



Budget Work

Independent Budget Review and Analysis



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In this presentation, we will cover the “how-to” of independent budget review and analysis -- a practice that has been undertaken in increasing frequency in the last several decades by civil society as part of a larger social accountability agenda. While budget exercises vary greatly in terms of scope, such initiatives are linked by their overarching goals of making public budgets more transparent and influencing the allocation of public funds.



What is IBA?

- Research, advocacy, and dissemination
- Should be:
 - Independent
 - Technically rigorous
 - Timely
 - Widely accessible
 - Relevant and topical



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Independent budget analysis, or IBA, refers to research, advocacy and dissemination of information on issues related to public budgets by civil society. IBA should be independent from government and political parties, offering an unbiased look at the way in which public funds are allocated. Top-quality IBA projects are technically rigorous, timely with respect to the issuing of public budget data, and should be widely accessible and understandable. Lastly, budget analysis should focus on a topic that is of relevance to policymakers. By focusing budget analysis exercises on political priorities, civil society organizations have a better chance of influencing the policy debate and promoting change. IBA demands a relatively higher level of technical expertise than some other social accountability tools. However, when used effectively, IBA projects have had impressive results in influencing public spending and exacting government accountability around the world.

Who Engages in IBA?



- Policy institutions
- Academic/research institutions
- Civil society organizations
- National, state, and local actors



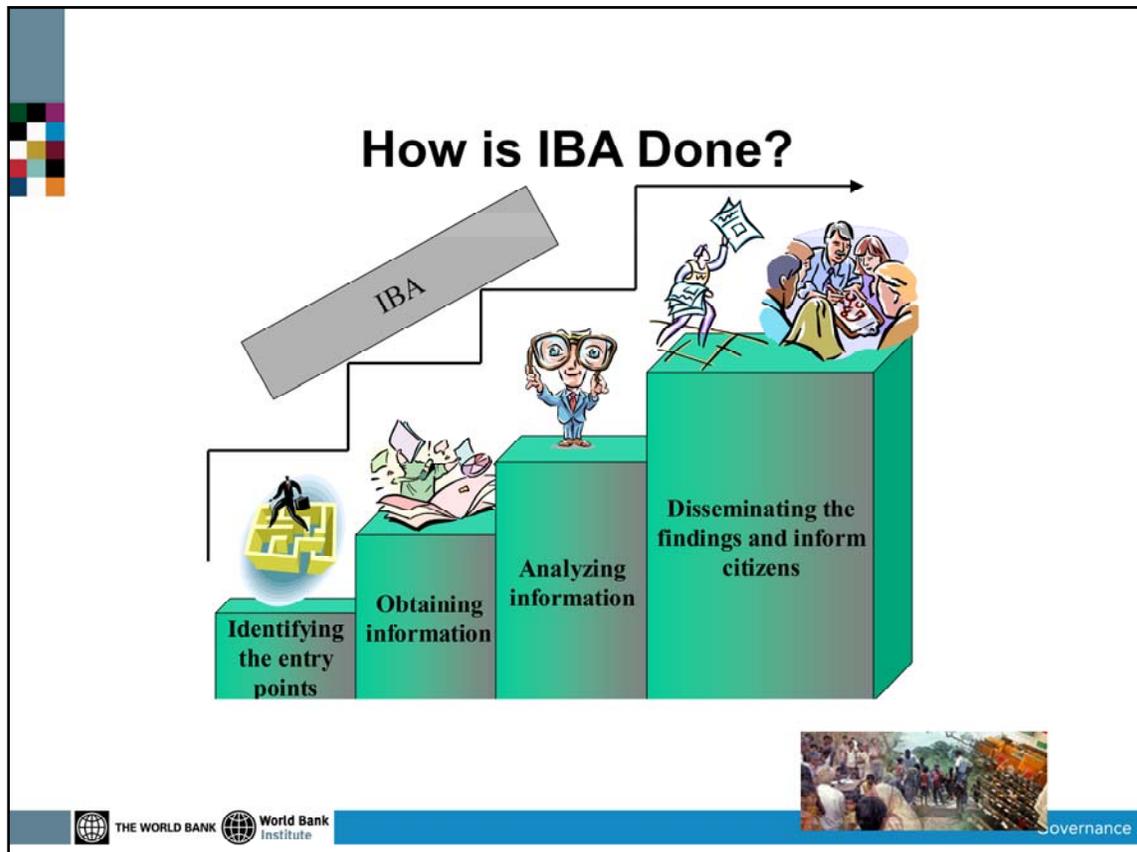
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A wide range of stakeholder groups can effectively engage in budget analysis. These groups include applied policy institutions, academic or research institutions, and activist civil society organizations. Often, these types of group work collaboratively to distribute tasks according to organizational expertise, geographic location, and available resources. Furthermore, budget analysis is not necessarily a national-level affair – interested parties can look at budgets at the national, state, and/or local and municipal levels.



There are four basic steps for implementing independent budget analysis exercises: 1) identifying entry points, 2) obtaining information, 3) analyzing information, and 4) disseminating information, informing citizens, and engaging in advocacy around the exercise's findings. We will now go over each of these steps in detail.

Step 1: Identify Entry Points

What	Where	Who	When
Proposal of the budget	On the library, the congress or internet	Office of Budget, Ministry of Finances	Usually in the middle or the end of September
Legislative debate	On the sessions of the Parliament or transcripts of debate	Parliament	Between September and December
Approval of the budget	On the library, the congress or internet	Ministry of Finances or the Parliament	At the end of December
Tracking of the budget	On internet, publications or asking for the information	Office of Budget, Ministry of Finances	It is recommend to ask for information every three months
Implementation	On auditor reports, on internet or other publications	Audit and Ministry of Financer	It is recommend three months after the end of the year



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Knowing how and where to access the necessary information is the first step in implementing IBA. To do so, civil society must analyze the legal framework and the administrative structure of government to identify where it can obtain the information is relevant for the analysis. For example, some countries may have all data publicly available online, while others may house data in entities such as a Ministry of Statistics. Others may have sectoral data available only at the ministry level. It is also important to analyze the policy and budget cycles to understand when budget data becomes available and to understand the timeframe in which the IBA exercise should take place in order to be most effective. Points of contact should be established at relevant entities as early as possible. This chart shows a good example of a civil society organization's mapping of the "what, where, who, and when" for the information it is seeking.

Step 1: Identify Entry Points



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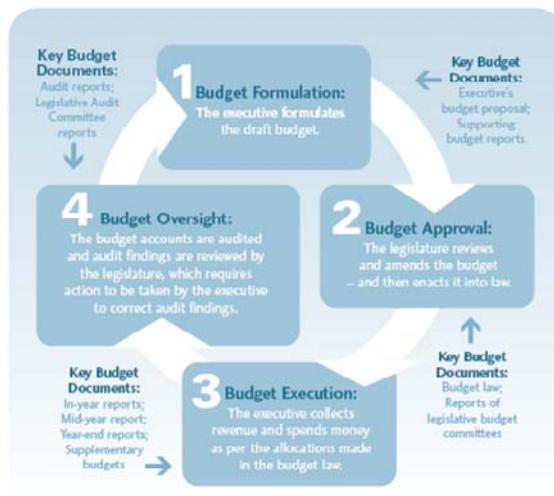


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At this stage, it is also important to think through the specific type of data needed and whether or not it should be disaggregated at a local or regional level as opposed to the baseline national-level data. For example, if the planned IBA will be studying the budget on education, which is decentralized, data will need to be collected not only at the aggregate national level, but also at the local or sub-national level. However, if the IBA will have a sectoral focus on defense, national-level data will most likely suffice.

Step 2: Obtain Information



Graphic courtesy of International Budget Partnership, "Our Money, Our Responsibility"



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Using this information on entry points, the next step in IBA is the accessing or generation of the information that will serve as the foundation for budget analysis. This graphic illustrates the phases of the budget cycle and the corresponding budget-related documents that civil society could seek to access as part of a comprehensive and ongoing independent budget review and analysis initiative. For example, at the budget formulation stage, the key corresponding budget documents are the executive branch's budget proposal and supporting budget reports. At the approval stage, budget law and legislative budget committee reports can form the basis of an IBA project. In-year, mid-year, and year-end reports will bolster IBA at the budget execution stage, whereas audit reports are most important for IBA exercises that focus on budget oversight.

Step 2: Obtain Information



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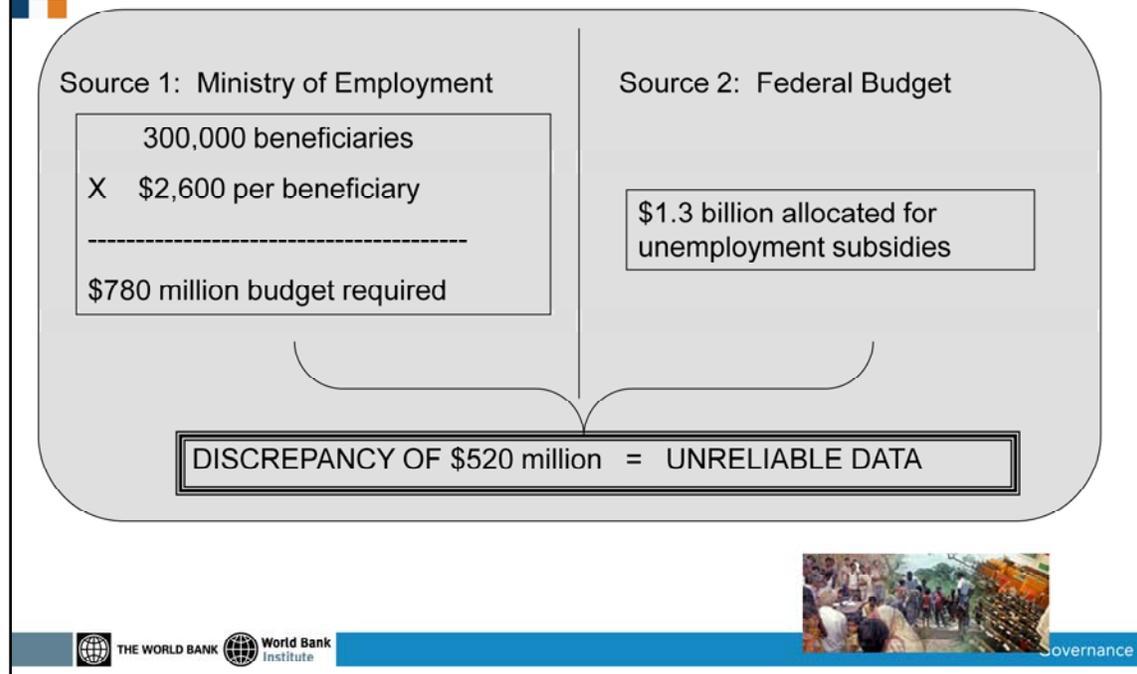


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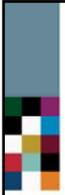
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Beyond the mere accessing of data, civil society should attempt to verify information and ensure that it is indeed accurate. The more participatory, broad-based, and rigorous the gathering of information, the richer the IBA can be. For example, one powerful way to assure the reliability of the information is to cross-reference data points for the same information from two or more different databases. For instance, if the analysis will focus on the expenditure on unemployment subsidies, data points can come from the national budget as well as legislation and agencies that deal with unemployment. If these numbers do not match up, civil society must go into further detail to try and reconcile any discrepancies before continuing with the budget analysis exercise.

Step 2: Obtain Information



Continuing with our example of unemployment subsidy data, let's suppose that the amount of the subsidy by law is \$2,600 per year per beneficiary. Then, suppose that the national budget says that transfers for this program will total \$1.3 billion dollars. Concurrently, the bureau of statistics notes that there are 300,000 beneficiaries of this program. Using these figures, a total budget of \$780 million is required to implement the program. Is the information provided by the federal government reliable? Clearly, we see that there is a large discrepancy of \$520 million between the federal budget allocations for this program and the amount the agency says it will need. This example illustrates why, if possible, it is highly recommended to check data from different sources, including agencies, data from users or beneficiaries, and from different public agencies in order to generate more accurate conclusions.



Step 3: Analyze Information

- Capacity + resources = strategy



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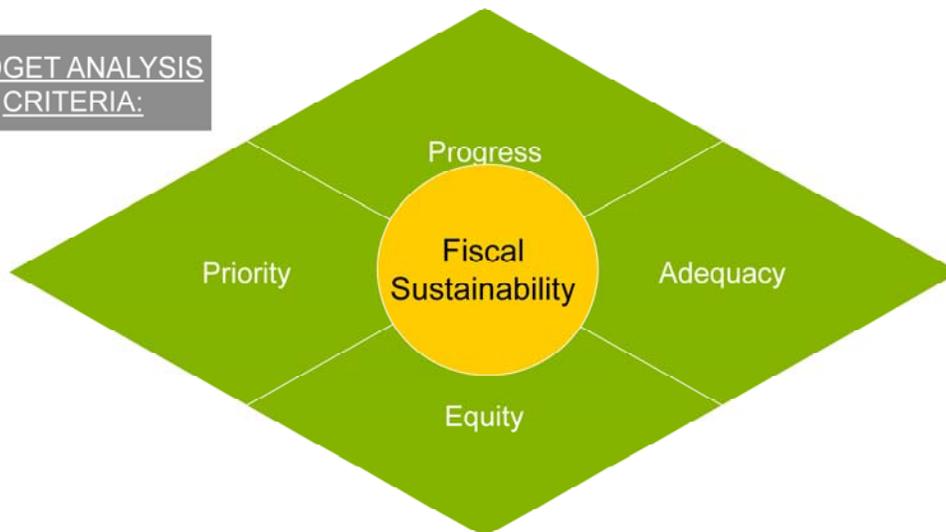
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Once reliable information is obtained, data can be interpreted and analyzed. The scope of an IBA analysis will depend on the project objectives and the particular perspectives or issues it wishes to highlight. Before beginning analysis, the lead organization should assess its own capacity and resources in order to design an effective strategy for the exercise. Overall, the goal of the analysis is to produce meaningful findings that can be understood by all stakeholders and that can be used to move beyond mere protest to proposals or, at the very least, to a better understanding of the situation. Beyond this overarching goal, IBA exercises are highly varied. For example, if the IBA will focus on gender, it will analyze and assess the fairness of government expenditures oriented to women and issues of particular importance to women. If the IBA will analyze the budget from a macroeconomic perspective, it should focus on economic projections and their consistency.

Step 3: Analyze Information

BUDGET ANALYSIS
CRITERIA:



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A first round of budget analysis can be undertaken across five basic criteria: progress, adequacy, equity, priority, and fiscal sustainability. Progress can be measured by real increases in allocations to a certain area, such as education, health, sanitation, or other areas under analysis. Equity is another “lens” through which civil society can undertake budget analysis. This lens measures whether or not provisions for a certain area are appropriate and whether or not they fairly target the society’s most vulnerable citizens. Analyzing budget prioritization looks at whether or not budget allocations reflect the true social preferences of the citizens. Adequacy examines budget allocations in light of policy objectives and program needs. For example, a group of citizens could look at whether or not the money the government has set aside to fund infrastructure projects is actually consistent with a certain region’s needs. Finally, looking at a national government’s immediate and long-term fiscal sustainability involves examining issues such as debt, relationship between capital and current spending, and other macroeconomic indicators.



Step 3: Analyze Information



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While the scope of traditional budget analysis involves the five criteria we've just discussed, another practitioners have chosen to take the process of budget review a step further by producing a tangible alternative set of proposals, or an "alternative budget." While this exercise is largely hypothetical in nature, it can be a powerful statement in demonstrating how different policy priorities could lead to a different allocation of resources while concurrently respecting the country's fiscal constraints. In essence, an alternative budget is a "parallel budget" that can be used as an effective advocacy tool for mobilizing the redistribution of resources. The organizations most ideally suited to engage in the creation of an alternative budget are highly skilled CSOs that have a history of budget work and analysis. While technically difficult, this type of approach can be more effective than traditional budget work in that it proactively presents a set of actionable, feasible alternatives to policymakers.

Step 4: Disseminate Information

<p>More Primary Schools</p>  <p>+3</p>	<p>More Teachers</p>  <p>+12</p>
<p>More Text Books</p>  <p>+800</p>	<p>More Students</p>  <p>+500</p>
<p>New Health Professionals</p>  <p>+3</p>	<p>New Health Extension Workers</p>  <p>+7</p>
<p>Vaccinations</p>  <p>2,000</p>	<p>Patients Served</p>  <p>+500</p>



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Information on the composition of the official budget is often written in inaccessible and intimidating technical language. As such, the fourth and final step of IBA work is often to explain the budget implications through the publication of budget briefs written in layman's terms. Communication and active dissemination of information makes greater participation in the budgeting process possible. The appropriate vehicle for disseminating information is likely to vary from country to country. Where literacy is low, it is more appropriate to work through community radios or television. In countries with limited or no freedom of information, the challenge is enormous and government approval may be needed ahead of the dissemination of any information. Here we see examples of a "Layperson's Budget Template" used in a region in Ethiopia in which illiteracy rates are close to 50%. The information campaign was successfully used to increase public awareness of budgets for four key basic service areas, including education and health, which are shown here.

Step 4: Disseminate Information



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Working with the media to disseminate information is a crucial ingredient in a successful IBA initiative. IBA practitioners have done this by providing information to journalists and cultivating networks with media outlets. Some IBA work may also include providing training to journalists in reporting on budget issues. It could also include publishing the budget or budget briefs online as a civil-society led type of “transparency portal.” In this picture, an Ethiopian citizen from the region we just discussed examines his locality’s budget, which was posted on local notice boards and in public marketplaces. Opinion boxes for questions and comments were placed by each notice board for citizens to provide and receive feedback. Local newspapers also published budget information and CSOs used creative mechanisms such as calendars and posters to further disseminate information. Finally, civil society organizations can, in some contexts, forge partnerships with government officials who are interested in using budget work findings for political or policy means.

Limitations and Challenges

Government should be...

- Transparent
- Able to furnish necessary data



Civil society should possess....

- Requisite capacity
- Sufficient resources



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There are numerous limitations and challenges to IBA. Firstly, the most effective IBA requires a transparent and responsive government that is both willing and able to engage with civil society by providing it with reliable, timely, and comprehensive budget data. Especially in countries where such an exercise has never been undertaken or where civil society's role in the budget process is limited, governments often feel threatened and are unwilling to furnish CSO actors with the necessary information. However, it is important to note that budget work can also happen in the absence of such transparency and will often take the form of lobbying for reforms and increased access to information. In other cases, governments are unable to provide high-quality breakdowns of public expenditures and allocations. Moreover, civil society may be limited in its capacity to implement it due to a lack of technical skills or budgetary knowledge. Lastly, the resources required to engage in such an extensive exercise may be unrealistic in many country and regional contexts.



Review

- IBA: what, who, and how
- 4-step process:
 - Identifying entry points
 - Obtaining information
 - Analyzing information
 - Disseminating information
- Challenges



"Sometimes our public officials seem to get confused between what is public money and what is their money."

— Budget activist in Uganda



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We began this presentation with a definition of what we mean by independent budget analysis, or “IBA.” We learned that a range of stakeholder groups can and should engage in budget analysis. The bulk of the presentation covered the “how-to” of budget analysis, explaining the four-step process of identifying entry points, obtaining information, analyzing information, and disseminating information in user-friendly and highly accessible ways. Finally, we presented some of the challenges that civil society organizations may encounter in implementing IBA.