



INTERNATIONAL BUDGET PARTNERSHIP
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International Budget Snapshots: Bangladesh, Kenya, and Tanzania

BANGLADESH

A wide variety of Bangladeshi economists and business leaders have expressed reactions to the fiscal year 2003-04 budget, presented to Parliament on June 12. Numerous press conferences, organized by groups such as Credit Development Forum, Jubo Union (Youth Forum), and the Accountants' Forum, were held before the budget's formal presentation. Public activities held after the budget's presentation included commentary on the two private television channels and in various newspapers, roundtable discussions organized by the Economists' Association, political parties, NGOs, and various other professional bodies, and a seminar entitled "Poverty Eradication and the Budget 2003-04" jointly organized by Manusher Jannya and Samunnaya and held at the Center for Integrated Rural Development for Asia and Pacific.

Among those commenting on the budget was Atiur Rahman of the Bangladesh Institute for Development Studies, who noted that one-third of the Annual Development Program would go to poverty-alleviation projects. He stated that the budget moved in the right direction by increasing funding for agriculture, the agro-processing industry, information technology, the empowerment of women, the environment, and tax reform and tax administration. However, the budget shows no signs of creating employment opportunities for educated young people; nor does it provide new funding for the tenth of the population that is disabled. Furthermore, while allocations for education and health were supposed to be increased to help achieve the Millennium Development Goals, funding in both areas is below last year's levels.

Although the Minister of Finance prepared the budget in line with the Interim-Poverty Reduction Strategy Paper (I-PRSP), there is general agreement on the need to improve expenditure quality on poverty-alleviation projects by paying closer attention to issues related to governance, corruption, and violence.

To learn about the pre-budget discussions, visit *The Daily Star* at: <http://thedailystar.net/2003/06/13/d3061301088.htm> and <http://www.thedailystar.net/2003/06/03/d30603050440.htm>.

To learn about post-budget discussions, visit *The Daily Star* [here](#).

KENYA

In Kenya, the announcement of this year's budget coincided with a change of government. The newly installed National Rainbow Coalition launched its Economic Recovery Strategy for Wealth and Employment Creation, which has replaced the Poverty Reduction Strategy Paper and the Fiscal Strategy Paper as the main source of forecasts for revenues and economic growth.

The Institute of Economic Affairs commented that achieving the government's goal of reducing the share of the economy devoted to agriculture and tourism and increasing the share devoted to construction, communications, and technology would make the economy less vulnerable to external fluctuations. IEA warned, however, that government policies designed to boost economic growth, such as spending increases and new tax incentives, may not succeed unless complemented by more aggressive monetary policy targeted at lowering the high cost of credit. In addition, the government's tax incentives seem to be aimed primarily at large-scale businesses even though small and medium-size enterprises employ the largest number of people and have a high potential for growth. Also, increased spending for priority areas such as education, infrastructure, governance, and security caused an increase in the budget deficit; the high wage bill for public servants did not help the situation.

IEA reactions to the budget have been published in *A Budget Guide for MPs*, which was shared with Parliament before the start of the budget debate and is now available [here](#). *A Budget Supplement*, which consists of the materials used by IEA in presentations to parliamentarians, corporations, professionals, and NGOs, is available [here](#). *Only Parliament can Make the Budget Work* written by Dennis Kabaara, is available [here](#).

TANZANIA

After Tanzania's 2003-04 budget was presented in Parliament, civil society organizations gathered in Dar es Salaam on June 13 to debate it. According to Action Aid, the main concern shared amongst civil society groups was whether the budget was consistent with ongoing pro-poor reforms. For example, while groups recognized the importance of agricultural subsidies, they argued that the subsidies should have been spread across several regions, not concentrated in just a few.

In addition, participants called for greater transparency in the processes of acquiring and spending external financial aid. They also called for the creation of a "revenue mobilization review group" to improve monitoring of revenue issues such as tax exemptions, which do not seem to reach the more vulnerable members of society.

For more information on the debate, contact Sabas Masawe at sabasm@actionaidtz.org. To read the budget speech presented by the Minister of Finance, click [here](#).

The Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency Initiative (EITI) was launched by Prime Minister Tony Blair at the September 2002 World Summit on Sustainable Development in Johannesburg. It calls on oil-, gas-, and mineral-producing countries to voluntarily publish details of their revenues and on multinational companies to report what they pay in tax to the governments of countries where they operate.

Parallel initiatives by civil society organizations include the Caspian Revenue Watch initiated by the [Open Society Institute](#) in New York and the Publish What You Pay (PWYP) coalition. Both of these groups participated in a follow-up meeting on EITI convened by the Department for International Development (DFID) in London in June.

The 140 attendees at the London meeting, representing governments, industry groups, international organizations, and NGOs, expressed broad support for EITI. The vice president of the Azeri state oil company SOCAR offered full support to the initiative and spelled out steps that have been taken to ensure the transparency of that state oil fund. Anglo American, BP, Newmont, Rio Tinto, Shell, and Statoil also said they would cooperate fully with host governments to create an effective framework for payments disclosure. Echoing other attendees, the official representative from Botswana stated that companies' future actions should take EITI objectives into account but should also reflect each country's specific financial and tax systems. Azerbaijan, East Timor, Ghana, Indonesia, Nigeria, Sierra Leone, and Trinidad & Tobago indicated a willingness to pilot the EITI and to initiate the proposed country-level compacts, which would be voluntary agreements between host countries and the companies operating in them.

However, there was a general concern amongst NGOs about these compacts. According to PWYP coordinator Henry Parham, "this may work in a few countries, but it will not deliver change in the most difficult places such as Angola, which wishes to remain in the EITI process only as an observer." PWYP supporters called for the use of templates to shape mandatory arrangements, as well as reinforcement of the principles through conditionality on export credit agency funding, requirements to disclose on the part of aid programs, building capacity of civil society, mainstreaming of revenue transparency in the policies and programs of the World Bank and International Monetary Fund; and disaggregated disclosure of company data.

Regarding this last point, Parham observed that "the original EITI proposal to 'aggregate' together all company information at national levels would not allow civil society to access information on individual company payments to their government, would make cross-checking of payment and revenue information unreliable and unnecessarily difficult, and would create an altogether different standard for corporate disclosure in developing countries where transparency is desperately needed." On their end, the governments of France, Norway, and the United Kingdom declared their intention to contribute funding for capacity building, diplomatic outreach, and technical assistance to resource-rich countries willing to pilot the EITI at a national level.

For more information, visit the PWYP website [here](#). To read PWYP's newsletter, click [here](#). To read *Black Gold or Devil's Excrement? A Choice of the International Community* by Henry

Parham, PWYP coordinator, click [here](#). For a full report on the meeting, visit the [DFID's website](#).

Civil Society Budget Transparency Efforts in Africa

Researchers from civil society organizations in ten African countries gathered in Cape Town, South Africa on July 2 – 3 to coordinate research efforts on budget transparency and promote participation in their country's budget processes and institutions. The meeting and research project of the African Budget Project of the Budget Information Service, part of the Institute for Democracy in South Africa (Idasa), and marked an important expansion of budget transparency research in Africa.

In 1999, Idasa, in cooperation with IBP, led the initial effort to conduct research into budget transparency and participation issues. Idasa published a major five-country study in 2002, covering Ghana, Kenya, Nigeria, South Africa, and Zambia. Five new countries — Botswana, Burkina Faso, Cameroon, Namibia, and Uganda — were added to the effort in the July meeting. All ten countries are expected to publish the findings of their research in July 2004.

The groups involved include Ghana's Integrated Social Development Center, Nigeria's Integrity, Namibia's Institute for Policy Research, Botswana's Institute for Development Policy Analysis, Burkina Faso's Centre for Democratic Governance, the Uganda Debt Network, and two Kenyan groups, the Institute for Economic Affairs and the Social Development Network. In Zambia, Dr. Inyambo Mwanawina of the University of Zambia will lead the effort, while in Cameroon, Mbwoge Daniel Mbong of Research for Enterprise, Industries, Technology and Development will oversee the research. The Africa Study will also employ both a framework developed by Idasa to inform and guide their work and a global questionnaire developed by the IBP.



Workshop Participants

The IBP pilot global questionnaire is part of a global effort to promote research and advocacy on budget transparency. The IBP hopes that by the end of 2004, civil society organizations in approximately 35 countries in Africa, Latin America, Eastern and Central Europe, and Central Asia will have conducted budget transparency studies.

Another part of that global effort is taking place in Latin America, where researchers released a five-country budget transparency study in 2001 and will release a ten-country study toward the end of this year. Those researchers, led by Mexico's Fundar, will meet in Buenos Aires in August to coordinate their work.

For more information on the African regional effort, contact Marritt Claassens of the African Budget Project at BIS/Idasa at marritt@idasact.org.za.

For more information on the IBP transparency global questionnaire, contact Pamela Gomez at gomez@cbpp.org.

Budget Training in Lebanon

At the invitation of the National Democratic Institute's Beirut office, the International Budget Partnership led a two-and-a-half-day budget training workshop for Lebanese NGOs in late July. The workshop, co-sponsored by the Lebanese Transparency Association and the Lebanese Physical Handicapped Union, provided workshop participants with a broad background in fiscal issues and the budget process in Lebanon, along with an introduction to budget analysis and an opportunity to practice their new skills with a budget simulation game.

One of the highlights of session was a 45-minute address by Lebanon's Minister of Finance, followed by a spirited question and answer session. In addition, participants heard four Members of Parliament give their impressions of the budget process and the potential role of civil society, while a senior advisor to the Minister of Finance briefed participants on the budget process. In addition, the workshop included the following components:

- Case studies of two Lebanese examples of the role of budget analysis among civil society organizations
- A summary of the kinds of budget analysis engaged in by civil society groups around the world
- Indicators of success for applied budget analysis
- Four examples of budget analysis that provided useful information to policy makers and other concerned stakeholders that helped influence policy
- An analytic exercise that demonstrated to participants exactly how raw data can be turned into a compelling policy story
- The opportunity to explore both obstacles to applied budget work in Lebanon and opportunities that exist in the country, along with a preliminary sense of some first steps the group can take
- A two-hour simulation game that allowed participants to practice the concepts and skills they had learned throughout the workshop

The workshop in Beirut was an exciting opportunity to start a new chapter in expanding democratic institutions in Lebanon. The National Democratic Institute will take a lead role in pulling NGOs together to build a budget group, and will consider providing some initial funding to help the group get started. The IBP, meanwhile, will provide ongoing advice and support as the process moves forward.

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

Child Tax Credit Debate in the U.S.

The recent debate in the United States over the provisions of a new tax bill related to the Child Tax Credit indicate the power of research findings — when framed imaginatively and when picked up by the media — to influence public discussion, as well as the role that serendipity can play in obtaining media coverage for an issue.

The United States recently enacted a large tax cut, part of which accelerated several previously approved tax cuts that had been scheduled to phase in over several years. From the moment President Bush made this proposal, the Center on Budget and Policy Priorities observed that the proposal accelerated tax cuts benefiting higher-income families but neglected to accelerate similar tax cuts for lower-income families. This observation drew a modest amount of attention, leading the U.S. Senate to include one of the low-income tax cuts (which would have made many low-income families with children eligible for a larger Child Tax Credit) in its version of the tax bill. The U.S. House of Representatives did not include this provision in its bill.

The provision — which would have added only one percent to the bill's costs — was then dropped in the Senate-House negotiations to little immediate fanfare, and was not part of the final bill. The President signed the bill into law in a manner designed to draw maximum media coverage to his number-one domestic policy priority. But the front page of *The New York Times*, the most influential U.S. paper, did not give this ceremony front-page attention; instead, relying on Center analyses, the front page highlighted the fact that the Child Tax Credit provision dropped from the final bill would have aided 6.5 million low-income families containing 11.9 million children.

Though this was not a new finding, it was the first time it had been so prominently displayed, and the exclusion of this provision came to symbolize the degree to which the legislation was skewed to high-income people. In subsequent days the child credit issue dominated national, regional, and local coverage of the legislation. The Administration and much of Congress soon backpedaled, and both houses of Congress passed bills to restore the low-income child credit provision. The House bill, however, also included large new tax cuts, so the ultimate legislative outcome remains unclear. What is clear is that the issue prevented the President from portraying skewed legislation as fair legislation.

For more information, contact Isaac Shapiro at shapiro@cbsp.org. To read one of the first reports released by the Center on Budget and Policy Priorities on this issue, click [here](#).

New Papers on the IBP Online Library

Participation in Budget Process in Russian Cities: St. Petersburg, Murmansk, Petrozavodsk, Pskov, Velikije Luki, Samara, Novosibirsk, Yuzno-Sakhalinsk

By Tatiana Vinogradova, Humanities and Political Studies Center "Strategy" Participatory Planning Initiative

This brief report outlines the participatory planning initiative enacted by the Russian NGO Strategy. A summary of the initiative (1998-2002) is included, along with an assessment of challenges faced and lessons learned.

Growth with Equity: Policy Choice for Poverty Reduction Project

By the Economic Development and Research Center (EDRC) and Oxfam

This technical analysis of the poverty-eradication policy of the Armenian government uses macroeconomic data to substantiate the claim that poverty and high inequality persist despite general economic growth. The analysis also recommends policies that are comprehensive, pro-poor, and sustainable.

Promoting Accountability in the Budget Cycle: The Experiences of the Public Service Accountability Monitor in South Africa

By Xolisa Vitsa, Public Service Accountability Monitor (PSAM) in South Africa

Prepared for the 11th Anti-Corruption Conference, which took place in South Korea in May 2003, this paper introduces PSAM's Performance Monitoring Project, which compiles information on the performance of the Eastern Cape province and selected national government departments in South Africa. The study examines the audit disclaimers and other measures of financial control and evaluates specific programs, such as the School Nutrition and Feeding Scheme and District Health Programs.

What's Behind the Budget? Politics, Rights and Accountability in the Budget Process

By Diane Elson and Andy Norton, Centre for Aid and Public Expenditure, Overseas Development Institute, London and the Department of Sociology/Human Rights Centre, University of Essex

This paper presents public expenditure management as a political process rather than a purely technical one. It argues that a rights perspective, coupled with a sound understanding of the mechanics of public expenditure management, can strengthen the pro-poor focus of the budget process and improve budget outcomes.

Public Spending on Health Care in Africa: Do the Poor Benefit?

By F. Castro Leal, J. Dayton, L. Demery, and K. Mehra, World Health Organization

This paper examines the distribution of health services in seven African countries: Cote d'Ivoire, Ghana, Guinea, Kenya, Madagascar, South Africa, and Tanzania. It finds that public spending on curative health care mostly favors the better-off rather than the poor and argues that the constraints that prevent the poor from taking advantage of these services must be addressed if public subsidies are to reach them. Brief summaries in French and Spanish are included.

Local Government Reform in Tanzania: Considerations for the Development of a System of Formula-Based Grants

By Jason Boex and José Martínez-Vázquez, International Studies Program, Georgia State University

This analysis proposes a rules-based mechanism to improve the level of transparency in the budget process of Tanzania. Current policy centralizes the distribution of funds (although local governments are responsible for administering services); the analysis addresses the challenges of eliminating ambiguity and inefficiency through the proposed decentralization process.

Fiscal Policy, Accountability and Voice: The Example of Gender Responsive Budget Initiatives

By Isabella Bakker, United Nations Development Programme

This paper proposes gender-responsive budgeting as an effective tool for monitoring accountability of fiscal policy. First it analyzes the relationship between budget and accountability in general, focusing on comprehensiveness, transparency, and credibility. Then it presents a more detailed introduction to gender budgeting as both a technical and social process, describing current efforts and outlining the necessary conditions for successful participation.

Organizing Participatory Processes in the PRSP (Poverty Reduction Strategy Papers)

By S. Tikare, D. Youssef, P. Donnelly-Roark and P. Shah, The World Bank

A World Bank guide for creating PRSPs that fully utilize participation by all stakeholders, this document provides concrete recommendations for the roles of civil society, the private sector, and the government throughout the budget process; several case studies are discussed.

How do Treasury Systems Operate in Sub-Saharan Francophone Africa?

By D. Bouley, J. Fournel, and L. Leruth, International Monetary Fund

This IMF paper describes the evolution of the treasury system in Francophone Africa and identifies weaknesses that have emerged. Both the separation of the functions of ordering and disbursing payments and the centralization of funds in the treasury, though intended to promote transparency and prevent corruption, lack accountability.

Other IBP Website Updates

NEW UNDER GROUP SECTION - SOUTH AFRICA

The Public Service Accountability Monitor (PSAM), based at Rhodes University in South Africa's Eastern Cape Province, is an independent monitoring unit dedicated to strengthening democracy in South Africa. PSAM gathers information on the management of public resources and the handling of misconduct and corruption cases by government departments. By publishing this information, PSAM hopes to give members of parliament, civil society organizations, and ordinary citizens the necessary tools to hold government ministers and public officials accountable for their performance and for the use of public resources, as well as to enable government ministers and officials to communicate their achievements to the public.

NEW UNDER MODEL REPORTS AND MATERIALS

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting

By the National Advisory Council on State and Local Budgeting

This guidebook makes recommendations primarily for governments developing budget processes, but it also can help NGOs understand sound budget practices. It emphasizes the need for stakeholder input early in the budget process and calls for transparency and accessibility of information about subsequent government decision-making.

NEW UNDER RELATED WEBSITES BY TOPIC AREA – DEVELOPMENT ECONOMICS

Governance Resource Centre (GRC) Exchange

GRC of the UK Department for International Development hosts this site, which was compiled by leading international experts. GRC Exchange provides a focal point for sharing ideas and experience in governance. The site features governance themes pages, publications, events and training information, and a monthly updating service highlighting the latest additions to the site.

NEW UNDER RELATED WEBSITES BY TOPIC AREA - GENDER, YOUTH AND DEVELOPMENT

UNIFEM Asia-Pacific and Arab States Regional Programme for Engendering Economic Governance

This website offers useful resources and examples to make national statistical systems more responsive to gender differences in the definition, collection, and analysis of data.

NEW UNDER RELATED WEBSITES BY TOPIC AREA - TRANSITION ECONOMIES

Stockholm Institute of Transition Economies

SITE's mission is to provide a source of information for and about transition economies and to participate in their economic development.

Anti-Corruption Network for Transition Economies

The network looks at the significant reforms undertaken in Central and Eastern Europe as part of the transition to a market-based economy, with particular focus on the spread of corruption as a side-effect of this process.

Centre for the Study of Transition and Development

The Institute for Social Studies' Centre for the Study of Transition and Development (CESTRAD) is a specialized unit for research, policy analysis, and training on the economics and politics of transition. CESTRAD is a platform for policy analysts and researchers from government agencies and civil society organizations in transition and OECD countries.

EurasiaNet

This website, created by the Central Eurasia Project at the open Society Institute in New York, provides information and analysis about political, economic, environmental, and social developments in the countries of Central Asia and the Caucasus, as well as in Russia, the Middle East, and Southwest Asia. The website also offers additional features, including newsmaker interviews, book reviews, a discussion forum, resource links, and daily news digests.

Announcements

A GUIDE TO BUDGET WORK FOR NGOs IN RUSSIAN

The IBP Publication *A Guide to Budget Work for NGOs* already accessible in English and in Spanish has been translated into Russian and is available online at:
<http://www.internationalbudget.org/russianguide.pdf>.

INSTITUTE OF DEVELOPMENT STUDIES MA

The Participation Group at the Institute of Development Studies (IDS), University of Sussex, UK, will offer a new Masters Program in Participation, Development and Social Change.

This new program aims to deepen knowledge, innovation and practice of participatory approaches for engaging people in decision-making and citizenship in diverse contexts. Designed to help experienced practitioners deepen their abilities for critical reflection and analysis, the program combines two periods of intensive coursework and group learning in residence at IDS with a period of practical learning and action research with an organization engaged in participatory approaches. The first course will run for fifteen months from May 2004 to July 2005, including a 9-month period of field-based learning or action research. For more information, go to: <http://www.ids.ac.uk/ids/teach/index.html> or contact Julia Brown at the Institute of Development Studies, University of Sussex, Brighton BN1 9RE, UK, J.L.Brown@ids.ac.uk, phone: 44 0 1273 606261, fax: 44 0 1273 621202.

DUKE UNIVERSITY FISCAL POLICY TRAINING PROGRAMS

The Duke Center for International Development (Terry Sanford Institute of Public Policy, Duke University) offers a series of fiscal policy training programs. This year's programs include:

- Project Appraisal and Risk Management (May 19–June 13, 2003)
- Tax Analysis and Revenue Forecasting (June 23–July 18, 2003)
- Fiscal Decentralization and Local Government Financial Management (June 30–July 18, 2003)
- Budgeting and Financial Management in the Public Sector (July 21–August 8, 2003)
- Management of Foreign Aid (November 1–21, 2003)

These executive courses are designed for policymakers, government officials, and professionals from developing and transition countries and international donor agencies. For more information, go to: www.pubpol.duke.edu/D.C.id, or contact Elizabeth Smithwick at D.C.idexed@pps.duke.edu, phone: 1 919 613 7359, fax: 1 919 681 0831.