auditors, who reported none of the misappropriation of funds that the MKSS later uncovered.

Second, civil society organizations can use the findings of government audits to hold government agencies accountable. PSAM in South Africa, for example, publicizes findings from government audit reports in press releases and radio talk shows and demands action from agencies. Similarly, ACIJ in Argentina investigates the actions taken by the legislative committee responsible for oversight of the government audit recommendations presented to it.

Third, civil society organizations also can work with government auditors in conducting audits. For example, CCAGG in the Philippines was a member of a government team that conducted a performance audit of the public highways agency. CCEJ in South Korea requests special audits of government projects it has identified as suffering from financial irregularities.

2. Auditors are increasingly receptive to citizen participation in their audit processes. South Korea, for example, has some of the world’s most progressive policies to foster citizen participation, such as a citizen audit request system and the inclusion of non-governmental experts in the supreme audit institution. Similarly, the participatory audit experience in the Philippines, in which government audits were undertaken by a team composed of non-governmental experts and audit officials, represents a unique model for civil society involvement in government audits.

3. Auditors and civil society groups each have concerns about collaboration. Overcoming these concerns is central to unlocking this potential partnership in many more countries. In many countries, for example, public audit institutions have a mandate to report to the legislature, not to the public; it is the legislature’s responsibility to examine and act on the audit reports. Audit officials argue that until their mandate is changed to explicitly include citizen participation, there will be little opportunity to develop citizen-friendly audit practices.

In addition, audit institutions fear that collaboration with civil society groups (which often have their own explicit agendas) could compromise the audit’s neutrality and objectivity. Audit institutions have not developed processes for selecting partners from among civil society groups and may be reluctant to partner with them until these groups develop the technical capacity to participate in audits.

For their part, civil society groups are concerned that if governments — rather than audit institutions — select civil society partners for audits, they might be tempted to select groups that are less likely to highlight major irregularities. Also, most civil society groups lack the resources to participate in audits without payment. While it is important to ensure that a civil society group has no financial incentive to participate in an audit, alternative means of support (beyond the group’s own resources or those of the government) will be needed.

The conference made it clear to all participants (civil society groups and audit institutions) that despite the challenges and concerns to work together there is great potential for successful collaboration. The IBP is excited to follow up the experiences of the participants and promote research on how governments can adopt practices that formally include citizen participation in auditing.
Civil Society Groups in the Philippines Develop Mechanisms for Transparent Public Procurement: Lessons from CCAGG and PWI

CCAGG Develops Participatory Audit Exercise

The Concerned Citizens of Abra for Good Governance (CCAGG), a non-governmental organization that monitors government projects in the Abra region of the northern Philippines, recently conducted a participatory audit exercise in Abra in partnership with the country's supreme audit institution.

CCAGG, formed in 1986 as a result of an initiative by President Aquino to increase community participation in development programs, has developed a unique monitoring technique. Its members — primarily housewives, students, and out-of-school youth — observe road construction projects for evidence of corruption (such as the use of sub-standard materials, poor construction techniques, or fraud in contracting procedures) and report their findings to specialist colleagues, such as engineers and accountants.

In one example of CCAAG's work, when a government ministry took out a newspaper advertisement declaring that it had successfully completed 27 projects in Abra, CCAGG documented the actual state of projects that had been declared "completed" (including photographs and affidavits) and submitted these findings to the ministry, demanding an investigation. An official audit concurred with CCAGG's findings. When the prosecuting lawyers recommended that the responsible officials receive only reprimands, CCAGG mobilized public opinion and ultimately forced the government to suspend those found guilty of misconduct. It was perhaps the first time in the country’s history that a civil society organization's vigilance had resulted in the punishment of government officials for corruption.

Recognizing CCAGG's role in preventing corruption and its expertise in monitoring public works projects, the national Commission on Audit (COA) recently joined with CCAGG to conduct a participatory audit exercise in Abra to determine whether government programs achieved their desired results. Sponsored by the United Nations Development Program, the exercise was described as successful by all concerned parties, and the COA subsequently published a manual on participatory audits that incorporates lessons from the exercise.

The exercise also suggests some of the challenges that public auditors might face in partnering with civil society organizations.

- **Audit methodology.** COA objected to CCAGG demands that the preliminary audit findings be shared with community members, arguing that the findings should not be disclosed until they were finalized. CCAGG responded that its regular type of audit involved citizens at all stages of the process. Similarly, CCAGG was concerned that the official audits were restricted to the post-project period and therefore depended greatly on paper documentation; CCAGG traditionally conducts on-site investigations and was concerned that restricting audits to the post-project period might fail to capture valuable information.

However, to both organizations' credit, some aspects of CCAGG's methodology were incorporated into the participatory audit exercise. At CCAGG's request, for example,
the participatory audit included social impact analysis, or measurement of the project's impact on targeted communities.

- **Sustainability.** Even though the COA (as well as CCAGG) declared the participatory audit exercise a success, a new COA administration discontinued the initiative when it took office. This raises serious questions about the sustainability of participatory audits. Legislation may be needed to ensure that such exercises do not depend on the whims of the ruling administration.

- **Client confidentiality.** A UNDP report suggested that the new COA commissioner who cancelled the participatory audit exercise had a background in private-sector auditing and was concerned that including civil society groups in the formal audit process would endanger "client confidentiality." When deciding on the viability of a participatory audit process, the government should measure the obvious advantages of including partners from civil society organizations against traditional concerns of privacy.

**Procurement Watch Advocates for Transparent Public Procurement**

The Philippine-based Procurement Watch, Inc. (PWI), created in 2001 by a diverse group of individuals determined to fight corruption in government procurement, provides a unique example of how a civil society organization can help government implement needed reforms.

The Philippines passed its first procurement law governing public infrastructure projects in 1978. More recently, several new regulations were introduced, partly in an unsuccessful attempt to streamline the many rules regarding procurement practices.

While the laws governing public infrastructure projects were confusing, there were simply no laws governing the procurement of office goods and supplies. The government could change procurement practices for these commodities simply by issuing an executive order.

By the late 1990s, procurement practices were out of control and a growing number of government officials concluded that reforms were needed. The appointment of a sympathetic secretary as head of the Department of Budget and Management provided the opportunity to undertake these reforms.

The new secretary appointed a task force, comprised of experts from within government agencies as well as private consultants, to examine the problems of existing procurement practices and suggest a new law that could improve them. Members of the task force agreed that while they needed to involve civil society to conceptualize a new law. In 2001, two members from the task force joined with two other citizens to form PWI to advocate for a new procurement law and to monitor enforcement of the law after it was enacted. PWI was asked to join the task force and help draft the law. Through this process, PWI gained credibility and became regarded as experts in their own right. Over the next two years, PWI staff also contacted other civil society organizations — primarily anti-corruption groups — and mobilized public opinion in support of procurement reform. The Catholic Church proved to be a key ally. The media too became part of a well-planned awareness campaign.

In 2003, PWI's efforts paid off when the legislature passed a new procurement law. This marked the first time in the country's history that a civil society group
successfully advocated for a law on a subject that requires a high degree of technical expertise.

The new law uses clear, simple "pass/fail" nondiscretionary criteria, which makes the procurement process more corruption-resistant and more efficient. (The complexity and lack of transparency in the previous procurement system made it harder for the auditor to assess whether agencies' procurement practices complied with the law.) The new law also provides for criminal and administrative sanctions against procurement officials and bidders who violate the law, and empowers civil society monitors to file reports of deviations from the mandated procurement process with the government Ombudsman (OMB) (the OMB's mission includes the prevention, investigation, and prosecution of corrupt government officials).

**PWI Activities and Successes**

Now widely recognized for its expertise on procurement law and practices, PWI conducts a wide variety of activities with different groups, including the ombudsman, government agencies involved in large procurements, civil society organizations, and private citizens.

PWI has developed a very close relationship with the ombudsman in particular. It conducts training sessions on the new procurement law for staff in the office of the ombudsman. It also has helped the ombudsman publicize information on procurement laws and has established a mechanism to process and respond to information provided by procurement observers. In some countries, citizens prefer not to contact government officials with complaints (due to the fear of harassment from corrupt officials) and are more comfortable dealing with third parties; PWI encourages citizens to file complaints regarding procurement irregularities by serving as a link between citizens and the ombudsman.

PWI has also developed partnerships with government agencies to study the systems for soliciting proposals and evaluating bids and awards. As part of this process, PWI conducts diagnostic exercises on the activities by the bids and awards committees of various agencies — including the health and defence agencies. PWI also conducts workshops and conferences on procurement law, develops research papers on the subject, and provides technical assistance to the government on best practices in procurement procedures.

PWI's efforts have helped establish systems that allow citizens not only to sit as observers in government bids and awards committees, but also to act as monitors to ensure that contractors comply with their contracts. Of the 8,000 trained monitors needed nationwide, only 800 exist today. Hence PWI has been training civil society monitors throughout the country, and recently started negotiating a contract with the OMB to carry out a European Commission-funded project to provide 12 training courses throughout the Philippines, with emphasis on regions outside the capital.

**Measuring Corruption and Inefficiency**

PWI's most recent initiative is to participate in a pilot test of a new tool to measure corruption and inefficiency in public procurement, called Differential Expenditure Efficiency Measurement (DEEM). DEEM seeks to determine the true (fair-market) cost of a publicly procured good or service and then compare that to its actual cost; when the actual cost is higher than the true cost, the difference can be attributed to
corruption or inefficiency. The size of the difference also serves as a precise and objective measure of the extent of the problem.

The DEEM pilot is expected to be completed by the end of 2006. It will then be refined and re-tested across a wider range of agencies.

PWI's experience demonstrates that civil society and government need not be adversaries. (After all, PWI was formed in part by government officials.) Its success marks a powerful example of the positive synergy between government agencies and citizen groups carrying out reforms.

For instance DEEM's success depends on the cooperation of the agencies being examined (since the tool requires access to an agency's financial documents) as well as the resident auditors of the country's supreme audit institution (since the tool also requires access to the audits they have conducted). Such cooperation may be difficult to achieve, but it can produce rewarding results. The pilot that is taking place at a government hospital, has already unearthed several anomalous transactions.

For example, PWI investigators found a certificate signed by a hospital official justifying a contract with a particular company on the grounds that it was the only company that could make good-quality Vitamin C available to the hospital. Given the number of Vitamin C brands available in the Philippines, this claim is preposterous. Had the contract been bid out, the hospital would likely have saved money, since the Vitamin C brand provided by the company is one of the most expensive on the market.

PWI staff has obtained the necessary expertise on the highly technical subject of government procurement and have been able to combine this expertise with effective public awareness campaigns involving other civil society organizations and citizens. Their example demonstrates that civil society can be a valuable ally to the supreme audit institution in its efforts to force action on audit findings.

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**CCEJ Works with Audit Office to Improve Accountability, South Korea**

The Citizens' Coalition for Economic Justice (CCEJ) of the Republic of Korea has successfully used the progressive auditing processes provided by the supreme audit authority to improve government accountability of services.

The CCEJ, founded in 1989 by 500 concerned citizens, has since grown to 35,000 members and 35 local branches. It has a national staff of 50 and can call on the support of 150 volunteer specialists. Its overarching goals are economic justice, environmental protection, democratic and social development, and the reunification of the Korean peninsula.

Social justice depends in part on government's accountability to the people, and the Korean Board for Audit and Inspection (BAI) is constitutionally mandated to ensure that public resources are used properly and that the government follows the mandates of citizens. The country's audit system contains a number of mechanisms designed to accomplish this:
Citizens may request a government audit. (The request must be made by more than 300 citizens aged 20 or over, or by an NGO with more than 300 working staff.) Requests are reviewed by a committee consisting of citizens and audit officials; if a request is approved, the audit is conducted and the results reported to those who filed the request.

A policy advisory committee made up of experts "who are active in civic groups" — particularly university professors or representatives of research institutions — serves as an advisory body for the BAI chairman.

Citizens may lodge complaints against executive government agencies.

The full text of audit reports may be disclosed to the public as long as those reports do not threaten state security.

Citizens are notified in advance of planned audits, which allows them to provide the BAI with information and complaints that can be reflected in the audits.

Some local governments have decided to address complaints and grievances filed by citizens by appointing a civilian "citizen auditor" with all the powers of a BAI auditor.

An inspector general monitors BAI auditors and examines any ethics violations.

The CCEJ takes full advantage of these mechanisms. It uses the public disclosure policy to collect information on potential problems with the use of government funds, and if there is sufficient evidence of waste or corruption, it requests an audit of the offending institution or body. A prominent example of the CCEJ's work concerns the construction of a National Cancer Center (NCC), which took twice as long (seven years) and cost nearly five times as much (around $215 million) as originally projected.

CCEJ experts doubted the necessity of the NCC when it was first proposed in 1991. As the budget bloated and delays in construction increased, the CCEJ began investigating whether it should request an audit. CCEJ staff studied cancer wards at university hospitals and compared them with the government's budget for the NCC, concluding that the budget was insufficient. Also, CCEJ volunteers consulted with academics and government officials and discovered that the construction of the NCC had resulted in a power struggle between two government ministries. The CCEJ presented its findings to the BAI and requested an audit.

The BAI determined that construction had been delayed by insufficient planning, "unsystematic construction," and a lack of human resources, all of which contributed to budget waste. The BAI also found that overlapping investment between the NCC and another hospital had caused a great deal of inefficiency. The BAI called on the Ministry of Health and Welfare to harmonize the functions of the two hospitals and provide a firm plan for acquiring the resources necessary to get the NCC open as soon as possible.

The CCEJ released the results of the audit to the public, and in 2000 it held a "convention of taxpayers" to announce that the NCC was one of the top ten cases of budget waste in 1999. The CCEJ cited five factors that have helped it succeed in this case and other projects:

- A vigilant civil society that is able to unearth unlawful and corrupt practices. Civil society must be active to pressure the government to address these issues.
For more information on the Korean Board of Audit and Inspection and its relationships with CSOs, go to:

Findings from Recent Audit Reports, HakiElimu, Tanzania (Part II)

As we reported in the last issue of the IBP Newsletter (see: http://internationalbudget.org/newsletters/newsletter35/) 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)

HakiElimu has released a short report based on the leaflets but with additional graphics and text, which we now present in this issue. The report offers selected findings of CAG Annual Reports for central government ministries, departments, and agencies (MDAs), and local government authorities (LGAs) for the three most recent financial years for which data is publicly available (2002/03, 2003/04, and 2004/05).

According to the report while there has been progress in several areas, the overall situation is far from acceptable. In 2004/05, LGAs were unable to account for nearly 15 billion shillings, or 10 percent of their non-salary budgets. As for MDAs, they were unable to account for 203 billion shillings, which is also about 10 percent of their non-salary budgets.

The audit reports identify specific cases of mismanaged funds. These require specific explanations or accountability actions against those responsible. Overall, the audit reports can also be used by members of parliament, civil society, and individual citizens to demand government accountability for public funds, and design concrete measures to limit potential indiscretion in the future.

The report is divided into six sections that explain the selection of indicators from the audit reports and gives highlights from the LGA audit reports and from the MDA reports. In the last section CAG recommends that the secretariat of the Public Accounts Committee be strengthened by recruiting technical advisors in accountability and good governance issues. In addition, he suggests establishing a Treasury Board to be chaired by the Chief Secretary.
to monitor the implementation of the parliamentary instructions and audit recommendations.

To obtain a hard copy of the report, contact Ruth Carlitz ruthcarlitz@gmail.com.

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**Funding Anomalies in Widow Pension Scheme in Rajasthan, BARC, India**

Rajasthan created a pension program for widows in 1974. Until 1999, each poor widow received only about $3 per month; the monthly payment was then raised to approximately $5.

Concerned that this was not enough for widows to live on, for 2005-06 the government also decided to distribute 10 kilograms of free wheat to each widow per month. Ultimately, however, this plan was not implemented due to lack of coordination between the Food Corporation of India, the Rajasthan government, and the national government. Rajasthan then decided to increase the pension amount to approximately $6 beginning in 2006-07.

**Eligibility for the Pension**

There are two conditions on which widows are eligible for the pension. First, a widow must have less than around 27,000 square meters of non-irrigated land, and less than around 14,000 square meters of irrigated land. Second, she must not have sons older than 18.

The first restriction carries some logic, although not everyone who owns land can afford to cultivate it. The second restriction is completely illogical: there is no guarantee that all adult sons will be able to find employment and support their widowed mothers, and many sons that have jobs are reluctant to support their mothers, especially when the sons are married.

A further problem is that not all the funds allocated for the pension have been distributed, as explained below.

**Failure to Distribute Allocated Funds to Eligible Widows**

In its 2003-04 budget estimate, the government stated that it planned to spend approximately $11 million on widows' pensions that year. During the course of the year, however, district authorities told the government they would not be able to spend that full amount, and actual expenditures were only about $9 million.

The NGO BARC (Budget Analysis Rajasthan Center) found it hard to believe that the demand for pensions had suddenly declined, given the lack of dramatic changes in either the economy or the social barriers faced by widows. Also, BARC received numerous complaints from eligible widows whose pension applications had been refused by the local authorities or placed on a waiting list. Failing to receive satisfactory explanations of these matters from government officials, BARC examined a report by the accountant general and found that it blamed district officials for failing to administer the pension program responsibly.
Unfortunately, the irresponsibility of district officials in turn caused a slash in the budget allocation for widows' pensions, which received $10 million in both 2004-05 and 2005-06, below the $11 million the government said would be needed in 2003-04.

**BARC Advocacy Efforts**

Every year, many poor widows apply for a pension but are refused due to lack of funds. In this case, however, the needed funds had been allocated but were not distributed, and poor widows were the victims. There was no indication that the responsible district officials were identified or punished.

BARC took action on several fronts. It distributed government documents related to the 2003-04 widows’ pension budget and the accountant general's report to selected opposition members of the legislative assembly, who raised the issue in the assembly during the 2005-06 budget session. (BARC distributed these documents to a few members of the ruling party as well.) BARC also raised the issue in all of its meetings with other NGOs, which wrote letters to the Social Welfare Department regarding the unspent money and the cuts in the widows' pension budget.

In addition, BARC participated in a press conference held by Ekal Nari Shakti Sangathan, an organization of widows and separated women in Rajasthan, that sought to raise media interest in the government's failure to distribute the pension funds. BARC also distributed the relevant government documents to its own media contacts.

Hence, the government faced heavy pressure from many different directions at once — the legislative assembly, the media, the widows' organization, other NGOs, and BARC.

These efforts produced results. The government increased funding for the pension from $10 million to $11 million in its revised budget for 2005-06 and plans an additional increase, to $12.5 million, in 2006-07. While these increases are not sufficient to meet the demand for widows' pensions, BARC has succeeded in making the government officials aware of the problem of unspent money, stopping further funding cuts, and securing an increase in funding.

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**Budget Initiative to Democratize the Budget Process in India, CBGA, India**

In India, as in many other countries, the budget discourse is dominated by economists, policymakers, academics, and corporations. The poor and marginalized, which constitute a majority of India's population, are left out.

The Center for Budget and Governance Accountability (CBGA) has joined with several organizations and foundations to create a new initiative — the People's Budget Initiative — to advocate for greater democratization of the budget process and budget documents. This broad alliance includes representatives from around 50 organizations, including people's movements, grassroots organizations, academia, and the media, as well as national and international development organizations.
The People's Budget Initiative created working groups to examine issues of concern in the Union Budget for 2007-08, including agriculture, infrastructure, resource mobilization and expenditure management, health, education, women, indigenous peoples and "untouchables," children, and human rights.

In November 2006, the initiative held a national convention to discuss key budget-related issues in these sectors and set forth recommendations for the upcoming budget from a pro-people, pro-poor perspective. These recommendations were then consolidated into a "charter of demands."

The two-day convention was marked by active, enthusiastic participation from more than 180 individuals representing diverse backgrounds and areas of work. (Despite several invitations, representatives of the Ministry of Finance did not attend the convention.)

Over the next few months, the initiative plans to follow up on the convention and promote the charter of demands by meeting with government officials, political parties, and other groups critical to the budget process. It also plans to present specific demands to relevant ministries so that these can be incorporated into the ministries' budget requests.

In addition, the initiative will circulate the charter of demands broadly among civil society groups to ensure that a wider population can call collectively for democratizing the budget process. It will urge farmers’ associations, trade unions, and other groups both to join in its advocacy efforts and to include the charter of demands in their advocacy calls. The initiative also plans to secure media coverage and support of the charter.

These activities will complement CBGA's ongoing, year-long advocacy efforts on the budget. Each year, within 24 hours of the budget’s release, CBGA publishes a response highlighting critical issues such as the allocations for the social sector. CBGA also holds a public event in which noted members of academia, parliament, and the media debate the budget from the perspective of the poor and the marginalized. CBGA later lobbies members of parliament as they consider and ultimately pass the budget.

Influencing the budget of a country as huge and diverse as India, where interested parties use the ignorance of the masses to keep them out of the budget process, is indeed a tall order. It will take several years of concerted effort to become a voice that the finance minister cannot ignore. However, in a democracy, where parties can be voted in and out of power, one can hope that such an initiative will eventually make a dent in the system.

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**Improving the Efficiency and Impact of HIV/AIDS Financing in Africa, CEGAA, South Africa**

Although extensive financial and human resources have been invested in the fight against HIV/AIDS, there are increasing reports of funds being under-utilized and misspent, as well as of countries’ limited capacity to absorb funding. Countries also are reporting that strict donor conditionalities and reporting requirements are undermining the efficiency of their spending. These trends have brought new attention to improving national economic governance as a way of improving the rationality, accountability, and transparency regarding HIV/AIDS spending.
The Centre for Economic Governance/AIDS in Africa (CEGAA) undertakes economic and budget analysis, expenditure tracking, training, and advocacy to document and help address the fiscal and administrative challenges many African countries face in their fight against HIV/AIDS. CEGAA conducts research on fundamental questions such as whether HIV/AIDS funds (from all sources) are being spent on the right things and in the most efficient way possible, whether the funds are being transferred and spent fully, and whether expenditures are achieving their intended goals. CEGAA also helps local organizations conduct their own analysis and monitoring, thereby building a strong African network to monitor HIV/AIDS resource utilization.

CEGAA’s primary objectives are to:

- Analyse the economic capacity of national governments to effectively absorb HIV/AIDS funds, the efficiency of spending of such funds, and the factors contributing to or limiting such spending.
- Analyse the effects of international and national macroeconomic policies, conditionalities imposed by international financial institutions, national monetary and fiscal policies, and financial systems on the ability of African countries to respond to HIV/AIDS.
- Support efforts by the executive branch, civil society, and parliament to monitor the effectiveness of HIV/AIDS spending and to advocate for increased accountability, transparency, and improved budgetary processes and execution.

In the long term, these efforts are designed to enable CEGAA and its country partners to:

- Make recommendations to governments, international donors and financial institutions, and organizations working in the field of HIV/AIDS on ways to improve economic governance, absorptive capacity, and efficiency of spending.
- Support the efforts of donors in assessing each country’s need for, and utilization of, development aid for the campaign against HIV/AIDS.
- Hold African governments accountable to their international and regional commitments (such as the MDGs, UNGASS, and Abuja+5 goals) in terms of their response to HIV/AIDS.
- Develop and support regional civil society groups or networks in Africa advocating for more effective economic governance, accountability, and transparency, both nationally and internationally.

**CEGAA’s Approach: Capacity Building through Participatory Research**

CEGAA works to ensure that research and activism occur in the African countries themselves, through processes owned and driven by committed organizations located within the country. Accordingly, CEGAA helps build the skills of health economists, government officials, and civil society research agencies across Africa to undertake budget and economic analysis. For example, CEGAA has established a network of research associates who work with CEGAA to develop skills and capacity within the region.

Another core principle of CEGAA is partnership with government. CEGAA seeks to strike a balance between independent research and advocacy and support for government officials.
CEGAA has the relevant expertise to make its goals attainable. CEGAA’s staff is formed by trained and experienced facilitators in budget monitoring and resource tracking techniques and have provided technical training to many African, Latin American, and East European countries. With backgrounds in public finance, health economics, and resource tracking for HIV/AIDS, the team at CEGAA combines invaluable skills in strengthening resource tracking for HIV/AIDS among both public officials and civil society.

CEGAA has been involved in training and support in the undertaking of health and HIV/AIDS expenditure tracking for the Action Aid staff and partners in several African countries, the Soros Foundation in Kazakhstan, the International Budget Partnership in Azerbaijan, and the Open Society Institute partners in East European countries. Currently being planned are training and technical support for several North, East and Southern African countries as well as training in the NASA techniques for Western and Southern African countries (still in planning phase).

In addition, CEGAA has strong connections with health economists across Africa, and through the CEGAA advisory board, experts in various fields relating to health, HIV/AIDS, and development provide the group with technical guidance, support, and mentoring. CEGAA also collaborates with several governmental and non governmental institutions. Most notably, they undertook a National AIDS Spending Assessment in Botswana on behalf of UNAIDS and with the National AIDS Coordinating Agency (NACA). This involved the development of the skills of the government representatives in the NASA methodology. CEGAA also plans to collaborate with the Health Economic Unit (HEU) at the University of Cape Town in the provision of training programmes for Health Economic students in issues relating to economic governance and HIV/AIDS (still in planning phase). In addition CEGAA-prepared a strategic document for the newly created Health Systems Strengthening Unit within the HIV Department of the World Health Organization.

For more information, contact CEGAA’s director Teresa Guthrie at teresag@cegaa.co.za.

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**Budget Tracking Survey for Quality Education, CSCQBE, Malawi**

The Civil Society Coalition for Quality Basic Education (CSCQBE) in Malawi has been performing annual budget monitoring surveys of education expenditures since 2002. Using the Education for All (EFA) and the Millennium Development Goals (MDGs) as guidelines, the Coalition has pursued its surveys for two reasons: first, to make sure that enough resources have been allocated to basic education by the government in accordance with the EFA Goals and the MDGs; and second, to ensure that those resources are being spent in accordance with both government policy and the government’s budget. The survey provides the data that civil society organizations (CSOs) can use to advocate for greater and/or more prudent funding for the education sector.

The budget monitoring survey addressed a pressing need as a mechanism for reform. From 1994 to 2001, increased funding of education had not translated into increased quality of education. There was widespread suspicion of government corruption and mismanagement among the general public. In 1999, for instance, the Ministry of Education was conned out of MK 187 million ($1 US = 144 MK) slated for school construction. CSOs felt that they
could prevent corruption and encourage the proper management of public funds if the
government budget and government spending were monitored.

**The Survey**

The CSCQBE surveys schools to see how much of those funds have managed to make their
way from the national government down through the schools. The government's funding for
education is given to the National Local Government Finance Committee, which allocates
funds directly to districts using parliament-approved formulae. District assemblies then
distribute funds to schools in the manner they see fit.

For its surveys, the CSCQBE samples 500 schools (roughly 10 percent of the total number
of schools in Malawi). The schools are divided into geographical regions: Northern, Central
East, Central West, South East, South West, and Shire Highlands. Those schools are then
divided further into rural and urban schools, of which a certain number are randomly
chosen. This is determined in the following way. According to available data, there are 4932
rural schools and 144 urban schools; the CSCQBE samples 400 rural schools and 100 urban.
The following formula is used in each district to determine the number of schools that will be
sampled within:

\[
\frac{\text{(Number of schools, rural or urban, in district)}}{\text{(Total schools in Malawi)}} \times \frac{400}{100} = \text{the number of schools, rural or urban, to be sampled within a district.}
\]

For example, in the Northern division there are 1153 rural schools and 32 urban. Therefore,
the CSCQBE would sample 92 rural schools \((1153/4932 \times 400)\) and 22 urban schools
\((32/4932 \times 100)\).

Member organizations of the CSCQBE administer the surveys to sampled schools.
Enumerators attend a training workshop to ensure that they perform their duties correctly.

The data are collected and analyzed paying particular attention to

- any increases in allocations to education
- differences between the budgets for different levels of education
- the amount of teaching and learning materials received by schools and colleges
- the amount and timeliness of teachers’ salaries
- the amount of teachers who were recruited and trained
- the distribution of teachers across geographical area
- enrollment for pupils in each school, particularly with regard to gender
- enrollment of children with special needs and the supply of teaching materials to
  such children

A draft report of the results is circulated among CSCQBE organizations and discussed at a
special budget monitoring meeting. The report is released in June to coincide with the
budget deliberation in parliament during a public meeting with Ministry officials,
parliamentarians, development partners, and the media. The CSCQBE sends out press
releases and holds district meetings where district assembly officials, district education
officials, CSOs, and school officials can discuss the results and, if necessary, formulate
action plans to address any salient issues. The report is publicized in the media and is also
circulated among donors and government officials. During this time the CSCQBE makes sure
to get commitments from governments and donors on how they will respond to any issues
raised by the report. CSCQBE representatives take note of these pledges and make sure to monitor their implementation in the following years.

**Success of the Survey**

- The monitoring of the education budget and education expenditures has been institutionalized in Malawi. There is, in fact, a sub-committee on budget monitoring that has been created specifically to work hand-in-hand with the CSCQBE Secretariat in Lilongwe, the capital of Malawi. The Coalition plans to conduct half-yearly and quarterly surveys during the financial year 2005-06.
- The survey results demonstrated the need for improvement in the educational sector, and gave civil society the evidence to pressure the Malawi government. The government is addressing the disparities between rural and urban areas and plans to introduce noncash incentives for rural teachers such as hardship allowances and paying for the construction of housing for rural teachers.
- CSOs have also pressured the government to introduce special needs allocations within the national budget to purchase teaching and learning materials and to train teachers who specialize in teaching children with special needs. Government budget statements show that the budget for Other Recurrent Transactions (ORT), under which the special needs allocations have been categorized, has increased from MK 20 million in 2002-03 to MK 34 million in 2004-05.
- In 2004 the government began the first Public Expenditure Tracking Survey (PETS) after observing the successful work being done by the CSCQBE. Civil society was involved in all the planning meetings, as well as in monitoring the survey in the field. The results of the first survey have yet to be published.
- In 2002 when the government closed teacher training colleges due to a lack of funding, CSOs mounted a three-month campaign that compelled the government to reopen the colleges. The Coalition argued that the closure of the colleges was in violation of the government commitment to train 6,000 teachers a year as indicated in the government’s Policy and Investment Framework and the Malawi Poverty Reduction Strategy Paper.
- In 2003 it was discovered that a number of teachers either received their salaries late or did not receive them at all. CSOs influenced a parliamentary committee on education to look into the issue. The committee returned a report to the National Assembly.
- The CSCQBE has worked with many organizations nationally (Development Partners Forum, the Group on Review of the Malawi Poverty Reduction Strategy Paper, the Education For All national technical group, and more) and internationally (World Bank, UNESCO, the Global Campaign for Education, the Africa Network Campaign for Education for All (ANCEFA), and others) to participate in government meetings and working groups on education. These experiences have increased civil society’s influence and capacity for monitoring and evaluation.
- The CSCQBE has also worked to improve citizens understanding of education and budget policies and the need for accountability in the educational system. In order to give citizens more control of the budget monitoring process they have has set up 13 district networks to decentralize monitoring of the education budget. It is hoped that once these networks are fully operational, they will encourage member organizations to engage in budget monitoring in their own spheres of interest. These networks will support school-based budget monitoring by school or community-based groups such as the school board or a Parent/Teacher Association.

**Challenges**
• Malawi still faces many challenges that it must overcome before it can meet the EFA and MDGs. Education as a percentage of the total budget was only 13 percent in the 2005-06 fiscal year, down from 28 percent in the 1990s. This falls short of the internationally-recommended 26 percent to achieve the EFA goals by 2015.
• Government officials do not always cooperate fully to release budget and expenditure data, which greatly inhibits efforts to accurately track government expenditure or determine the extent to which the government is working to improve the Malawi education system.
• Member organizations of the CSCQBE can be saddled with too many obligations of their own; submissions of questionnaires to the CSCQBE Secretariat can be delayed because of other pressing commitments.
• The CSCQBE cannot expand their sample frame (10 percent) of all schools due to a lack of resources.

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**People-Driven National Development Planning, CSPR, Zambia**

In Zambia, civil society is participating in the formulation of government plans to fight poverty and promote national development.

This process began in 2000, following Zambia's adoption of the Heavily Indebted Poor Country (HIPC) process. The Zambian government invited civil society to participate in the preparation of a Poverty Reduction Strategy Paper (PSRP), which would outline the country’s policies to promote broad-based growth and reduce poverty. Civil society groups formed Civil Society for Poverty Reduction (CSPR), a network that now includes more than 140 Zambian NGOs, to enable them to provide coordinated and proactive input into the process.

To complement its participation in the PSRP initiative, CSPR conducted independent consultations — including consultations with communities in some of the country's poorest areas — concerning the country's needs in agriculture, education, health and nutrition, sanitation, and other areas. The findings from these consultations were compiled into a report that was submitted to the government.

About two-thirds of the report's recommendations were incorporated in the final PSRP, and civil society agrees that the PSRP presents a fairly good framework for beginning to fight the deplorable condition in which most Zambians live. CSPR's members decided to remain organized after the PSRP's launch in order to monitor and evaluate its implementation, as well as to raise awareness on poverty-reduction issues.

In 2005, the government invited civil society to participate in formulating the Fifth National Development Plan (FNDP). As in the earlier collaboration, CSPR conducted independent consultations to inform its recommendations and then compiled those recommendations in a document it presented to the government. After the government released the draft FNDP, CSPR analyzed the draft and provided a coordinated response. CSPR noted, for example, that the FNDP did not clearly explain its connection to key previous and ongoing government initiatives, such as the PRSP.
Another concern raised by CSPR, based on budget analyses and expenditure-tracking exercises it conducted, is that allocations for anti-poverty programs have often been disbursed late and not in full. In many cases the funds have not reached the intended projects, even as other areas of the budget have received much more than their allocated amounts. In 2002, for example, only 25 percent of the funds allocated to poverty-reduction programs were actually disbursed. This share rose to 50 percent in 2003 and 100 percent in 2004, however, an increase that CSPR attributes to organized advocacy by civil society.

The unpredictable resource environment is another thorny issue. The government states that implementation of the FNDP will move Zambia closer to achieving the Millennium Development Goals (MDGs), but it has not shown how this will happen. The FNDP's budget falls far short of what it would cost to achieve the MDGs: the FNDP budget for the social sector is estimated at $800 million per year, while Zambia will need to spend an estimated $1.5 billion per year in this sector if it is to achieve the MDGs by 2015. Both the government and civil society need to look for ways to close this gap.

It is evident that attaining the MDGs, and ultimately eradicating poverty, will depend on national plans such as the FNDP and the PRSP. However, CSPR believes that national planning can succeed only if the poor are brought on board, which entails intense consultations with the people.

Civil society has an important role to play as well; speaking on behalf of the people and helping them speak on their own behalf. In Zambia, civil society participates in national planning not because it agrees with all the concepts behind it (such as those from the IMF and the World Bank), but because it wants every citizen’s basic needs to be met.

The case of Zambia has demonstrated that government can listen to civil society but that to be heard, civil society must be organized effectively.

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**Defense Budgets Atlas for Latin America**

The Latin American Network on Defense and Security "Red de Seguridad y Defensa de América Latina" (RESDAL) was formed in 2001 with support from the National Endowment for Democracy when a group of experts in security and defense from several countries in the region agreed to develop a product that would explain the operations and functions of the defense sector in every Latin American country. With the help of the Open Society Institute RESDAL started working on a comparative atlas on defense for Latin America, which was first part of the RESDAL website but was later published as a hard copy publication. (See: RESDAL [http://www.resdal.org/].)

Although today there is greater access to information on how the defense sector operates in different countries, this information is not always found in the same format or in comparable sources. Hence the collection and organization of data was a big challenge in the preparation of the atlas. Moreover, it was necessary to unify the criteria and definitions on what defense budgets means for each country and look at the diverse units that form the defense system i.e., central administration, decentralized institutions, and social security.
Ultimately, the atlas fulfilled its goal to become a centralized source of defense budget information for the region. In its first section the atlas presents data by thematic area, which allows a quick overview of the content. In the second section the content is organized by country and includes details on the legal framework and budget categories. Hence the publication answers which government entities spend defense funds? What are the goals of defense spending? And how are defense funds spent?

The atlas represents RESDAL's modus operandi because it integrates the academic and practical contributions of its members scattered throughout, Canada, Europe, Latin America, and the United States. The diversity of the network extends to the experience and background of its 250 members who come from the military, academia, or represent international governmental and non governmental organizations.

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**Intermediate Training Course on Budget Analysis and Advocacy, Cambodia**

The International Budget Partnership (IBP) conducted a budget training workshop in Cambodia from 21-31 October 2006. The workshop was co-hosted with Action Aid. The goal of the workshop was to help participants build the quantitative skills that will enable them to conduct budget analysis independently and to build the advocacy skills that will enable them to disseminate the results of their analysis to influence budget policies.

During the ten days of training, participants were provided with an understanding of issues such as the budget process, budget terminology, case studies of budget groups from around the world, quantitative analysis, and dissemination methodologies. The workshop was highly participatory – though some issues in the training were covered through presentations made by the trainers – and participants were required to respond to issues, raise questions, discuss the course material, undertake group work, and make presentations during the different training sessions. The course was based on a comprehensive package of material that included a simulation of the budget of a fictitious country along with case study problems that participants were required to analyze.

Participants were drawn from groups that have demonstrated a commitment to applied budget work (conducting budget research with the intention of influencing budget policy) as an integral component of their organizational strategy. The participants were selected based on their experience and engagement with budget work within their organization. The organizations that were represented at the training course were drawn from countries throughout Asia and Africa.

One of the participants from the NGO Education Partnership said that the workshop offered knowledge they would share with other NGOs to develop a strategic way to undertake budget work in Cambodia. "My organization is a network organization, facilitating and providing trainings to other NGOs. Hence, we will start training other NGOs on economic literature to raise awareness around the potential for budget work in Cambodia." Similarly, a participant from Action Aid China said the workshop was very helpful in the development of budget advocacy in China. In the coming year we will conduct research on schools budgets and gender budgets in cooperation with our local partners, and try to create new mechanisms of participatory budgets in several sectors at the local level. Meanwhile, we will promote a network of budget participation among civil society in China."
Another participant from the Center for Democratic Governance (CDG) based in Burkina Faso expressed that the tools and resources offered by the workshop correspond with the goals to deepen the organization's budget analysis and budget advocacy capacities. "During its first years of budget work CDG has developed a resolute commitment to applied budget analysis. This stems from the country's development challenges and the first encouraging results of the organization's budget work. Hence CDG wants to further strengthen its team and train two new researchers with specialized budget analysis and budget advocacy techniques to continue using budget work to influence the formulation and implementation of public policies and programs."

The training was facilitated by four trainers drawn from within the IBP and from its established partners and by one trainer associated with Action Aid. Due to the intensive nature of this training course, the total number of participants at the training was restricted to a maximum of 25 persons.

At the end of the training the IBP provided follow-up assistance to some course participants. Such assistance included assigning a mentor (a budget expert drawn from the region) to work with the selected participant's organization on a specific budget project.

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**New Materials in the IBP Online Library**

*Budget Reform Guide: The New Results-Oriented Budget Approach With a Gender Perspective*
By Direction du Budget du Ministère des Finances et de la Privatisation, Morocco
*United Nations Development Fund for Women (UNIFEM) (in French)*
The guide takes the readers through the basics on public budgets and the budget reform in Morocco through questions, which are answered in a simple language using many examples. The first section explains what the budget is and all the stages in the budget process. The second section focuses on the objectives and implications of the management of public funds. The third section introduces how to integrate a gender perspective into the budget process. The fourth section describes the roles the government and civil society organizations have played in the budget reform in Morocco.

*Aid, Budgets, and Accountability*
By Paolo de Renzio/ Centre for Aid & Public Expenditure (CAPE)*
This workshop summary reviews current debates on aid modalities and Public Financial Management (PFM) reform efforts. It also examines the role of donors in promoting more robust systems and processes, which could allow for channeling increasing aid resources through national budgets and strengthen domestic accountability mechanisms. The paper mainly draws from sub-Saharan African cases and examples. In its final chapter the author offers suggestions for future applied research.