

In Brazil, UNICEF helped formulate the “Pact for Children” which highlights the importance of monitoring the allocation of public funds that can affect the livelihood of children (Gore and Minujin 2003:15). It supported a study that showed how government action and resources could promote children’s rights and worked with a local NGO to implement the recommendations of the study. It also supported local NGOs in improving their dissemination materials.

2.4 Public Expenditure Tracking

The fourth entry point for PPEM, public expenditure tracking, follows the flow of funds from source to destination, monitors the disbursement of funds and tracks whether funds actually reach their intended destination. Citizen and civil society initiatives aimed at monitoring the flow of public expenditures can be divided into three main categories:

- tracking budgeted expenditures (including procurement monitoring)
- tracking off-budget expenditures
- input tracking.

The participation of civil society in the tracking of public spending is particularly important in resource-rich developing countries with weak institutions and governance. The challenge is to ensure limits on discretionary off-budget expenditures and that expenditures are effectively channeled towards growth and poverty reduction in an environment that often is corrupt.

2.4.1 Budgeted Expenditure Tracking

The participation of civil society in public expenditure monitoring has been particularly successful in uncovering leakages in transfers of funds from the central to the local level, notably in the health and education sectors.



Public Expenditure Tracking Surveys (PETS) have been very effective in highlighting the use and abuse of public money when combined with information dissemination on resource allocation and use. Surveys, such as the ones done in Uganda and Sierra Leone, have prompted the creation of cost effective mechanisms of public information and accountability. PETS that are not combined with information dissemination miss the opportunity of mobilizing public opinion to press for change.

In South Africa, IDASA’s Budget Expenditure Monitor provides a descriptive monthly overview of the government’s national and provincial expenditures excluding statutory spending (state debt costs and equitable share transfers to provinces) and standing appropriations. It indicates the proportion of monthly budgeted funds spent on recurrent and capital spending, and how this spending performance compares with the previous year. Regular monitoring of national expenditures can help identify potential trouble spots of under- and overspending before the end of the financial year.

Procurement monitoring is another important area of work that has been pursued, especially at the local government level. Often a large part of the public budget is executed through procurement contracts (12-20 percent of total government expenditures at the global level, up to 70 percent in a country like Uganda, OECD/DAC 2004). This is an area where collaboration

between civil society and government can be particularly fruitful in addressing issues of waste and corruption. In countries with a developed IT-culture, e-procurement appears to be a very promising approach.



The World Bank has developed the Country Procurement Assessment Report (CPAR) as a diagnostic tool, the main purpose of which is to establish the need for and guide the development of an action plan to improve a country's system for procuring goods, works, and consulting services.¹⁵ Where CPARs have been conducted (most recently in Colombia, Croatia, Cambodia, Chile, and Uganda), they provide an important piece of analytical work that social accountability initiatives can build upon.

In the Philippines, Procurement Watch Inc. (PWI) monitors the procurement process and advocates greater transparency and accountability in government procurement. As a result of the important advocacy work done by PWI, President Macapagal-Arroyo signed a new procurement law in January 2003. PWI implements a project aimed at building the capacity of Bids and Awards Committee Observers in Government Procurement which is supported through a grant by the ASEM (Asia-Europe Meeting) Trust Fund administered by the World Bank.¹⁶



The World Bank requested the Latvia Procurement Office to invite a qualified NGO to monitor large procurements as a benchmark in the 2002 Latvia Second Programmatic Structural Adjustment Loan.

E-procurement appears to be a promising new approach to ensure greater transparency and effectiveness of government procurement. In collaboration with the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, and the Nordic Development Fund, the World Bank has set up an Electronic Government Procurement Portal (e-GP).¹⁷ E-GP provides a single entry point to all the information developed and all the tools created under the e-GP Working Group.

South Korea provides one of the most promising examples of the benefits of e-procurement. South Korea set up a government e-Procurement System (GePS).¹⁸ GePS has dramatically increased transparency of the public procurement process and tripled the number of bidders as a result of decreased transaction costs. In 2004, e-bidding accounted for 92.8 percent of all procurement bidding and the central procurement agency is expected to save up to \$2.8 billion per year.

In Ecuador, the Civil Counter Corruption Commission (CCCC),¹⁹ with financial support from the Swiss Agency for Development and Cooperation, has worked with the government to set up an e-procurement portal to enhance transparency and combat corruption (CONTRATANET).²⁰ The CCCC is funded partly by the government but enjoys a high level of autonomy. Each of its

¹⁵<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,contentMDK:20108359~menuPK:84285~pagePK:84269~piPK:60001558~theSitePK:84266,00.html>

¹⁶ More information is available at <http://www.procurementwatch.org.ph>

¹⁷ <http://www.mdb-egp.org/data/default.asp>

¹⁸ http://www.pps.go.kr/neweng/html/geps/i_geps_010.html

¹⁹ <http://www.comisionanticorrupcion.com/paginas/informacion.asp?idarea=1&idsec=1>

²⁰ <http://www.contratanet.gov.ec/>

seven members is elected by an electoral college representing an interest group (e.g. the media, employers associations, unions, women's organizations, human rights organizations). The CCCC's corruption fighting mandate is institutionalized and governed by law.

2.4.2 Extra-Budgetary Expenditures

A significant portion of government expenditures is often allocated via extra-budgetary funds including statutory funds (e.g. education trust funds, road funds, local government common funds) that do not follow the same reporting requirements as expenditures included in the annual budget. It is important that these funds, including HIPC savings, also come under public scrutiny. Another issue is the existence of political funds or funds from extractive industries which never enter into the overall budget and for which the government is not made accountable.

In countries where public expenditure management is very weak, monitoring of special funds earmarked for specific sectors deemed critical for economic growth (e.g. a road fund or social investment fund) may be a convenient starting point for building transparency and accountability mechanisms. The experience acquired can then gradually be extended to build similar safeguards for the budget in general as part of a long term institution building effort.

In Ghana, the District Assembly Common Fund (DACF) is a constitutional provision that reserves 5 percent of national tax revenue to fund development activities by districts. District allocations are determined by a formula. The DACF is the largest source of development funds for many districts. Civil society organizations, led by the Integrated Social Development Centre (ISODEC), with financial support from the UK Department for International Development (DFID) and the World Bank, conducted a study to track DACF disbursements. The objectives of the study were to examine the method of allocation to local authorities, actual amounts and uses of the allocations, guidelines and compliance for utilization, and weaknesses of the Fund's administration. The study identified concerns such as delays and shortages in disbursements, misuse of funds, and discrimination in the selection of projects (King et. al. 2003).

The Ghana HIPC Watch, run by the Social Enterprise Development (SEND) Foundation, monitors the disbursement of HIPC funds. Its goal is to enhance the impact of the Ghana Poverty Reduction Strategy on the livelihood and welfare of the poor. SEND works to establish and strengthen the participatory monitoring capacity of focal NGOs. Three key indicators are monitored: citizen involvement in decision making on HIPC disbursements and projects, accountability (governance and financial) and equity (social, occupational and gender).

In Mexico, the research, advocacy and legal work done by FUNDAR (Center for Analysis and Research) in the 1990s resulted in ending the use of secret presidential funds that did not require approval by congress.

2.4.3 Input Tracking

It is, however, insufficient to enhance only the transparency of the bidding and contract award stage. Equally important is the implementation phase of the contract. This is where input tracking can become an important complementary activity. In many developing countries, data on expenditure flows from the central to the local level may not be readily available. A simple and frequently used approach to overcome this constraint is to track the physical assets and service