



INTERNATIONAL BUDGET PARTNERSHIP
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Participatory Budget Initiative Update: Bangladesh, Brazil, and Kenya

The Budget Analysis Program Officer of ActionAid Bangladesh reports that the pilot phase of the Participatory Budget Analysis Initiative - undertaken in Bangladesh, Brazil and Kenya - has been a success. Its activities centered on raising budget literacy, building competencies and capacities (analytical, advocacy, and mobilization), and strengthening coalitions and partnerships through research, surveys, and training to promote policy changes.

In Bangladesh, ActionAid worked at both local and national levels and incorporated a "bottom-up" and participatory approach. At the national level, nine budget analysts and researchers from different civil society organizations conducted research on seven areas with well performing schools in order to influence government policy. At the local level, 14 local budget analysts worked in 42 schools to create a sense of ownership among stakeholders regarding the primary schools in their locality, make them aware of their right to quality basic education, mobilize them to improve their school, and enable school principals, teachers, and School Management Committees to reflect on their school budget allocation.

In Brazil, the Participatory Budget Analysis Initiative was undertaken by the Institute for Social and Economic Studies (IBASE), which has substantial experience in budget analysis to promote democracy and accountability. IBASE focused on training citizens at the local level to understand the budget and interpret it from a political perspective. IBASE feels that this program raised people's awareness regarding their rights and increased their understanding of democracy as a process.

In Kenya, the Elimu Yetu Coalition focused on the resource flow from the national budget to the two districts and examined 20 schools in each district. It began by building consensus among those involved in the project to develop appropriate training tools and modules.

If one compares the pilots in the three countries, Brazil's strong local government structure assisted the municipal budget work, while the pilot in Bangladesh was highly participatory and well rooted well at the local level. However, the link between the local and national levels was weak in Bangladesh. In Kenya, in contrast, the local-national interaction was strong.

The work developed independently in each country, with no discussion or sharing among the pilot projects. A mechanism for shared learning is needed to improve the budget tracking work, as well as to institutionalize the Participatory Budget Analysis Initiative.

In terms of future work, it is also necessary to identify the resources available for basic education and to increase civil society's influence on budget planning and monitoring in all three countries. This requires:

- A greater understanding of the entire budgetary process, and
- A permanent and independent monitoring of the budget mechanisms at the local and national levels to provide a basis for advocacy work, determine priority areas, and identify budget process loopholes.

Future activities will specifically try to promote community participation and improve budget tracking. For more information, contact the Budget Analysis Program Officer of ActionAid Bangladesh, S A Hasan Al - Farooque, at farooque@actionaid-bd.org.

IBP Caspian Project Update

The International Budget Partnership recently led an evaluation team to Azerbaijan and Kazakhstan, at the request of the Open Society Institute, to assess civil society capacity to engage in applied budget work. The team included Warren Krafchik from the IBP, Alexander Sungurov from Strategy in Russia, Anto Bajo from the Institute for Public Finance in Croatia, and Andrei Timofeev, a consultant. The team spends a week in each country meeting with a broad range of civil society organizations, journalists, scholars, international donors, and local legislators and government personnel. The goal was to rank the "ripeness" of each country for budget work by assessing the macro-economic, governance, and civil society environment, together with access to budgetary information and opportunities to participate in the budget process. The two countries yielded different results.

The current governance, civil society, and information environment in Azerbaijan does not yet seem conducive to applied budget work taking root, although there are indications that the situation is improving. With a couple of notable exceptions, civil society organizations have not yet really engaged in budgetary issues, including monitoring of the revenues flowing from oil exploration in the Caspian Sea. There are however, a couple of organizations associated with the media that can serve as case studies of what is possible in the Azeri context, and help to catalyze further civil society work in the area. Both of these organizations have impressive strategies for collating budgetary information, and disseminating analyses to their specific target groups.

In Kazakhstan, the evaluation team found a situation where applied budget groups are starting to form and test the waters for such work. Although the media environment is difficult, the civil society environment seems more conducive to budget work than in Azerbaijan. In a rural area, a human rights organization recently successfully helped public hearings to protest against the lack of transparency over budgetary allocations for the youth sector. To take another example, in the capital Almaty, a public policy institution is conducting timely and accessible analyses on budget issues and successfully feeding these recommendations into the policy process.

In order to stimulate further work in both countries, the IBP and Strategy will be organizing a workshop in each country in the first quarter of next year. The Kazakhstan workshop is likely to be held in early February, and the Azerbaijan workshop in early April.

For more information on these events, contact Warren Krafchik at krafchik@cbpp.org.

Brazilian Budget Forum

The Brazilian Forum on the Budget was formed by a coalition of over 20 Brazilian civil society organizations to promote socioeconomic development without environmental destruction, while also seeking the redistribution of income and wealth. It operates by monitoring and analyzing the federal public budget and creating mechanisms to broaden public participation in the budgetary process. It has no legal status, political allegiance, or religious affiliation.

While advocacy for effective public policies involves initiatives that go beyond the budget, the budget is critical to the definition of public policies. Thus, the forum intends to propose measures to democratize the budget process, particularly throughout the design of the Pluriannual Plan Act, Budget Guidelines Act, and Annual Budget Act, as well as the rendering of accounts by the executive branch of government.

The goals of the forum are:

- To make proposals during the formulation of the federal budget supporting initiatives of Brazilian civil society, to the benefit of social and sustainable development policies;
- To seek transparency, clarity, and dissemination of budget information so as to expand public access to information on the government's means to collect and spend public resources;
- To encourage (through the various sectoral councils, public hearings, and other participatory processes) broad public participation in the design and control of the public budget, particularly by social groups that historically have been excluded from the public policy decision-making process; and
- To seek the reformulation and democratization of the budget design process.

The forum recognizes that for many decades, Brazilian social movements have fought for fiscal accountability to ensure public control of public finances. The Complementary Act 101, dated May 4, 2000, arranges for the payment of existing government debt, which was accrued mainly as a result of the conduct of the previous federal government. However, central issues related to the country's economic and social development have yet to be

addressed. The forum believes that fiscal accountability should serve social justice not only through fiscal balance, but also through ethical and moral conduct on the part of the officials who manage public resources.

For more information, contact Paulo Rocha at paulo.rocha@abordo.com.br.

Argentina Budget 2003, CIPPEC

According to the Center for the Implementation of Public Policies for Equity and Growth (CIPPEC), based in Buenos Aires, the devaluation of the Argentine peso has weakened the country's fiscal landscape considerably. Public debt is estimated to represent close to 96 percent of GDP, well above the 2001 level of 46 percent. As a result, Argentina will be forced to run a fiscal surplus for a long time in order to balance the public accounts. In addition, provinces are increasingly dependant on the federal government. Between 2001 and 2003 there was a significant increase in "non-participatory taxes" ("impuestos no coparticipables"), which are federal or national government taxes that are not required to be shared with the provinces or states.

The 2003 budget appears to be less transparent than in previous years due to inflation, which makes interpreting and auditing the budget more complex. Since revenues largely depend on prices, it is impossible to predict how much the government will collect and what the inflation rate will be for the coming year. This lack of certainty increases the executive's discretion over allocating resources.

The government has announced a 30 percent increase in spending for the year 2003, but when inflation is taken into account, real spending will decline by 5.7 percent. This will require a difficult adjustment by retired individuals, federal employees, consumers, and people living on a fixed income. For example, social security spending will fall by 18.8 percent compared to 2001, personnel spending will fall by 12.6 percent, and salaries will fall by 65 percent.

The budget is based on very optimistic macroeconomic principles, relying on a restructuring of debt payment mechanisms with international organizations (2002), and deadline extensions for federal government loan payments (2003). Furthermore, the government is increasingly dependent on transitory and regressive taxes for its revenue. For instance, taxes to finance transactions punish productive activities at different stages and the inflation tax is tougher on poorer people who do not have the alternative of exchanging their savings to foreign currency and thus are totally unprotected against currency devaluation. To download the Power Point presentation, click [here](#).

For more information, contact Miguel Braun at mbraun@cippec.org.

Public Affairs Center Publication, India

The Public Affairs Center has published a new book, *Holding the State to Account* , by Samuel Paul. It describes a citizen monitoring initiative in Bangalore, India that stimulated the improvement of the city's governance. The book also presents the results of an analysis

of Bangalore's municipal budget for the period of 1988-89 to 1994-95. Reflecting deep concern over the city's deteriorating infrastructure and the government's inability to respond effectively, the initiative constructed a report card on Bangalore's public services. *Holding the State to Account* highlights the important role that public interest organizations can play in improving public accountability and performance.

For more information, click [here](#).

New Papers on the IBP Online Library

Gendered Budget Work in the Americas: Selected Country Experiences

By Natasha Borges Sugiyama, University of Texas, October 2002

This report surveys the gender budget work in Brazil, Chile, Mexico, and Peru. It is drawn from the results of interviews with program staff at each of these initiatives. The concluding comments focus specifically on some of the challenges to initiating gender budget work in Latin American civil society.

What is a Gender Audit: Introduction to "Gender Audits," "Gender Budgets," and "Women's Budget Statements" in Israel and Around the World

By Barbara Swirski, Adva Center, August 2002

This is an overview of gender auditing, which is a way to "locate" women in the national budget as well as in the economy. The author highlights the importance of a gender audit in ensuring that men and women benefit equally from budget allocations, in raising women's awareness of economic issues in order to stimulate their involvement in the budget-making process, and in promoting a more efficient use of the resources committed to areas relevant to women. The paper draws primarily from the Israeli context but it also presents brief examples from Australia, Canada, England, France, and South Africa.

Monitoring Policy Outputs: Budget Monitoring in Malawi

By Max Lawson, Oxfam, United Kingdom

This report illustrates how budget monitoring can be carried out in the absence of a PRSP and points out some valuable lessons for civil society involvement in PRSP monitoring. The report refers to the experience of several Malawi civil society groups that worked closely with the Parliamentary Budget and Finance Committee to identify key Priority Poverty Expenditures in the 2001-2002 budget.

An Overview of Intergovernmental Fiscal Relations in Nepal

By Manoj Shresta, Andrew Young School of Policy Studies, April 2002

The paper presents an overview of local governments' fiscal responsibilities and their fiscal relations with the central government in Nepal. It discusses the current status of Nepalese expenditure and revenue assignments and patterns, regional disparities in local government spending, local tax administration, transfers, local borrowing, budget accountability, and execution, as well as budget reform issues. Also included are tables presenting data on topics.

On the Use of Budgetary Norms as a Tool for Fiscal Management

By James Alm and Jorge Martínez-Vázquez, Andrew Young School of Policy Studies, May 2002

This paper argues that there is a trend in the 18 countries examined for budget controls and procedures to become less complex, particularly when looking at the assessment of expenditure needs. The paper includes policy recommendations.

The Viability of Fiscal Policy in South Korea, Taiwan, and Thailand

By Tsangyao Chang, WenRong Liu, and Michael Thompson, Andrew Young School of Policy Studies, May 2002

This is an analysis of the impact of neo-Keynesian policies in three Asian Tigers in the aftermath of the 1997 financial crisis. Using sophisticated statistical techniques applied to data on taxes, spending, and income, the authors evaluate the effectiveness of expansionary fiscal policy in stimulating growth.

Are the Poor Protected from Budget Cuts? Evidence for Argentina

By Martin Ravallion, Journal of Applied Economics, CEMA University, Vol. 5 No.1, May 2002

Using Argentina as a case study, this paper focuses on the effectiveness of safety nets (such as anti-poverty programs) in economic crises that call for fiscal contraction. Through time series analysis using public spending allocation data since 1980, the author examines changes in the composition of government spending and the effects of these changes on the poor.

Reducing Poverty: Is the World Bank's Strategy Working?

By the Panos Institute, August 2002

This report offers an overview of the PRSP process and an assessment of its contribution to poverty reduction in over 60 low-income countries. The first part of the report includes short country case studies; the second part presents three civil society reports for Uganda, Lesotho, and Ethiopia.

New Resources on the IBP Website

The Model Reports Section of the IBP site has recently added the following resources:

CIDADE ELECTRONIC LIBRARY

This electronic library, organized by CIDADE, or the Centro de Assessoria e Estudos Urbanos ("Urban Studies and Advice Center") based in Porto Alegre, Brazil, offers materials on participatory budgets in Portuguese.

WORLD BANK CIVIC ENGAGEMENT NEWSLETTER

This newsletter, produced by the World Bank's Civil Society Team, highlights Bank policies, programs, and initiatives that may be of interest to civil society organizations. To see the October issue, click [here](#).

To receive the Newsletter, send an email to ngo@worldbank.org.