

Public Budgets and Expenditures

Public budgets and expenditures are the means through which public policies are translated into tangible and targeted developmental actions. Government decisions about how to allocate and spend financial resources have a direct impact on the well-being of citizens. However, the misallocation, wrong prioritization, abuse and mismanagement of public funds pose a tremendous challenge for the efficiency and effectiveness of development interventions and poverty reduction. Citizen participation and civil society involvement in processes of public budgeting and financial management are essential for: promoting transparency and accountability with regard to public finances, building safeguards against corruption; and ensuring that public monies are allocated equitably so that the interests and needs of poor and marginalized groups are adequately addressed. The seven tools under this category cover a wide range of methods and mechanisms through which ordinary citizens and civil society organizations can participate in, monitor and exert influence on processes of public budgeting and spending.

Tools in the Public Budgets and Expenditures Category

This category includes seven tools as follows:

- *Public Revenue Reporting and Monitoring*: Public revenue reporting serves to inform citizens about sources and amounts of government revenues as well as how these are managed and used by the government. The public disclosure of such information is necessary for citizens to understand the amount of financial resources the government has at its disposal and to engage with the government on issues of public finance. Public revenue reporting also forms the basis for public revenue monitoring which aims to ensure public revenues are properly managed.
- *Budget Transparency (BT)* is defined as the full disclosure of all relevant public fiscal information in a timely and systematic manner. BT is a precondition for effective public participation in budget processes. The combination of BT and public participation in budget processes has the potential to combat corruption, foster public accountability of government agencies and contribute to the judicious use of public funds
- *Independent Budget Analysis (IBA)* refers to efforts by civil society organisations (CSOs) to analyse proposed government budgets and to share their findings and concerns with the government and the public at large in

order to advocate for budgetary changes. IBA enhances public awareness of key budget issues and can lead to the reallocation of budget resources to better reflect public priorities and concerns.

- *Alternative Budget* initiatives are advocacy strategies that seek to highlight the limitations of public budgets with regard to key sectors or issues in society. Alternative budgets accomplish this typically by first emphasising the failure of the budget to serve the interests of specific groups (such as women, children, people with disabilities and the poor) or to address cross-sectoral issues (such as environmental conservation or social equity) and then by proposing an alternative budget that addresses the needs of specific groups or issues.
- *Public Expenditure Tracking* involves tracing the flow of public resources for the provision of public goods or services from origin to destination. It can help to detect bottlenecks, inefficiencies and/or corruption in the transfer of public goods and resources and is a key tool for the government and CSO to guard against corruption and work towards ensuring transparent, accountable and effective public financial management.
- *Community-led Procurement* (CLP) enables local communities to implement and control the procurement process through their own organisations. This often results in more openness and accountability, reduced corruption and wastage, better value for money, increased use of local workers/contractors and better quality works/services. CLP also helps citizens to be better informed about available public resources and projects and to better manage their development in accordance with their own vision
- *Participatory Budgeting* (PB) is a process whereby citizens directly participate in the allocation of a defined part of a government's budget. PB initiatives give citizens and CSOs a greater say in deciding how and where public resources should be spent. They are typically initiated by local government authorities, frequently in response to demands from community groups,

Benefits

The major benefits of citizen participation and scrutiny of public budgets and expenditures are:

- Decreased corruption and political patronage and therefore reduced scope for diversion of public resources
- Enhanced level of "budget literacy" amongst CSOs and citizens
- Increased analytical capacity amongst CSOs to undertake budget analysis as a result of increased legitimacy derived from large public participation.



- Increased public influence over decisions on resource allocation
- Enhanced public trust and confidence in the integrity of government authorities and processes.

Challenges and lessons

There are a number of important challenges in the application of approaches and tools pertaining to public budgets and expenditures. These include:

- Restrictive laws that prohibit public access to financial information.
- Widespread and deep-rooted reluctance on the part of officials to share financial information in the public domain
- Generally complex formats and technical nature of public budgets/financial documents and processes that make public scrutiny or demystification a challenging task
- Lack of a culture of transparency in financial matters.
- Low levels of budget literacy among both civil society and citizens.
- The challenges of linking macro level policies with micro level concerns (e.g. ensuring adequate budgetary allocation for primary health care centers at the community level).
- Ensuring that the needs and priorities of marginalized social groups are heard and addressed.

Key informational resources

International Budget Partnership, Cape Town, South Africa: *Can civil society add value to budget decision-making?*

<http://www.internationalbudget.org/resources/library/civilsociety.pdf>

☞ The report outlines and makes the case for civil society involvement at different stages throughout the public budget cycle, including the monitoring of public revenues.

International Monetary Fund & the World Bank: *Reports on the Observance on Standards and Codes (ROSC): Country Reports*

<http://www.imf.org/external/np/fad/trans/site.htm>

http://www.worldbank.org/ifa/rosc_aa.html

☞ ROSC contains summary country assessments prepared by the IMF on the compliance with international standards of public fiscal transparency and accountability. These reports seek to assist member countries to implement international accounting and auditing standards and strengthen financial reporting. This helps set international standards based on which local level compliance can be measured

OECD, (2000): *Best Practices for Budget Transparency*

www.oecd.org/dataoecd/33/13/1905258.pdf

☞ The OECD Best Practices compilation provides a list of the budget documents that central governments of countries should publish at each stage of the budget process. They also include a description of the information that should be contained in each document.

Paris, H.J. *Strengthening Participation in Public Expenditure Management: Policy Recommendations to Key Stakeholders* OECD Development Centre, Policy Brief No. 22. 2002

<http://puck.sourceoecd.org/vl=12081533/cl=14/nw=1/rpsv/cgi-bin/wppdf?file=5l9t4hqc0ps0.pdf>

☞ This policy brief outlines a number of recommendations for enhancing citizen participation in public expenditure management.

Robinson, Mark. *Budget Analysis and Policy Advocacy: The Role of Non-governmental Public Action*. Institute of Development Studies (IDS), working paper 279, September 2006.

<http://www.ntd.co.uk/idsbookshop/details.asp?id=950>


☞ This paper examines the impact and significance of independent budget analysis and advocacy initiatives that are designed to improve budget transparency and the poverty focus of government expenditure priorities. It draws on case study research of six budget groups in Brazil, Croatia,

India, Mexico, South Africa, and Uganda, which include non-governmental organisations, research institutions and social movements.




The World Bank, Washington D.C.: *An Issue Paper on Participation in Public Expenditure Systems*

<http://siteresources.worldbank.org/INTPCENG/1143372-1116506152959/20511073/PEM.pdf>

 The issue paper raises crucial issues pertaining to citizen participation in public expenditure systems and lists critical prerequisites to ensure accountability of public expenditure systems

UN Department of Economic and Social Affairs, New York (2005): *Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability*

http://www.quebec.ca/observgo/fichiers/97346_DAEP1.pdf

 This UN publication explores how public audits can be made more open and participatory and serves as a tool for promoting transparency and citizen empowerment.

Key organizational resources

The [Open Budget Initiative](#), International Budget Partnership

The Open Budget initiative of the International Budget Partnership is a global research and advocacy programme to promote public access to budget information and the adoption of accountable budget systems. It intends to provide citizens, legislators, and civil society advocates with the comprehensive and practical information they need to measure government's commitment to budget transparency and accountability.

[Transparency International](#)

[Transparency International](#) (TI) works to fight government corruption and promote transparency in government policy, budgets and international trade.

