Contents

Preface—a story about this book ix

Acknowledgments xvii

Chapter 1
The process of government accountability—an anecdote and an agenda 1
A critical focus—public expenditure management 3
Evolution of thinking on development and accountability 4
A simple model 7
A word of caution on a promising agenda 15
Notes 17

Chapter 2
Major issues and tools in public expenditure management 18
Countries need a strategic approach to expenditure planning 18
The government’s role is often too broad to be successful 19
Spending tends to be inefficient and inequitable 20
Decentralization of public spending creates practical problems 28
Budget execution and the expenditure framework are weak 33
Prospects for improving public financial management and procurement systems are mixed 42
What remains to be done 44
Notes 47
Chapter 3
The political dimension of public accountability  51
Defining the problem  51
Applying the principal-agent framework to citizens seeking results from government  52
Charting the sources of accountability  55
Taking advantage of the changing world political context  58
Improving prospects for demand-driven accountability  62
Notes  65

Chapter 4
Transparency and accountability in budgets and expenditure management  66
Making budgets clear and transparent  67
Analyzing performance and transparency in the budget process  68
Some success stories in budget execution—but more are needed  82
Notes  85

Chapter 5
Independent monitoring organizations at work  87
What is an independent monitoring organization?  87
Putting independent monitoring organizations on the map  88
Engaging in a multiagent environment to improve transparency and accountability  89
Measuring the impact of independent monitoring organizations—some questions  103
Next steps for independent monitoring organizations  108
Notes  109

Chapter 6
Strengthening independent monitoring organizations  111
Characteristics of a small group of independent monitoring organizations  112
Actions taken to strengthen independent monitoring organizations  123
Lessons for donors  129
Summary of lessons for improving the effectiveness of independent monitoring organizations  134
Notes  135
6.1 Reflections of former Nigerian Minister of Finance Ngozi Okonjo-Iweala on civil society organizations in the 2003–06 budget process 113
6.2 Summary results and institutional management indicators in the Transparency and Accountability Project 115
6.3 Examples of capacity-building programs for independent monitoring organizations 124
6.4 Observations on the funding history of civil society organizations in India from Vinod Vyasulu, founder of the Center for Budget and Policy Analysis in Karnataka, India 126

Figures
1.1 A model of governance, public expenditure management, and the role of independent monitoring organizations 8
3.1 Routes of accountability for public entities 55
3.2 World Internet penetration rates vary widely, 2009 61
4.1 Best practices for budget process—reports and timeline 68
4.2 Budget document availability varies greatly for low- and middle-income countries, 2008 72
4.3 Few sample low- and middle-income countries release budgets with adequate time for legislative review, 2008 73
4.4 Few sample low- and middle-income countries present adequate program-level expenditures in the executive’s budget proposal or supporting documents, 2008 75
4.5 Executive consultations with key stakeholders during budget prioritization are rare in sample low- and middle-income countries, 2008 75
4.6 Most legislatures in sample low- and middle-income countries have little or no authority to amend the budget, 2008 76
4.7 Both the frequency and detail of periodic budget reports in sample low- and middle-income countries fall short of monitoring requirements, 2008 78
4.8 Legislatures play a minor role in decisions on shifting funds between administrative units in sample low- and middle-income countries 79
4.9 Budgets of auditing institutions fall short of best practice in sample low- and middle-income countries, 2008 . . . 79
4.10 . . . and so does the timing of their reports, 2008 80
4.11 Most sample low- and middle-income countries provide little or no detail on differences between allocated and actual expenditures in year-end reports, 2008 81
4.12 Even fewer sample low- and middle-income countries explain gaps between allocated and actual expenditures to benefit impoverished populations in year-end reports, 2008 82
4.13 Few sample low- and middle-income countries include performance indicators in the executive’s budget proposal or supporting documents, 2008 82
4.14 Even fewer sample low- and middle-income countries explain the differences between performance indicators and actual outcomes in year-end reports, 2008 83
5.1 Role of independent monitoring organizations in bottom-up accountability 90
5.2 Role of independent monitoring organizations in working with the public and the state 91
6.1 Sources of funds for sampled independent monitoring organizations in 2008 118
6.2 Communications approach on “hot topics,” 2009 120
6.3 Importance of alternative audiences, 2009 121
6.4 Primary and secondary sources of information for the policy community, 2009 122

Tables
2.1 Average estimated rates of return to schooling, by region, 1990s 21
2.2 Benefit incidence of public spending by income quintile, selected countries, 1990s 21
2.3 Incidence of social expenditure and energy subsidies in Ecuador by income quintile, 1999 23
2.4 Benefit incidence of public expenditure on education in Bangladesh, by consumption expenditure quintile, 2000 23
2.5 Recurrent public expenditure on education in Bangladesh, by level, 1991/92–1999/2000 24
2.6 Primary school salary costs as a share of recurrent expenditure on primary education, selected Sub-Saharan African countries, 2002–04 25
2.7 Student-teacher ratios by level of education, selected countries, circa 2000 26
2.8 Primary school teacher salaries as a multiple of GDP per capita, selected developing countries, circa 2000 27
2.9 Share of selected subsidies accruing to the poor and nonpoor in Iran, 1998 27
2.10 Benefit incidence of subsidies on basic services in Ecuador, by consumption expenditure quintile, 2003 28
2.11 Relative weight of local government budgets in selected West African countries, 1992 30
3.1 Agent selection methods for public expenditure functions 54
3.2 Policy and institutional features affecting public expenditure management agents 54
4.1 Organisation for Economic Co-operation and Development best practices and the Open Budget Index 70