

Is Open Budgeting needed for Papua New Guinea?

by Wallis Yakam, senior programme officer with INA.

Is PNG ready to introduce and promote Open Budgeting? Money budgeted by government is for the people and they have the right to know where it comes from and how it's managed. It is also important to educate citizens in understanding the budget constraints government works under and therefore the need for setting priorities in distributing limited available resources.

Recently, various government and civil society organizations have developed certain initiatives to promote 'Open Budgeting' in PNG, including: -

The **INA** (a policy think-tank promoting dialogue with government) joined over 60 other countries promoting open budgeting, with a worldwide survey undertaken in 2005. The survey's main purpose was to assess the performance of participating countries in terms of: -

- (a) Transparency or easy public access to information on the work of government;
- (b) Accountability in the budget process; and
- (c) Dissemination of budget information to the public through various mediums.

In the Survey, PNG scored 51% out of a possible 100% on the *Open Budget Index 2006*. The *Index* evaluates information provided to citizens in seven key budget documents, which all governments should make public during the course of the budget year. These documents include:

- Pre –Budget Statement;
- Executive Budget Proposal; PNG's Proposal provides substantial information to the public, providing 70% of the information needed for a comprehensive picture of the government's financial activity, but with room for improvement.
- Citizen's Budget; not produced in PNG;
- In-Year Reports; PNG provides in-year reports, but it would greatly strengthen public accountability by publishing a comprehensive *mid-year review* providing updates of forecasts for the second half of the year;
- Mid-Year Review; not produced by PNG's government;
- Year-End Report; produced for internal use only;
- Auditor's Report; The findings indicated that PNG performs poorly in making its audit report publicly available, and also provides no information on whether the audit report's recommendations are successfully implemented.

Citizens require access to information to enable their informed participation in budget debates. Parliament currently fails to hold public budget hearings in which the public can participate. The survey suggests public access to information could be improved significantly.

The INA is continuing this process, representing PNG through a second phase, with results due in 2008.

Transparency International (PNG) has been very vocal against corruption, notably through: -

- Campaigns against bribery during elections;
- Training and educating young people about corruption;
- Printing and widely distributing posters and materials on corruption; and
- Observing the 2007 election process.

Consultative Implementation and Monitoring Council (CIMC), which brings civil society, private sector and government together to review and influence public policy and decision-making processes, is currently concluding a three year program promoting "*Opening up the PNG Budget*".

Through its annual regional and national development forums, the subject was considered by participants, mainly to:

- Educate about how government formulates the budget, transfers funds to other tiers of government and how it is implemented, reported and monitored;
- Encourage appreciation of budget constraints, and the country's development challenges,
- Assist participants on prioritising spending, under limited resources ceilings,
- Encourage participants to work together and share limited resources to achieve common goals and objectives,
- Provide information on the budget process to enable meaningful contributions to the different levels of government, including monitoring government's performance.

These are ambitious aims, and needs extensive follow up, but CIMC Secretariat hopes to continue work in this area.

It was strongly indicated in the forums that, owing to lack of basic information in the community, citizens are unaware of policies, programmes, processes or budget implementation. Consequently, basic services are not delivered and implementation of stated policies has failed.

With active participation by certain departments in the forums, some, including Treasury, are responding positively, providing additional, publicly available information on websites, as well as inviting public submissions on major policy areas for the next budget.

There are other initiatives developed jointly by government and development partners, including:

- Establishing the **Provincial and Local Level Service Monitoring Authority (PLLSMA)**, replacing NMA, to coordinate and monitor service delivery mechanisms at provincial/LLG levels,
- **Provincial Performance Improvement Initiative (PPII)**,
- **Finance Management Improvement Program (FMIP)**,
- Introduction of the *Fiscal Responsibilities Act* 2006.

The Public Accounts Committee (PAC) was restored in 2002, providing critical Parliamentary input into promoting transparency and accountability within government agencies. Its mandate is to maintain watch on those responsible for handling public money, ensuring they carry out their duties according to the country's laws. The last committee's final report outlining its achievements, challenges and recommendations, highlighted how corruption is eating away the fabric of society's ethics and morality. With limited powers and resources, PAC was restrained in ensuring accountability at all levels of government.

The Committee's summary report found only one government agency performing. It found evidence of widespread misappropriation, fraud, negligence, dishonesty and disregard for important laws and the welfare of the State and its citizens, including weak enforcement of fiscal accountability by responsible agencies. It suggested a clear web of organised and systemic illegality, reaching across several departments, aimed at stealing public money.

Open budgeting is a necessary step in addressing widespread corruption, so that civil society is empowered to monitor government performance and uphold accountability.

We should revisit the PAC's recommendations in promoting open budgeting, including:

- Supporting enforcement and compliance institutions, such as Ombudsman Commission, Auditor-General, Police and others to perform their roles independently and effectively;
- supporting and giving teeth to the PAC;
- giving serious consideration to setting up an Independent Commission Against Corruption (ICAC) with prosecution powers, or giving support to existing mechanisms, e.g. the National Anti-Corruption Alliance (NACA), Fraud Squad and other anti-corruption initiatives,

Other proposals to support the public holding their government accountable, include:

- Empowering 'non-state actors' to actively monitor government performance;

- Building partnerships and consultation mechanisms between government and civil society, to promote information/knowledge sharing and encourage active participation by citizens in important decision-making processes; and
- Reinforcing laws empowering public access to information, and freedom of expression, including ‘whistleblower’ protection.

International case studies have found that wider citizen engagement with budgets can promote substantial improvements in governance and notable reductions in poverty. For example: -

- In Mexico, a research and advocacy organisation, “Fundar”, obtained hundreds of pages of accounting records from the Health Ministry using freedom of information laws, subsequently identifying large-scale corruption in a contract awarded to a private agency under an HIV/AIDS prevention program. The pressure brought about by Fundar forced government to initiate proceedings to recover misappropriated funds and undertake changes in policies governing management of discretionary funds, including the HIV/AIDS prevention program.
- In India and Uganda, civil society monitoring of district and local level budgets has led to substantial reductions in corruption associated improvements in public service provision,
- In Argentina and Kenya, civil society involvement in budgeting has improved the effective engagement of the legislature (Parliament) and the audit institution (Office of the Auditor General) in budget oversight.

To conclude, it is now time for PNG citizens to hold hands and say “*enough is enough*” on corruption and be pro-active in promoting open budgeting, with transparency and accountability prevailing and basic services delivered effectively to our people, especially in the rural areas where these services are essential.