A1.48. Promoting Public Participation in Municipal Budgets to Increase Transparency

CONTEXT
Since the inception of the local self-government system in Azerbaijan in 1999, the establishment of a well-functioning governance system at the local level has been a priority. Even so, as of October 2006, municipalities struggled because of a lack of budgeting skills and lack of experience with civic engagement in budget drafting and budget documentation procedures. In order to encourage public participation in municipal budgets and policy making and to improve the transparency of the local budget process, the Economic Research Centre, an independent nonprofit research institution based in Baku, with support from Counterpart International, initiated a project called Enhancing Transparency Initiatives and Ensuring Public Participation in Municipal Budgets.

ACTIONS (OCTOBER 2006-MARCH 2007)
- Each of the six municipalities hosted public hearings in early and mid-December 2006 to encourage public participation in the debate on the draft 2007 budgets for municipalities. Before the hearings, chief municipality officers and persons responsible for financial matters were provided with necessary guidelines on the forms and contents of the reports to be developed. Public advertisements detailing the place and date of the hearings were posted throughout the municipalities before the event. The municipal budgets were published in newspapers with explanatory comments and disseminated to the local population before the hearings to enable them to raise relevant questions during the hearings.
- Budget information boards were set up in various public places, such as in front of school buildings or municipal offices, to present key budget information or event announcements in an attempt to garner broader public attention. Decisions at different stages of the budget process were also shared on these boards and thus disseminated to members of the local community.

RESULTS
- Improvement in tax collection. The public involvement in the decision-making process increased citizens’ sense of ownership and increased trust between them and the municipal management body. This was reflected in the changes in postproject tax collection. For instance, Piral municipality had an increase of up to 95 percent in tax collections and Hasangala municipality stated that the debts outstanding since 2000 have been repaid, in part due to increased tax revenues since the public hearings.

IMPLICATIONS FOR PROJECT TEAMS
Supporting small pilot projects can lead to meaningful results and serve as valuable learning experiences, thus incubating larger efforts at promoting participation in and transparency of budget processes.

REFERENCE
A1.49. Publishing Citizens Budgets and Influencing Budget
Transparency Legislation

CONTEXT
The Center for Legal and Economic Reforms Assistance (CLERA) is an Almaty-based civil society organization (CSO) that has been working on budget transparency—particularly publishing Citizens Budgets—in Kazakhstan since 2010. Funded by the Soros Foundation—Kazakhstan’s Public Finance Transparency Program and the Local Government Initiative, CLERA has been working to improve the provision of information to the public by the Kazakh government, which scored only 38 points out of 100 on the 2010 Open Budget Index.

ACTIONS (2010–PRESENT)
- Soon after its formation, CLERA pioneered a model for a Citizens Budget in Kazakhstan and the Central Asia region more broadly.
- In November 2010, they developed three different types of Citizens Budgets that could be used at the national, regional, and local level. These models were widely disseminated at several regional conferences, including one about the 2010 Open Budget Survey in Astana, Kazakhstan where key stakeholders such as the finance minister and members of supreme audit institutions participated and noted that the Kazakh government could use the CLERA Citizens Budget model to draft its own version for all levels of the budget system.

RESULTS
- Integration of CLERA’s Citizens Budget methodology in finance ministry’s work. In May 2011, the ministry of finance formally established a working group to develop procedures and a methodology for the production and publication of the Citizens Budget. The working group included CSO representatives and members of National Budget Network of Kazakhstan (NBSK).
- Legislative changes. The draft legislation, called the “Methodology of Development and Dissemination of the Citizens Budget,” was prepared after two months of actively-engaged cooperation between CSOs, the ministry of finance, and the Soros Foundation. The finance minister’s bill was signed into law in June 2011 and covers issues related to the development of Citizens Budgets at both the central and local level. What is unique about the bill is that Citizens Budgets will not only be published when the government publishes the executive’s budget proposal but also after the formulation, approval, implementation, and evaluation stages of the budget process.

Wide dissemination of budget and information on the bill. As of October 2011, the finance minister’s bill is currently being implemented, and relevant chapters are available on official websites of state agencies, including that of the ministry of finance and local governments. Individual line ministries and state agencies have made vast strides by publishing their own Citizens Budgets, which they strive to make more user-friendly.

IMPLICATIONS FOR PROJECT TEAMS
Working closely with a champion (in this case the finance minister) is key to making the shift from advocacy and research toward making an impact on legislation and policy.

REFERENCES
e-Newsletter for International Budget Partnership 62 (September–October), Public Finance Transparency Program of Soros Foundation-Kazakhstan.
A1.50. Analyzing the National Budget to Strengthen the Rights of the Disabled

CONTEXT
Established in 2002, Namys (“Conscience”) advocates for the rights of disabled persons. Initially, Namys focused its attention on advocating for a law that recognized the rights of disabled persons and established programs to provide rehabilitative services. In 2003, Namys launched a campaign to overturn a regressive law proposed by the government that would have represented a return to the old Soviet policy that essentially left the disabled to their own devices. These efforts paid off when the government accepted some of Namys’s main provisions, including clearly placing the responsibility to protect the rights of disabled persons on public agencies.

ACTIONS (2001–08)
Having achieved the passage of the law protecting the rights of the disabled, Namys began focusing on the budgetary issues:

- Namys monitored allocations to public agencies meant to help disabled persons in order to ensure that they were being properly utilized. During the course of its monitoring activities, it found that Almaty city’s program to provide new wheelchairs to 250 disabled persons every year was procuring wheelchairs of a poor quality.
- In 2004, Namys organized a coalition of partners to advocate for the ratification of the Integrated Disability Rehabilitation Policy at the local and national government levels and to ensure adequate funding for the policy.
- The coalition conducted policy-based research on the Governmental Program on Disability Rehabilitation from 2001–05, which found that the previous government program only met 40 percent of its target indicators for this program. The coalition also determined that the program was underfunded and that it did not account for issues other than health rehabilitation that would improve equal access for the disabled. The coalition used this research to formulate a new rehabilitation policy.
- Namys lobbied for policy ratification at both the local and national levels. At the national level, the coalition established strong contacts with heads of ministries, parliament members, and representatives of the presidential administration, working directly with seven separate ministries, including the Ministry of Labor and Social Protection, Ministry of Economy and Budgeting, Ministry of Culture Information and Sports, Ministry of Education and Science, Ministry of Transportation and Communications, Ministry of Public Health, and Ministry of Industry and Trade. It conducted a number of high-level discussions with members of parliament on the promotion of the policy within the government.

RESULTS
- Ratification of government program on disability rehabilitation. In late 2005, the Almaty city administration ratified the integrated rehabilitation policy designed by the advocacy coalition led by Namys. This advocacy campaign was an unqualified success resulting from sound policy research and constructive engagement by nongovernmental organizations with government officials. Ultimately, Kazakhstan signed the International Convention on the Rights of Persons with Disabilities and its Optional Protocol in 2008. In addition, a national law, “On Social Protection of Invalids in the Republic of Kazakhstan,” was passed along with the Complex Program on Rehabilitation of Invalids for 2006–08.
- Increase in budget allocations for a rehabilitation program. The Almaty city government disability rehabilitation program for 2002–05 had a budget of approximately US$2 million. As a result of the advocacy campaign, the newly-approved budget for the Integrated Disability Rehabilitation Policy for 2006–08 in Almaty was US$27 million—a 13-fold increase.

IMPLICATIONS FOR PROJECT TEAMS
- Viable propositions made by civil society can be initially adopted at the local level and then only later at the national level.
- In addition to civil society engagement, the government’s intent to become a signatory to an international convention can provide an incentive to change laws and policies.

REFERENCES

Implementing Organization: Namys
Areas of Engagement: Budget Advocacy; Budget Analysis; Disabled People’s Budgets; Monitoring

Country: Kazakhstan
Sector: Public Administration, Law, and Justice; Social Protection
Level: National
A1.51. Strengthening Reforms to Make Budget Execution Transparent

CONTEXT
A small, landlocked country with a population of 4.9 million, the Kyrgyz Republic began its transition to a market economy in 1990 with relatively good social indicators. However, since independence, income levels have declined by approximately 60 percent, and in 2001, poverty levels were high, with income per capita at only US$300, the second lowest in the Commonwealth of Independent States. Improving governance was seen as critical if these challenges were to be successfully overcome. In this context, the Governance Structural Adjustment Credit (GSAC) program sought to improve public sector transparency and responsiveness; to develop the ability of external stakeholders to hold the government accountable; and to increase the efficiency, effectiveness, and accountability of the public sector. In turn, the Governance Technical Assistance Credit Project supported the GSAC reforms, particularly with regard to the second objective. The objectives of the credit project were to strengthen public expenditure management by establishing a more strategic and transparent budget formulation process and strengthening accountability and transparency in budget execution; to improve the internal control environment; and to improve transparency, value for money, and accountability in public procurement.

ACTIONS (2003–12)
- A plan was developed to restructure and strengthen the state commission on public procurement and material reserves, and the procurement function of ministries and agencies was clearly delineated.
- Revised procurement rules and processes were implemented to increase transparency and impartiality and support to publish the procurement bulletin was provided.
- Procurement audits of selected items that affect service quality in the health and education sectors (e.g., pharmaceuticals and textbooks) were carried out to verify compliance with procurement rules and regulations, to assess value-for-money in reference to national and international market prices, and to take consequential remedial actions.

RESULTS
- **Budget preparation through due process.** Before the implementation of the Governance Technical Assistance Credit Project, the budget was poorly presented and allocations were managed on a monthly basis according to cash availability. Since the implementation of the credit project, a transparent budget is being prepared with the ultimate goal of integrating it into a medium-term framework.
- **Published budgets on the treasury website.** In a context where budget reports were fragmented and not made widely available, the budget execution reports (monthly, quarterly, and annual) are now being published on the website of the central treasury. Summary budget reports are also made publicly available within six months of budget execution.

IMPLICATIONS FOR PROJECT TEAMS
Enhancing the effectiveness of public procurement by regularly publishing information is an integral part of the process of making budget implementation transparent.

REFERENCES
A1.52. Strengthening Budget Literacy among the Media and Citizens to Enhance Transparency

CONTEXT
With a Governance Partnership Facility (GPF) grant of US$793,000, the Information Matters: Transparency and Accountability in the Kyrgyz Republic (IMTAK) program provided training to the executive and elected branches of local self-governments (LSGs) and representatives of civil society on budget transparency and budget literacy. The project builds on an overall government commitment to enhance transparency with a focus on budget processes at the village level of government (Ayil Okmotu) where citizens can feel the most impact. IMTAK supports the larger Public Financial Management program through the development of constructive demand for transparent budget process at the village level of self-government.

RESULTS
• Better informed media coverage of budget transparency issues. Using newly-acquired analytical skills, journalists have started writing well-informed articles on complex budget related issues. They understand that any budget—whether it is one of a particular state or of a family—depends on the contribution of every able-bodied member creating material or cultural value for the benefit of the community. The articles published have covered a wide range of topics, including the role of foreign borrowing, the management of municipal assets, the reduction of fiscal deficits, and the correlation between taxation and the business climate.
• Enhanced literacy among all stakeholders with regard to budget matters. The project has raised the awareness of citizens and the mass media about the right to information—particularly budget information—and has enhanced the level of literacy about budget matters. These efforts have helped improve the responsiveness of public officials to requests from citizens for budget-related information.
• Promotion of constructive dialogue. By bringing together multiple stakeholders with differing points of view, the project has facilitated a constructive dialogue about the budget between communities and local governments and has increased the involvement of civil society representatives at all stages of the budget process.
• Scaling up of IMTAK’s activities and efforts. The impact of IMTAK was scaled up by follow-up and spin-off activities funded by the World Bank and other donors.

A 132-page learning resource guide, “Coverage of Budget Issues in the Media” was published; it was reviewed by the ministry of finance and parliament’s committee for finance and budget and then approved for the training of journalists by the chairman of the committee. Several state bodies, government officials, chief editors from prominent media sources, and donors—including other World Bank Public Financial Management projects—found its content relevant to staff needs and overall organizational priorities.

ACtions (2009–12)
• Training of more than 1,000 representatives of LSG authorities, local councils, civil society organizations, and active citizens on topics including budget planning, prioritization, and monitoring access to budget information in all oblasts (provinces) of the Kyrgyz Republic as part of the implementation of IMTAK’s local budget literacy and access-to-information training component. This component was implemented by the Eurasia Foundation of Central Asia.
• Under IMTAK, training materials have been developed on budget transparency and public participation in budgetary processes as well as programmatic budgeting and monitoring of the budget. Approximately 1,200 sets of training materials were distributed among the staff of LSG authorities in Russian and Kyrgyz languages.
• Another component of the IMTAK project, Budget Reporting for Journalists and Media Training, was designed to train journalists to analyze, produce, and disseminate reliable information on financial and budgetary issues at the local and national level. Between 2011 and 2012, 170 journalists, including ten students from the journalism department of Osh State University, participated in the training.
• Additional funding for extension of reforms.
  – Based on the early successes of IMTAK, one local partner has leveraged significant additional funding from the United States Agency for International Development’s (USAID) Office of Transition Initiatives to extend the program with facilitation of open budget hearings and other supporting activities. The funding enabled an increase in training coverage; introduced a wider set of activities; and organized budget hearings in 185 villages and four cities and towns of the Naryn, Talas, and Osh oblasts—over 7,000 citizens participated in these hearings. Using materials developed at the first stage of IMTAK, the USAID-funded project developed methodical manuals for LSG staff and easy-to-read “how-to” guides for citizens about participation in local budgeting. Several state bodies and nongovernmental organizations requested copies of the manual for distribution and use by their staffs.
  – In August 2012, a project funded by the World Bank-managed Europe and Central Asia Region Public Financial Management trust fund began with the aim of establishing a platform for the exchange of experience and ideas among LSG staff. Under this grant, a system for mutual peer-to-peer training to discuss issues of local budgets and to share experiences and proven solutions is being set up. The trust fund steering committee is considering allocating more funds for scaling up this program as a recipient-executed activity.

IMPPLICATIONS FOR PROJECT TEAMS
• Media can be both a powerful agent and a platform for the budget transparency agenda of any country. It is therefore critical to ensure that the media is well-informed and capable of reporting on complex budget transparency issues.
• The effectiveness of budget transparency and literacy capacity-building and training exercises can be significantly increased by using more hands-on exercises and practical examples that participants can use in their daily work.

REFERENCE
A1.53. Influencing National Budgets to Push Legislative Changes

CONTEXT
Ever since Poland shifted gears toward a free market economy in 1989, the country has witnessed unprecedented growth rates. However, the difficult process of modernizing the Polish economy occurred with a backdrop of a major shortcoming in the Polish legal system: a lack of precisely-defined rules and regulations specifying how the council of ministers prepares and publishes documents containing comments on the state budget and fiscal policy. These factors led to an internal demand for transparency and a better understanding of the national budget as well as a demand for civil society participation in the public debate over the challenges of fiscal policy in Poland. To fill this gap, the Gdansk Institute for Market Economics (GIME) was established in 1989 as a nongovernmental independent scientific research institution (ISRI) that conducts research, provides independent assessments of the economy for the business sector and the public at large, and formulates useful recommendations for government policy.

ACTIONS (1989–PRESENT)
- GIME is reputed for strong fiscal transparency-related research and in 2001, it conducted a standalone study that compared Poland's performance to the International Monetary Fund's Fiscal Transparency Code, revealing that the state of openness and transparency of public finance in Poland was slightly worse than found in the IMF’s own assessment. They not only pointed out the drawbacks and deficiencies of the system that was responsible for this, but also formulated practical recommendations for legislative changes, which gained traction.
- Since 2002, GIME has been publishing the “Public Finance Bulletin” every quarter. It contains current data on the state of public finances in Poland: state budget execution, public debt, local self-government finance, appropriated funds, descriptions of new legislation concerning public finance, and other articles. It also includes forecasts of public revenues and expenditures and describes the relationship between fiscal policy and macroeconomic performance of the economy.
- GIME also organizes annual specialist conferences—sector-specific seminars presenting its quarterly research findings; these are well attended by key stakeholders from the government, the private sector, and the media as well as civil society.
- GIME was also concerned that the systems that fund Polish health care and education are inefficient, and with investigation and research, it found that education funding is allocated inflexibly and unfairly by a system that does not clearly delineate local and national funding responsibilities. With regard to health care, it found a hospital system groaning under the weight of unsustainable debt.

RESULTS
- Considered legitimate government partners. In 2009, the Ministry of science and higher education commissioned a project in partnership with Ernst and Young, inviting GIME to prepare a strategy for the ministry.
- Pushed legislative changes. The strategy prepared by GIME for the ministry of higher education is now the basis for a slew of legislative changes for the period 2011–15—changes that address the financing and management of institutions of higher education.

IMPLICATIONS FOR PROJECT TEAMS
Wherever possible, projects should engage credible independent scientific and research institutions for quality budget analysis.

REFERENCE
A1.54. Strengthening Parliamentary Processes to Promote Better Oversight of the Budget Process

CONTEXT
In response to the disintegration of the Soviet Union and Russia’s adoption of its 1993 constitution that established the framework for freely-elected multiparty legislatures, the Parliamentary Centre, a Canadian nonprofit organization, has worked since 1994 to enhance the capacity of the Russian legislature. After the Canada-Russia Parliamentary Program ended in 2004, the Accountability Strengthening Program (ASP) was launched to realize the gains that had been made to improve parliamentary oversight by strengthening the linkages between the Russian supreme audit institution (the accounting chamber of the Russian federation) and the Russian federal assembly. It aimed to increase transparency and accountability in the use of government funds by strengthening parliamentary oversight at the federal and regional level; strengthening budgetary accountability in the Russian federation through the development of a system of state financial control; and reforming the internal administrative and financial management of the Russian federal assembly (the duma and the federation council).

RESULTS
• **Introduction of performance monitoring.** The project helped to introduce performance auditing in four Russian regions.
• **Measures to improve independence of the legislative branch from the executive branch.** Russian partners became strongly interested in approaches used in Canada to guarantee the independence of parliament from the executive branch. Inspired by the Canadian model, the Federation Council Commission on Internal Economy submitted a series of proposals for legislative amendments aimed at reducing the dependence of the federal assembly on the government. These were the first formal steps taken aimed at strengthening parliament’s independence in Russia.

IMPLICATIONS FOR PROJECT TEAMS
While technical support is useful, it is important to keep in mind while designing projects that it takes several years to achieve changes such as strengthened legislatures and more open political spaces for legislatures to perform oversight functions.

REFERENCES
Parliamentary Centre Website: www.parlcent.org
A1.55. Using Budget Analysis and Training to Promote Amendments to the Budget Law

CONTEXT
The St. Petersburg Center for Humanities and Political Studies (CHPS) is a civil society organization established in 1993 by a group of deputies of the city council, activists of democratic parties, journalists, and businessmen, with the purpose of fostering the development of civil society in St. Petersburg and other regions of Russia. The main activities of the center focus on Human Rights and Development of the Regional Ombudsmen program, the Civil Society Against Corruption Initiative, the Transparent Budget Program, the development of public policy centers, and setting up the Expert Council on Civil Education and Human Rights in the State Duma. In particular, the Transparent Budget Program aims to promote participation of independent nonstate specialists in the budget process, assuming that it increases the efficiency of the budgeting process and helps achieve improved social impacts.

ACTIONS (1998–PRESENT)
- CHPS began their preparatory efforts in 1998 when they focused squarely on assessing the situation, gaining information, implementation of the IMF Code on Budget Transparency, and learning from the experience of the United States, Brazil, Croatia, India, Indonesia, Kenya, and South Africa.
- By the early 2000s, the CHPS began involving local government officials, training nongovernmental organizations (NGOs) in budget transparency through master classes and seminars, and began demystifying the contents of the budget into a format easily understood by the public. They handed out informational brochures in the regions of Novossibirsk, Samara, St. Petersburg, Pskov Oblast, Kaliningrad Oblast, Leningrad Oblast, and Petrozavodsk city.
- In 2001–02, the CHPS began to disseminate the budget through public hearings focused mostly on the budget draft and on budget execution information. It also brought together independent experts from NGOs to work together in consultative groups at the budget draft preparation stage; the NGOs provided valuable feedback and made recommendations to modify the legislation to make public participation sustainable.

RESULTS
- Uptake of suggested amendments to the budget. During the drafting of St. Petersburg’s 1999 budget, NGO activists and budget experts set up working groups to identify key budget priorities, analyze the implications of choosing various alternatives, and draft comments and addenda to the proposed budget that were later made available to government officials. Amendments to the budget regarding the education and care for the disabled were, in fact, ultimately accepted.
- Recognition as a legitimate partner in budget transparency. The Russian department of finance asked the CHPS to prepare a draft law on budget transparency for the subsequent budget.
- Resistance from media and lower-level government officials. Two aspects were common hindrances in the work of the CHPS: the media’s unwillingness to publish information about the budget for fear that the public might start delving too deeply into it and provoke difficult debates, and a lack of willingness at the lower echelons of the government to open their budgets, much less to provide resources to make the process participatory.

IMPLICATIONS FOR PROJECT TEAMS
In an environment where the media is resistant to cooperate with budget transparency initiatives, carrying out a systematic public relations campaign, introducing new ideas to the general public, and shaping the informational space need to feature particularly prominently.

REFERENCE
St. Petersburg Center for Humanities and Political Studies Website: http://strategy-spb.ru (in Russian).
A1.56. Strengthening Parliamentary Oversight and Building Coalitions to Enhance Budget Transparency

CONTEXT
Tajikistan is the poorest country in the Eastern Europe and Central Asia Region. It also has the most remittance-dependent economy in the world. Still recovering from a civil war that ended in 1997, Tajikistan faces a number of development challenges, including energy security and high rates of poverty—54 percent in 2007. It ranks below average in the ECA Region in terms of governance and continues to struggle with corruption and a lack of transparency and accountability in the budget process. Accountability in the budget process is hindered by opaque policy processes and decision making and by technical limitations. The objective of the project is to help ease the governance constraint on development in Tajikistan by mainstreaming governance interventions on the country, sector, and project level. It seeks to support greater citizen engagement in the budget process through improved capacity of parliament, improved media and citizen access to analyze budget information, increased government financial accountability to parliament and the electorate, and increased public service-provider responsiveness to citizens. Two budget-related activities include the introduction of budget-related transparency and accountability measures and the strengthening of the parliament’s capacity in approving budgets and reviewing expenditures.

ACTIONS (2010–13)
In order to increase transparency and accountability several measures are being carried out:

- Networks and alliances among stakeholders around budget transparency have been facilitated by organizing regular workshops on budget issues for civil society organizations (CSOs) involved in the budget issues, parliamentarians, national and local government officials, members of mahalla (neighborhood) committees, and journalists. These events serve as a forum for information exchange, knowledge-sharing and networking, and provide the opportunity for CSOs to define how best to participate at the national level.

- Information is used for a dialogue with authorities of different levels. Proactive information-sharing has been facilitated between the parliament and CSOs working on public-finance issues.

Activities to strengthen Parliament have been conducted:

- A budget committee secretariat with permanent research staff for whom training and support is provided has been established.

- Mobilization of independent research to advise parliament on budget reform issues.

- Support has been provided to the parliamentary communications office, including training and resources for media events and publications to improve parliament’s external communications on budget issues.

RESULTS (ANTICIPATED)
- Heightened awareness by and participation of Tajikistan citizens. The project anticipates a 10 percent improvement in levels of participation and budget information demand and in their awareness of their right to budget information.

- A more accountable state due to the exposure of graft. The project expects a 10 percent improvement in business confidence as demonstrated in the final annual survey.

- Increase in the amount of budget information in the public domain. An increase of 10 percent is expected by the end of the life of the grant.

IMPLICATIONS FOR PROJECT TEAMS
The capacity of CSO networks and relevant parliamentary committees to engage on budget issues and impact budget processes can be significantly strengthened when linked, allowing each to leverage the other’s expertise and influence in order to improve budget processes and make them more transparent.

REFERENCES
Grant Funding Proposal for Mainstreaming Governance in Tajikistan Country Program, World Bank, Washington, DC.