



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

e-Newsletter

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IBP Fourth International Conference

The International Budget Partnership held its fourth international conference in Mexico City on 9-13 March 2003. The conference was funded by the Ford Foundation and the Open Society Institute and was planned and hosted by the International Budget Partnership, along with the Mexican NGO FUNDAR (Center for Analysis and Research), and the academic institution CIDE (Economics Research and Teaching Center).

This was the largest gathering of civil society budget groups to date, with 140 participants from 40 countries. Two years ago, at the third IBP conference in India, 90 people attended from 25 countries. This growth clearly shows the continued increase in civil society budget work across the developing world, most noticeably in Africa, Central America, and Central Asia.

The opening plenary focused on the state of budget work in Africa, Latin America, the Middle East, and Russia and Central Asia. The session showed clearly that although budget work continues to grow in middle-income countries (such as Brazil, India, Mexico, and South Africa), rapid growth in the sector is occurring in low and low-middle income countries, such as Bangladesh, Malawi, Nicaragua, and Zambia. This shift is reflected in the catalysts for budget work and types of work undertaken. New budget groups seem to be responding to a greater extent to the Poverty Reductions Strategy Papers, human rights and international debt issues. Reflecting these concerns, the types of budget work undertaken include a specific focus on methods to track the flow and impact of expenditure, and the link between

budgets and human rights.

The conference agenda was divided into four themes: budget advocacy, pro-poor budgeting, methods to monitor the quality of government expenditures, and the role of international financial institutions in developing country budgeting. Each session consisted primarily of case studies of the work of budget groups around the world. Substantial time was reserved for workshops on experiences and methods associated with budget work in each of the themes. These included, for example, practical advice on expenditure tracking. In addition, "open dialogue spaces" were provided at the end of each day for participants to convene their own workshops or informal discussions not included in the formal conference agenda. Groups used these spaces to establish partnerships and networks for cross-country learning and other initiatives.

Most participants reported finding the conference inspiring to their work at home; many left with new ideas for projects, often based on successful initiatives in other countries. For instance, Poder Ciudadano in Argentina will implement a civic exercise entitled "Mayor for a Day," which was designed by the Brazilian group Ibase. Similarly, Poder Ciudadano's campaign to alleviate the most urgent hunger in Argentina will serve as a useful example for comparable campaigns in countries such as Tanzania.

The conference provided a valuable opportunity to exchange ideas on different approaches to budget work. In the words of Raman Narayan from India, "A dry subject like the budget has so many possibilities. It was like the fable about four blind men and the elephant, wherein every person's view of the elephant was contingent upon the part of the elephant's body he touched. The elephant was so big that it could accommodate every viewpoint without any contradiction. My view of the budget is similar: it opens up umpteen possibilities for civil society."

Conference participants also discussed the challenges facing civil society budget work. Lack of data and of participation in the budget process remain core obstacles in virtually all developing and transition countries. Other challenges include securing medium-term funding, representing the poor, and managing relationships with international financial institutions. In addition, participants expressed substantial interest in designing ways to measure the actual impact of civil society budget work. The IBP will be working on a project to assist groups with such an assessment.

The conference ended on a very positive note with presentations on five ongoing cross-country collaborations. These include an IBP-coordinated project to measure budget transparency around the world (contact Joel Friedman at friedman@cbpp.org for details), an Open Society Institute program to monitor the revenue streams associated with extractive industries (Svetlana Tsalik at stsalik@sorosny.org), a study on government HIV/AIDS expenditure in Africa and Latin America (Gabriel Lara at finanzazpublicas@fundar.org.mx), a survey of the role of budget groups in African PRSPs (Marritt Claassens at marritt@idasa.org.za), and a Civil Society Budget Initiative to assist organizations to undertake budget work in PRSP countries (Warren Krafchik at krafchik@cbpp.org).

The conference agenda and presentations are now available on the IBP website at <http://www.internationalbudget.org/conference/mexico.htm>. In addition, we are pleased to announce that the publications *A Guide to Budget Work for NGOs* and *Using Public Budgets as a Tool to Advance Economic, Social, and Cultural Rights* are now available in Spanish. If you would like copies of these materials, please contact Helena Hofbauer at helena@fundar.org.mx.

Second Phase of Latin American Index

Representatives of NGOs from 10 Latin American countries attended a two-day workshop in Mexico City on March 6 and 7 to launch the second Latin American budget transparency research effort. The workshop was hosted by the two Mexican organizations, Fundar (Center for Analysis and Research) and the academic institution CIDE (Economics Research and Teaching Center), which will be coordinating the research. Five of the represented countries — Argentina, Brazil, Chile, Mexico, and Peru — were covered in the first budget transparency study, which was released in December 2001. The five new countries joining the study are Colombia, Costa Rica, El Salvador, Ecuador, and Nicaragua.

The workshop reviewed the research methods for assessing budget transparency, refining and updating the approach that was used in the previous study. The assessment has two parts. First, in each country, a representative group of budget experts that includes legislators, journalists, and academics are asked a series of questions to gauge their perception of transparency in their country's budget process. Transparency is defined to include not only the availability of budget information, but also opportunities to influence the priorities in the budget and the existence of safeguards to prevent corruption. The second aspect of the study includes detailed questions on the legal requirements intended to ensure a transparent budget process as well as questions on how transparent the budget process is in actual practice. The responses to these questions will be researched by a single individual (or possibly a small team working together). Together the two parts of this research effort, which is expected to be completed later this year, should be able to highlight not only the level of transparency in the budget processes of these ten Latin American countries, but also any disconnects that exist between actual practices, legal requirements and people's perceptions of budget transparency.

For more information, contact Helena Hofbauer at helena@fundar.org.mx.

New IBP Staff: Senior Budget Specialist

Jim St. George rejoined the Center on Budget and Policy Priorities in February as a Senior Budget Specialist in the International Budget Partnership, where he will focus on training and tax policy. From 1993 through 1995, St. George was the Assistant Director of the Center's State Fiscal Project. In that role his research focused on state tax systems, structural deficits, unfunded mandates, and the impact of federal fiscal policies on states. After leaving the Center, St. George directed the Massachusetts Budget and Policy Center, a fiscal policy research and advocacy organization, where he authored numerous reports on Massachusetts budget and tax policy, testified regularly before the legislature, was a frequent source for the media on budget and tax priorities, and built broad coalitions across the state to advocate for full funding of programs for low-income people. St. George holds a Master in Public Policy degree from the Kennedy School of Government at Harvard University. St. George can be contacted at stgeorge@cbpp.org.

Gender Budgets Cutting Edge Pack

- What does a gender-sensitive budget look like?
- What does a successful gender budget initiative look like?
- Are these the same thing?

The Cutting Edge Pack, a series of reports produced by the gender and development non-profit BRIDGE (based at the UK's Institute of Development Studies), addresses these questions and then recommends where gender budget initiatives should go from here. It calls on these initiatives to transcend gender-sensitive budget analysis and take up the challenge of engaging in the gender-sensitive formation of the budget.

The Cutting Edge Pack includes concise and practical resources that show how budgets can be used to further gender equality. These include:

- *Overview report* - by Helena Hofbauer Balmori (Fundar, Mexico) with support from Debbie Budlender (Community Agency for Social Enquiry, South Africa)
- *Collection of supporting resources* - summaries of key texts, case studies and tools, and key organizations.
- *Gender and Development In Brief* - bulletin

The Cutting Edge Pack, along with other BRIDGE publications such as *In Brief*, can be downloaded free from the BRIDGE website at www.ids.ac.uk/bridge. Hard copies will be available for sale beginning in mid-April through the IDS virtual bookshop at: www.ids.ac.uk/ids/bookshop/index.html, or from ITDG, 103-105 Southampton Row, London WC1B 4HH, UK (tel: 44 20 7436 97611, fax: 44 20 7436 2013, email: orders@itpubs.org.uk). In addition, a limited number of packs will be available free of charge to organizations based in developing countries. Contact BRIDGE, Institute of Development Studies, University of Sussex, Brighton BN1 9RE, UK (phone: 44-1273-877747, fax: 44-1273-691647, email: bridge@ids.ac.uk).

BRIDGE also plans to operate a discussion list on gender and budgets to coincide with the Cutting Edge Pack. If you are interested in participating, please email bridge@ids.ac.uk.

Budget Training in Kazakhstan

In early February the International Budget Partnership, in partnership with the Public Policy Research Center in Almaty, Kazakhstan, held a four-day training session in Almaty, Kazakhstan, for 30 representatives of civil society groups and the media. Partners from the St Petersburg-based Strategy, and from the Croatian Institute for Public Finance, joined the training as resource people. The training was funded by the Central Eurasia Project of the Open Society Institute and the Kazakhstan office of Eurasia Foundation. It was designed to nurture the growth of applied budget work, which is starting to take root in Kazakhstan. The training included:

- background information on the Kazakh macro-economy, oil and gas sector, budget and budget process;
- information on the key success factors for budget groups;
- three case studies of Kazakh organizations with some experience of budget work;

- two case studies of Eastern European budget groups;
- new networking opportunities for local organizations; and
- an opportunity to design and discuss project proposals for budget work in Kazakhstan.

The meeting had several positive outcomes. Participants discussed creative approaches to budget work (such as its potential use in anti-nuclear work), and several participants learned about budget-related civic work in other parts of Kazakhstan for the first time. There was broad interest in engaging more deeply in government expenditure and revenue issues. The degree of interaction among participants and the number of proposed follow-up projects showed that the workshop was well-timed and that this is, indeed, a fertile period for budget work in Kazakhstan. The Eurasia Foundation in Kazakhstan is continuing the stimulus to local budget work by initiating a competitive grants process to fund further budget work in Kazakhstan.

This training was the first leg on a journey that will take the IBP around the Caspian Sea region to explore prospects for greater civil society engagement in the budget process. The next stop will be in Baku, Azerbaijan, in May.

For more information, contact Jim St. George at stgeorge@cbpp.org.

The Distributional Consequences of Privatization

The Center for Global Development and the Inter-American Development Bank hosted a conference at the International Institute for Economics on "The Distributional Consequences of Privatization" in Washington, D.C., on 24-25 February 2003. Attendees included representatives of the World Bank, the finance ministers of Bolivia and Georgia, representatives of the Open Society Institute and the Carnegie Endowment for International Peace, and academics. Economists, political scientists, financial analysts, and activists presented case studies of developing countries such as Argentina, Bolivia, China, Peru, Russia, Sri Lanka, and Ukraine, analyzing the relationship between privatization and inequality.

In developing countries, privatization measures have had a profound impact on the development of budgets and state accountability mechanisms. Yet understanding the distributional consequences of privatization, especially in the context of poverty, has proven baffling to both economists and the general public. Proponents argue that the privatization of utilities (such as water, gas, electricity, transportation, telecommunications, airlines, and insurance) should make these services not only more efficient but also more accessible by encouraging their expansion to new areas. It is argued that these benefits will outweigh the price increases that accompany privatization, and that most of the workers made redundant by efficiency measures appear to obtain other jobs.

However, as Antonio Estanche of the World Bank noted at the conference, increased access to telecommunications services is not nearly as significant for most lower-income families in Latin America as an increase in the price of transportation, since these families often have multiple and extensive commutes to work. In addition, privatization can lead to cuts in social services by depriving the government of revenue from the once-public industries.

While supporters of privatization view it as a key part of a larger agenda of liberalizing economic reforms, others warn that the weakness of government institutions can limit privatization's potential to improve the distribution of wealth to low-income people. Some developing countries may simply lack the institutions to regulate privatized firms and prevent corruption and exploitation.

A member of the American labor organization AFL-CIO emphasized that in developing countries, privatization has been accompanied by deregulation, as governments have been forced to remove regulations in order to attract foreign investment. (Some developing countries never developed regulations in the first place.) In Sri Lanka, for example, the government chose not to regulate the privatized industries, and privatization has not improved the welfare of lower-income citizens. Bolivia, like many developing countries, sold its state-owned enterprises at incredibly low prices and relinquished many of its regulatory powers in order to attract investment. The results have been mixed, including improved accessibility of many industries but also the dissolution of the national airline and ongoing crises over water prices.

Proponents of privatization state that Ukraine's privatization program has improved the welfare of citizens but acknowledge that lack of regulation and transparency is a real hindrance. In Ukraine and also Russia, privatization was complicated by public ignorance of the privatization process: each citizen was given a voucher that could be exchanged for a share of a firm, but because citizens were neither informed of the significance of their vouchers nor taught how to use them, many citizens sold, traded, or gave away their vouchers during the economic crisis.

In countries such as China and Bolivia, the term "privatization" has been replaced by "corporatization" and "capitalization," respectively. These euphemisms suggest the ongoing dilemma faced by economists, activists, and citizens: how to make privatization work for all citizens in a transparent, well-regulated system.

For more information on this conference summary, contact Lacey Ruben at ruben@cbpp.org. To obtain materials from the conference you can go to www.cgdev.org, or contact Sabeen Hassanali at SHassanali@CGDEV.ORG. For more information on the Center for Global Development's work on privatization, contact John Nellis at jnellis@cgdev.org.

New Papers on the IBP Online Library

Introduction to the Federal Budget Process

By Martha Coven and Richard Kogan, Center on Budget and Policy Priorities

This paper explains the various stages in the United States federal budget process, including the crafting of the Congressional budget resolution, which sets overall limits on spending and taxes. It also defines basic federal budget terms and describes the parliamentary rules through which the budget resolution is enforced.

Global Corruption Report 2003

By Transparency International

This report explores global corruption both regionally and thematically, chronicling recent advocacy and research campaigns for improved access to information. This year's report focuses on the role of technology. The use of technology to make information available

faster than ever before can both aid and complicate anti-corruption efforts. This report is available online in Arabic, English, French, German, Japanese, Russian, and Spanish.

Strengthening Participation in Public Expenditure Management: Policy Recommendations for Key Stakeholders

By Jeremy Heimans, OECD

This policy brief analyzes the roles of the executive branch, the legislature, and civil society in the development of the budget. It examines the stages of the budget process (formulation, analysis, and tracking) and uses case studies to identify opportunities and risks for participatory budgeting.

Why Are Some Countries So Poor? Another Look at the Evidence and a Message of Hope

By Daniel Cohen and Marcelo Soto, OECD

This paper examines the roles played by physical capital, human capital, and technology in determining the wealth or poverty of a country and explores the correlation between life expectancy and education. Available in English and French.

Evolution and Rationality of Budget Programs in Colombia

By Rudolph Hommes, IADB

This report analyzes the premise that when the executive branch has more influence than the legislature over the budget process and is given the authority to deal with intra-governmental conflict, smaller deficits will result.

Intergovernmental Fiscal Relations in Latin America: Policy Designs and Policy Outcomes

By Richard Bird, IADB

This paper examines the degree of hierarchy and transparency in Latin American budget institutions and concludes that hierarchical, transparent budget institutions lead to greater economic stability than collegial, opaque institutions.

Gender-Responsive Approaches to Budgeting: Fiscal Decentralization in Russia

By Roxanne Scott, World Bank

This report presents a rationale for a gender-responsive approach to budgeting, using Russia as a case study.

Other IBP Website Updates

NEW UNDER MODEL MATERIALS AND SAMPLE REPORTS

<http://www.internationalbudget.org/resources/howto/modelreports.htm>

- [Uganda Debt Network Newsletter](#)
The Uganda Debt Network (UDN) Newsletter offers pro-poor data and resources, including updates on UDN activities and publications on debt, poverty, development, and education issues. To subscribe, send an email to pic@udn.or.ug.
- [Civil Society and the OECD](#)
This November 2002 policy brief, prepared by the Public Affairs Division and Communications Directorate of the OECD, explains OECD's work with civil society organizations, emphasizing the importance of citizen participation to development and the importance of national transparency to citizen participation. It includes a list of OECD resources related to governance, human rights, and sustainable development.

NEW UNDER RELATED WEBSITES BY REGION - AFRICA

<http://www.internationalbudget.org/resources/sites/africa.htm>

- [Southern Africa Regional Poverty Network](#)
This website provides resources and information to raise the level and quality of public debate on poverty across the Southern African Development Community. Some of the latest postings include reports on gender and HIV in Zimbabwe, budget speeches from the ministers of finance from several southern African countries, and a series of country economic profiles.

NEW UNDER RELATED WEBSITES BY TOPIC AREA - POVERTY AND ECONOMIC CONDITIONS

<http://www.internationalbudget.org/resources/sites/poverty.htm>

- [Action Learning Program on Participatory Processes for the PRSP](#)
This website, currently under development, provides an interactive learning tool on participatory processes at the national level for the Poverty Reduction Strategy Process and other government strategies to reduce poverty. Included are the four building blocks of the PRSP: poverty diagnostics, public expenditure management, macroeconomic reform, and monitoring implementation and results of policies.

Announcements

FISCAL POLICY SUMMER TRAINING COURSES 2003

The International Studies Program at the Andrew Young School of Policy Studies at Georgia State University presents its Fiscal Policy Summer Training Courses for 2003 at <http://ispaysps.gsu.edu/training/summer2003/index.html>. The courses are designed for government officials and policy makers from developing and transition countries as well as their counterparts with international donor agencies. This year's program consists of three courses:

- Tax Policy, Fiscal Analysis and Revenue Forecasting (June 23-July 11, 2003)
- Fiscal Decentralization and Local Governance (July 14-August 1, 2003)
- Public Budgeting and Fiscal Management (August 4-15, 2003)

The application deadline for the program is June 15. To submit your application, or for additional information, please contact Paul Benson at paulbenson@gsu.edu, phone: (1 404) 651 1144, fax: (1 404) 651 3996.

PARTICIPATORY COMMUNICATION SKILLS WORKSHOPS

Mosaic.net International, Inc. has organized a series of workshops for international development practitioners who work with stakeholder groups at the government, intermediary, and community level; NGOs who need to learn about communication strategy-building; policy program and project officers who make decisions about program and project design, monitoring, and evaluation; local facilitators and leaders who are involved in program and project design; and community activists who want to learn more

about communication in participatory development. The title and dates for upcoming workshops are as follows:

- Participatory Communication (June 16-20, 2003)
- Participatory Development Concepts, Tools, and Application in PLA/PRA Methods (June 23-28 or July 21-26, 2003)
- Participatory Monitoring and Evaluation (July 28-August 2, 2003)

For more information, go to www.mosaic-net-intl.ca or contact Christina Ramirez at Mosaic.net International, 705 Roosevelt Ave., Ottawa, Canada K2A 2A8 (phone: (613) 728 1439, fax: (613) 728 1154, email: workshop@mosaic-net-intl.ca).