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The Puzzle of Unspent Funds

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Introduction. Critical Issues Emerging from the Study of Unspent Funds

Deval Desai, Sruthi Herbert and Christine Lutringer

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1. Introduction

This thematic volume explores a matter of critical policy relevance and political importance: unspent (or underspent) public funds, more specifically special-purpose social funds. By 'unspent', we refer to instances where a significant proportion of these funds remains both uncaptured by other interests and unspent during a discrete time frame (e.g. the fiscal year) for the purpose for which they have been earmarked. By 'special-purpose', we mean that the monies are held for a particular use rather than simply being absorbed into ordinary administrative budget lines. They are often held in some special-purpose vehicle (SPV) (such as a corporation, or operational programme). And by 'social', we mean that the funds are intended to be used for a specific social purpose, in particular to remedy certain social vulnerabilities, harms, or dislocations.

In this introductory chapter, we frame the case studies on which the other chapters draw, emphasising the fiscal architecture and administrative structures in which they are nested. We then synthesise and discuss the key findings of the chapters. These have broader relevance for those studying the fisc and fiscal policy in development contexts as they demonstrate how unspent funds are not only a matter of the nature of state fiscal capacity, but are also (or alternatively) indicative of the underlying state forms and democratic political structures that must be engaged with.

Our goal is to critically engage with material practices and related understandings of the state, and of state–society relationships, through a cross-context analysis of unspent funds. Drawing on case studies in India and Italy, this volume analyses a phenomenon that is often associated, in scholarly and policy literatures, with state failings—often in the global South—even as it plays out in a variety of modes across socio-economic and institutional settings.

While the ability of states to deliver the financial execution of policy programmes is a central feature of development programming focused on the global South, unspent funds are a widespread phenomenon and one that spans continents and developmental contexts. In Nigeria, the incidence of unspent funds has been widely debated since 2007, when massive amounts of unspent funds budgeted for implementing development projects were recovered by the government from its various ministries, departments and agencies (MDAs). The concept of 'unspent funds' entered Nigeria's political and administrative lexicon (Nwokeoma, n.d.) as MDAs announced the amounts they were sending back to the public treasury. Here, the accumulation and return of unspent funds served as symbolic testimony of officials' non-corrupt credentials. It was also used to indicate some progress in the 'war on corruption' announced by the president (Ingwe et al., 2012). In the United States, the Committee for a Responsible Federal Budget, a US think tank, reported in early-2022 that out of USD 5.7 trillion in fiscal support provided by Congress since early 2020, about USD 800 billion remained unspent or uncommitted (Lerman, 2022).

The latter example further suggests the contemporary relevance of unspent special-purpose funds to our understanding of the state. The COVID-19 emergency has reinforced, across institutional and economic contexts, issues connected to state capacity, while oftentimes also leading to a repurposing of unspent funds towards different public budget needs. In this perspective, it has both revealed and intensified certain logics of governance (Desai, Randeria and Lutringer, 2020).

How, then, to link unspent funds to new insights into the state? Determinants of state spending patterns need to be investigated by adopting a perspective that 'bridges contexts' in a large and encompassing sense. The more traditional explanations for the poor use of funds emphasise low capacity, mismanagement or misallocation. As such, they assume that unspent funds reflect state failure of a sort, and delve into its political, administrative and organisational causes (Musgrave, 1996, 256–7). However, we suggest that there is a clear analytical gap when it comes to explaining the existence of these untapped funds. Political science and political sociology (e.g. Vauchez, 2011; Risse, 2015) might suggest that the phenomenon of non-utilisation of funds is attributable to the lack of fiscal absorptive capacity of the state—so, to the inability of the political institutions of the state to receive money, and transform it into policy-oriented spending (Feeny and McGillivray, 2008). According to this literature, unspent funds would thus seem to be a mark of institutional weakness to be corrected—they indicate 'blockages' to be removed (e.g. corruption or inept bureaucracies), or state 'dependence' on undervalued capital (such as aid) from which the state must be weaned (see, e.g., McGillivray et al., 2010). Yet the scale and persistence of unspent funds in the contexts explored in this thematic volume suggests the limitations of such an account: unspent funds may well reflect something more about distinct modes of governance and state–society relationships.

More specifically, the chapters explore why funds go unspent in the first place, frame them as both technical and political challenges, and look at the technical end, exploring how to remedy underspending, and at the political end, using unspent funds as a means to explore broader questions about the structure and functioning of the state, in particular its formal transformations in the context of multilevel governance, and its concomitant fragmented accountability structures that leave funds unspent.

The chapters draw on case studies that have been conducted in two very different socio-economic and institutional settings: India and Italy. They share the similar surface phenomenon of underspending, but in very different historical, political, social, and economic contexts. Moreover, the funds analysed here—the Building and Other Construction Workers' (BOCW) Cess Fund and the Rashtriya Mahila Kosh (RMK) in India, and various European Social Funds in Italy—diverge in terms of their institutional design, type of benefits, the eligibility of fund/project beneficiaries and in how states can retain, use and reallocate the monies. But they reveal key processes related to fiscal, administrative and policy practices. Fiscal and administrative structures emerge as significant factors influencing underspending in both these contexts, especially the ways in which these structures intersect with the countries' respective decentralised and multilevel democratic frameworks.

The chapters in this volume relating to the Indian case deal with BOCW and the RMK. BOCW funds are held in "boards", or SPVs with legal personality. The establishment of BOCW boards in all Indian states and Union Territories (UTs) was mandated through the BOCW Act 1996. The boards are meant to develop programmes and spend monies to address the specific vulnerabilities of building and construction workers. The state boards are primarily funded through a 1 per cent cess, or levy, imposed on the total cost of construction at large building sites. The RMK was established in 1993 and funded by the Department of Women and Child Development. It was a programme to channel money through NGOs into microcredit finance for the purposes of the financial inclusion of women. It has since been discontinued '...as it has lost its relevance and utility in the present scenario with substantial alternative credit facilities becoming available to women...'.[1] The resulting uncertainty about the future use of the unspent funds lying with RMK is illustrative of the issues that this volume addresses.

In Italy, meanwhile, the funds analysed are the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the European Youth Guarantee (YG). These funds are meant to promote social cohesion (from infrastructure to improving human capital and reducing unemployment). In the past three decades, the European Union (EU) cohesion policy and its related Structural and Investment Funds (SIFs, or ESIFs), of which the three funds studied here are a part, have been used to promote economic and social cohesion across (subnational) European regions. Introduced in 1975 with modest resources, the SIFs are now considered to be key mechanisms for making European regions more competitive and for fighting social exclusion and poverty (Dellmuth, 2021). They are targeted at regions whose GDP per capita is less than 75 per cent of the EU average. They are spent through 'Operational Programmes' negotiated between Member States and the Commission; furthermore, they cannot be used to substitute for state administrative budgets, but must be distinct from them (Smith, 1997). Overall, these funds are designed to promote cohesion and mitigate disparities in social welfare between different regions. The state mobilises these funds to address vulnerabilities that result from the dislocations caused by single-market integration—on the basis that these dislocations are local or regional. SIF monies fund expenditures such as labour market programmes aimed at reducing unemployment and increasing human capital and social integration. The funds are organised into either national or regional Operational Programmes (OPs), which delineate investment priorities, and specific objectives and activities. OPs are governed by a 'Managing

Authority'—which can take a range of legal forms, so long as they follow EU financial management principles. ESIF funds are allocated and spent on seven-year cycles; the latest one ran for the period 2014–20. If they are unspent, they are returned to the EU budget. Since 2008 the EU Commission has encouraged the use of structural funds to offset the negative consequences of the economic crisis (Porte and Heins, 2015; Ciani and de Blasio, 2015). European spending therefore targets multiple policy areas in EU regions.

At the EU level, underspending is a persistent problem. A *Financial Times* investigation in 2010–11 found that only around 10 per cent of ESIFs had been spent, more than halfway through the 2007–13 cycle (O'Murchu and Pignal 2010). In past cycles, Italy has spent much of its ESIF monies at the last minute; and delays in the use and in the allocation of funds constitute an important part of the politics of spending. The later in the spending cycle it gets, the higher the risk that funds have to be returned to the EU; under this time pressure, the greater is the chance that state authorities might gain political leverage and discretion in the use of ESIF monies.

Notwithstanding the differences between the two case studies, there are comparable implications of unspent funds across the contexts. While the spending capacities of each state have been a subject of debate in policy realms, the increasing societal relevance of the funds makes an enquiry into the puzzle of unspent funds particularly timely and relevant. This volume seeks to contribute to the larger literature on public policy that transcend national or regional contexts. Built around the key concepts and notions of 1) fiscal architecture and 2) administrative structures, the overall framework of this volume maps the four phases of *collection*, *allocation*, *use*, and *monitoring* of funds.

2. Fiscal Architecture

In the context of both India and Italy, the fiscal architecture plays an important role in the spending or underspending of available funds. In India, the centralised fiscal architecture was for decades at odds with the relatively decentralised administrative structure. Thus, fiscal relations between the central government and the states, mediated through the Planning Commission, whichcontrolled the purse strings, exerted enormous influence in state-level fiscal planning and welfare distribution. In recent years, with the central government disbanding the Planning Commission, there was theoretically a move towards greater fiscal decentralisation. However, Aiyar (2019) argues that this led to the counterintuitive outcome of further fiscal centralisation to deal with the lack of state capacity in several low-income Indian states.

Over the last few decades, decentralisation, new forms of accountability and transparency, and other reforms have led to a reshaping and oftentimes a fragmenting of the old pillars of state capacity more generally (Painter and Pierre, 2005). As shown in the case of Italy, there are distinct, and at the same time connected, elements in state capacity: in addition to administrative and policy capacity, budgetary capacity affects the absorption of funds, particularly because of the co-financing principle in the EU's cohesion policy (Lutringer, this volume). The EU's institutional architecture is in fact governed by a set of substantive fiscal, administrative, legal and procedural constraints on EU policymaking that are embedded in treaty and legislative provisions. As observed by Moravcsik (2003, 5):

> The policies absent from the EU's policy portfolio—notably social welfare provision, defense, education, culture, and infrastructure—require high government expenditure. The ability to tax and spend is what most strikingly distinguishes the modern European state from its predecessors, yet the EU's ability to tax is capped at about 2-3 percent of national and local government spending (1.3 percent of GDP).

The politics of EU integration are therefore reflected in both the volume and the type of funding instruments in these domains. While the EU does not have a dedicated mandate in the social policy area (Niklasson, 2014), the ESIFs allow for support for welfare and social intervention across EU regions. In this process, local and regional governments, local agencies, and other local actors have been seen as key partners in delivering economic and social development across Europe (Monné, 2004). This gives rise to a complex administrative and fiscal architecture, as explored in this volume.

Similarly, chapters in this volume also explore the administrative and fiscal architectures that result from the particular legal form of the levy used in the BOCW case: the cess. Cesses are special-purpose levies collected from persons, associations or corporate bodies. The concept of the cess incorporates not only the levy, but also a fiscal process to hold and transfer that money into SPVs, without the funds disappearing into general budget lines. This usually requires enabling legislation.

Whether the cess is a tax or a fee has been a matter of debate. And this matters, as a tax is collected through general taxation power for the general welfare, while a fee is collected in a private arrangement between the state and an actor, where the actor receives some benefit in return (i.e. there is always a *quid pro quo*). In other words, the distinction between a tax and a fee is at the heart of the ways in which the state draws the public–private divide through its fiscal activity, and its ability to use coercive force to extract resources. This is crucial to the accountability mechanisms available to citizens not just to protest inappropriate levies, but also to secure proper and scrutinised expenditure—issues central to the political organisation and proper democratic functioning of a state.

Several debates and litigations later, the cess is somehow understood to be both a tax and a fee. Kotha and her co-authors explain this as follows:

> ***Cess taxes*** have an earmarked purpose but do not give the contributor entitlement to a *quid pro quo* benefit. The funds from a cess tax are to be credited into the Consolidated Fund of India. But they are to be ***earmarked*** within it. Once credited to the Consolidated Fund of India, proceeds of a cess tax can be withdrawn only when the Parliament passes suitable appropriation legislation.
>
> On the other hand, ***cess fees*** have an earmarked purpose and entitle the payer to a direct reciprocal benefit. The funds from cess fees are to be credited to a special fund instituted for the said purpose and not to the Consolidated Fund of India (Kotha et al., 2018, 9; emphasis added)

In India, there remains a level of ambiguity about several aspects of cess-funded welfare—whether it should be reflected in the consolidated funds of India or the Public Accounts, whether the money in the welfare board accounts should be taxed as the board's income or not, whether non-implementation of schemes by the welfare boards is legally actionable, and whether remedial action for issues identified in audit reports is mandatory or not.

The fiscal and administrative process within which these issues are entangled have led to limited accountability vis-à-vis the non-spending of cess funds—despite the presence of accountability processes such as annual audits and overview by the Public Accountability Committee. For example, the Research and Development cess fund established in 1986 was abolished in 2017, but the funds accumulated through the cess have vanished without a trace. Several cess funds, such as the Beedi Workers cess fund and the Clean Energy cess funds, along with the BOCW boards in some states, have recorded short transfers (i.e. funds have been collected but remain in the consolidated fund or public accounts, rather than being deposited with the relevant SPV)—as pointed out in the reports of the Comptroller and Auditor General (CAG), to little effect. Similarly, despite the 1986 Act dissolving the Coal Mines Labour (Housing and General) Welfare Cess Fund and requiring the unspent funds lying in the Fund to be transferred to the Consolidated Fund of India, a CAG audit report on Union Government Accounts 2008–09 revealed that the ministry in question had continued to operate the dissolved Fund to meet unauthorised expenditure for as many as twenty-five years after its abolition.

In the EU, the process of fundraising and expenditure also generates an administrative and fiscal architecture—and underspending further reflects a set of accountability arrangements. For each programming period, the Commission fixes an indicative amount of SIF for the seven-year period in a legally binding decision. In the course of the budgetary period, regional and national governments are responsible for reporting financial implementation to the Commission. The Commission, in turn, is responsible for the correct implementation of the EU budget (see also Dellmuth 2011). Financial accountability around the EU budget rests on accountability mechanisms at EU institutions (the European Parliament, European Court of Auditors, European Ombudsman and European Public Prosecutor's Office) and national bodies (supreme audit institutions at the national level), which are involved in monitoring, controlling, auditing, scrutinising and communicating budgetary expenditure (Sanchez-Barrueco, 2015; Stephenson et al., 2021). Decentralisation complicates ex-ante accountability (Dellmuth, 2011). Member States and regions tend to implement very diverse systems of control that frequently overlap with EU audit mechanisms (Drapaolova, 2017). This arguably complicates the oversight of the funds.

Additionally, post-COVID-19 there have been instances where unspent funds have been mobilised for pandemic relief. Karanth provides an example in his contribution to this thematic volume: unspent BOCW funds are seen as a ready source of monies into which central and state actors may dip their hands during an emergency. This has upended the idea of the cess as earmarked for social welfare funds, causing it to lose its very character, as Kotha et al. (2018) point out. In the EU, the Coronavirus Response Investment Initiative (CRII) led to the release to Member States of unspent or unallocated funds, including USD 29.4 billion (EUR 28 billion) of unspent ESIFs and USD 8.4 billion (EUR 8 billion) of unspent pump-priming funds for social welfare projects from the EU's cohesion budget (Desai, Lutringer and Randeria, 2020). The EU adapted its rules, allowing Member States to use these funds for expenditures usually not supported by the European cohesion policy, such as income support, working capital for small and medium sized businesses (SMEs) and measures to support and strengthen health systems. Arguably, the flexibility afforded to Member States in spending ESIFs made them less accountable to EU institutions, thereby reconfiguring practices and loci of accountability (Desai, Lutringer and Randeria, 2020).

3. Administrative Structures

As several chapters in this volume show, administrative structures at all levels—from the most local to the supranational—impact the implementation of welfare schemes. The time-bound nature of the European Funds has led to unspending or delayed, last-minute spending. The administrative constraints that bear on the decentralised politics of implementation contribute significantly to delaying the process of spending (see Lutringer, this volume). As explored in the case of Italy, the regional level plays a central role in the management of the funds, even more so due to changes in the overall constitutional arrangements further to the 2001 reform. The role of central bodies in monitoring and steering regional implementation is explored here through interviews with stakeholders who bridge the national and regional levels (Ceddia, this volume).

The actors and their relevant roles need to be mapped specifically in each Member State as the dimension of administrative implementation is not laid down by EU rules. When allocating ESIFs across local and regional administrative districts, regional and national governments are limited by the boundaries set in the EU regulatory framework that governs the funds. These rules provide a range of limits., These include the fact that the budget has to be implemented within the framework of 'shared management' between regional, national and supranational actors (Articles 11 and 14 of Council regulation No 1083/2006). In this respect, the degree of discretion available to Member States has increased since the 2007–13 programming (Dellmuth, Schraff and Stoffel, 2017), and even more since the pandemic (see Lutringer, this volume).

The 'administration' of funds thus refers to a variety of actors and processes. Mid-level implementation bodies seem to be of particular relevance to refining our understanding of the structures generating and generated by (un)spent funds in Italy. As explored by Ceddia in her analysis of the multilevel governance of ESIFs (this volume), the complex interplay between actors calls for a specific identification of those that, especially at the mid-level, may play several roles at the same time. The key role of Managing Authorities is an interesting and important example of the institutional variance provided for by EU regulations[2]: Member States may identify a public authority or a national or a private institution for the management of each OP. The designated body can manage more than one OP in the same programming cycle. There are therefore both functional and operational overlaps in the actual management of funds.

Ceddia observes that In Italy the emergency mode of functioning related to management of ESIFs in the context of COVID-19 has positively influenced communication and knowledge sharing among regional administrations. At the same time, the role of central state administrations has been reinforced in the wake of the COVID-19 crisis (see further Lutringer, this volume), thereby bringing a range of decision-making and—not necessarily complementary—accountability processes into contact with one another. Overall, despite the emphasis on the emergency and on exceptionality in political and policy discourses around governance in the time of COVID-19, emergency rulings may set precedents—in positive terms, as in the smoother use of funds, or in negative ones, such as a weakening of accountability. This argument applies independently of developmental contexts and its relevance needs to be gauged in the light of actually existing democratic mechanisms.

The contrasting case of 'spent' funds from both India and Italy reinforces this point, as it exemplifies the coming together of various factors resulting in 'spending'. As Ram shows in his contribution on Kerala (this volume), activism on the streets met political will and bipartisanship, leading to a rare scenario of full spending and even overspending rather than underspending. The fiscal arrangement of both state-level cess collection and state-level welfare disbursal seems to have worked in favour of the BOCW board's beneficiaries. This lends further credence to the notion that the dissonance between fiscal and administrative structures is in part responsible for failures in welfare delivery in India's developmental context. In the Italian case of the 'spending of funds', as illustrated by the YG programme in Monti's contribution to this thematic volume, the positive outcome with regard to the actual use of funds needs to be unpacked. The effective impact of the programme has, even if funds were disbursed on time, to be understood in the larger economic and institutional context in which it is deployed.

4. The Chapters

Titled 'Managing Unspent Funds when Money is Scarce: Karnataka State Construction and Other Workers Welfare Board (KCOWWB)', the article by Karanth aims at giving an account of the circumstances under which most funds devoted to the welfare of construction workers in Karnataka remained unspent until 2020. While documenting how funds were not used as per the financial rules and procedures prescribed by the government, the chapter highlights some of the contentious issues involved in the collection and management of the funds in Karnataka. Finally, it explores certain issues and challenges for the future of such cess funds and the welfare of workers for whose sake the cess is levied and collected.

Ram's chapter, 'Funds Spent: The Lessons and Challenges of Kerala's Exceptional Experience', examines why the State of Kerala stands in complete contrast to the general Indian picture when it comes to the spending of construction worker funds. It argues that decades of sustained collective action and organised labour militancy have been key in bringing this about, succeeding to a large measure in addressing the problem of workers' rights and social security in the so-called informal sector. But equally important is the fact that there has also been an attempt at the State level to reciprocate mobilisation on the street, as different State governments over the years have sought to strike compromises with labour from time to time.

Kaushal, in her chapter titled 'Aestheticisation of Governance in India: The Appeal of Urban Aesthetics in Microfinance' studies the Rashtriya Mahila Kosh (RMK). This women's empowerment–oriented microfinance fund was recently shut down. The chapter helps us understand the financialisation pursued with the help of RMK funds as a combination of a certain kind of 'urban figuration', including a professional, savvy, educated workforce, and the 'spatial configuration' of a world-class city. Favouring the aesthetics of financialisation over traditional efficiency/performance indicators for resource allocation, she argues, configures notions of good spending—and of worthy beneficiaries of it. This has material consequences for future spending and underspending by government institutions.

A different set of concerns around underspending is discussed by Upadhyaya in his chapter 'Registration, Expenditure and Audit Trends: A Technical Commentary on the

Karnataka Building and Other Construction Workers' Welfare Board'. He highlights the underspending by these boards, discrepancies in registration numbers, non-compliance with audit recommendations and an overall failure of accountability mechanisms related to the workings of the BOCW boards in Karnataka. The evidence offered by this chapter deepens the technical foundations for arguments presented in other chapters around spending and unspending in India.

Turning to the Italian cases, in her chapter, titled 'The Puzzle of "Unspent" Funds in Italy's ESF', Lutringer explores the practices and meanings of the 'spending'—and conversely the 'non spending'—of funds from the European Social Fund in Italy, the EU's largest recipient country with regard to the total ESF amount made available to it. Examining the practices of ESF transfer, allocation and non-allocation, she reflects on their implications for regional administrations, which are at the forefront of the use of funds and the implementation of ESF-funded programmes. Lutringer also asks how to make sense of the 'achievement' of using funds in time and space, and in light of the programmes that they endow: the actual use of funds ought not to be necessarily equated with an efficient use of funds.

This line of inquiry is further pursued by Monti in his chapter 'The Italian Puzzle of the European Youth Guarantee'. By conducting a multidimensional exercise, Monti shows that an evaluation focused on national data input and output does not reveal the real impact of the Guarantee. He examines lack of spending, late spending, low target achievement and misdirection of resources in order to revisit existing studies and measurements of the effectiveness of YG measures in facilitating young people's transition to the labour market. An important policy-related recommendation of this thematic volume, the author suggests a practical tool, the *logical framework problem tree*, to help identify the primary causes of the limited impact of the national YG scheme and efforts to be made to remove these causes. The author also observes a constructive change in ongoing EU policy development: in particular, the 2021–27 Multiannual Financial Framework (MFF) adopts a more performance-based approach, such as in the case of the National Recovery and Resilience Plan.

In her chapter, titled 'The Pivotal Role of Mid-level Implementation Bodies in Italy's Cohesion Policy', Ceddia examines the set up of Italy's administrative framework and its effects on ESIF spending. She focuses on administrative structure and delineates the multilevel relationships entailed by the different formal processes. Mapping the actors involved during the implementation of ESF-funded projects in Italy, she uses quantitative data on spending targets and qualitative interviews with a set of stakeholders at the national and regional levels. She suggests that one of the elements connected to the difficulties in the absorption of the fund may be the scheduling of activities, another being the uncertainty identified at various stages of the administrative processes.

Taken together, these chapters point to two key causes, and two key implications, of unspent funds. First, funds have to be understood in terms of their institutional design and of ongoing transformations of multilevel governance. Upadhyaya and Karanth, for example, clearly indicate that accountability mechanisms for underspending are weak. No clear mechanism has been baked into the fund design. Civil society is primed to pursue non-collection and corrupt spending, but not a lack of spending. And when judicial accountability is sought, centre and States seek to blame each other. In Italy, as suggested by Lutringer, the various bodies involved both in the funding system (supranational and national) and in disbursement are jointly answerable for late spending.

Second, underspending has to be understood through bureaucratic techniques and pratices, too. Administrative and bureaucratic practices, and state capacity, are key drivers of underspending. In Karnataka, the accumulation of funds owes as much to the lack of state capacity as to the administrative practices around the registration of workers. The exclusion of a large demographic—migrant workers—is key to funds remaining unspent, writes Karanth. An administrative preference for a certain kind of aesthetics around financialisation has been key in the utilisation of the RMK funds, as Kaushik shows. In Italy, administrations have to deal with uncertainty in the timing of the provision of funds, as well as with complex verification processes: the crediting of allocated funds to final recipients can take months, years even, and involves the carrying out of a range of technical activities by the administration (see also the chapters by Ceddia and Lutringer).

Third, unspent funds reveal modalities of state–society engagement and the ideas of citizenship that underpin them. For Kaushal, for example, the underspending of RMK funds was a means by which Indian elites aesthetically produced variegated ideas of citizenship. They contrasted polished, educated, high-capacity urban financiers with less well-educated, lower-capacity rural or antediluvian state or NGO actors who might not know how to loan money properly and get RMK monies out of the door. And as Ram shows, spending is also a product of political mobilisations, modern democratic institutions, the welfare demands placed upon them, and the administrative structures that have evolved around these demands. In Italy, the linkages with the notion of citizenship are rather deployed across institutional *spaces*: as articulated by Lutringer, the question of citizenship projected by European Social Funds is one of whether it is constructed *by* or *beyond* national markers.

Fourth, unspent funds indicate the importance of mechanisms and actions to increase democratic accountability around welfare spending, as constitutive of state–society relations. In India, as Ram reveals, interactions between politicised beneficiary groups and administrative institutions led to improved state capacity and increased spending. A lack of political demands on welfare administration mechanisms, meanwhile, led to both a lack of accountability and underspending—as illustrated by the BOCW case in Karnataka and the RMK funds. In Italy, the government led the process of developing accountability instruments and tools vis-à-vis the citizenry: it launched, in 2012, the online portal Opencoesione,[3] the first such comprehensive initiative in the EU. Grounded in the notions of open data and open government, the portal provides all detailed data on allocated resources and expenses, programmes, implementation times and payments to every project funded in Italy in the context of the EU's cohesion policy. The specificity of this Italian platform is that it is fed by data that are automatically entered into the system as financial transfers (from central governments to regions, between regions, etc.) take place. Opencoesione has been instrumental in monitoring unspent funds and bringing the issue to the fore in Italian public debate. The portal is linked to the idea of democratic accountability around the use of social funds, which motivated its being set up.

These four objects of analytic concern—state institutions, administrative techniques, state–society relationships, and democratic accountability—should be extremely familiar to anyone concerned with the administrative state, and the role of the fisc in constituting it. Our contribution, we hope, is to argue that unspent funds should not simply be understood as failures of the state to its fiscal job. Rather, taken on their own terms, they provide a unique perspective from which to interrogate configurations of the contemporary administrative state. And, as we imply from our choice of cases and our opening discussion of unspent funds in different contexts, this perspective might allow us to draw novel insights from *across* the global North and South.

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NOTES

1. See information provided by the Press Information Bureau of the Government of India (PIB Delhi, 2021).

2. See https://ec.europa.eu/regional_policy/en/policy/what/glossary/m/managing-authority (accessed on 20 June 2022).

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ABSTRACTS

This chapter introduces the thematic volume *The Puzzle of Unspent Funds.* It explains the scope of the Volume, which conducts a cross-context analysis of unspent funds in its other individual chapters. These chapters span two different socio-economic and institutional contexts: India and Italy, thus presenting valuable points of comparison. They map underspending through the four fiscal phases of *collection, allocation, use* and *monitoring* of funds, analysing these phases through the key notions of *fiscal architecture* and *administrative structures*, which this chapter explains before emphasizing the main contributions of each individual chapter. This Volume provides an innovative perspective to analyse institutional design and reforms in multilevel governance contexts; administrative and bureaucratic state practices; modalities of state-society engagement; and mechanisms to increase democratic accountability.

Ce chapitre présente le volume thématique 'L'énigme des fonds non dépensés' [*The Puzzle of Unspent Funds. Political and Policy Implications of Fiscal Underspending*]. Il explique la portée du volume, qui effectue une analyse transversale des fonds non dépensés dans ses chapitres. Ils couvrent deux contextes socio-économiques et institutionnels différents : L'Inde et l'Italie, présentant ainsi de précieux points de comparaison. Ils cartographient la sous-utilisation des fonds à travers les phases fiscales de la collecte : l'allocation, l'utilisation et le suivi des fonds, analysant ces phases à travers les notions clés d'architecture fiscale et de structures administratives. Ce chapitre introductif explique ces phases avant de souligner les principales contributions de chaque contribution de ce volume. Celui-ci offre une perspective innovante pour analyser la conception et les réformes institutionnelles dans des contextes de gouvernance à plusieurs niveaux ; les pratiques administratives et bureaucratiques de l'État ; les modalités d'engagement de l'État et de la société ; et les mécanismes visant à accroître la responsabilité démocratique.

Questo capitolo introduce il volume tematico ‘Il puzzle dei fondi non spesi’ [*The Puzzle of Unspent Funds. Political and Policy Implications of Fiscal Underspending*]. Spiega la portata del volume, che nei suoi capitoli effettua un'analisi trasversale dei fondi non spesi. Si tratta di due contesti socio-economici e istituzionali diversi: India e Italia, presentando così preziosi punti di confronto. Essi mappano il sottoutilizzo dei fondi attraverso le fasi fiscali della raccolta fondi: allocazione, utilizzo e monitoraggio, analizzando queste fasi attraverso le nozioni chiave di architettura fiscale e strutture amministrative. Questo capitolo introduttivo spiega queste fasi prima di evidenziare i principali contributi di ciascuno di essi in questo volume. Il volume offre una prospettiva innovativa per analizzare la progettazione e la riforma istituzionale in contesti di governance multilivello; le pratiche amministrative e burocratiche dello Stato; le modalità di impegno dello Stato e della società; i meccanismi di rafforzamento della responsabilità democratica.

INDEX

Keywords: funding mechanisms, income distribution, banking, empowerment, financing mechanisms, financial globalisation, poverty, tax and development, COVID-19, urban development, civil society, work, regulatory institutions, decentralisation, transparency and accountability
Geographical index: India, Italy

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