



INTERNATIONAL BUDGET PARTNERSHIP  
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## e-Newsletter

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### Latin American Budget Transparency Index, 2003

On November 12, organizations in ten Latin American countries released the results of a year-long study on budget transparency and participation. The effort, coordinated by Fundar (a prominent Mexican non-governmental organization), was conducted by leading NGOs and academic researchers in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, and Peru.

The *Latin American Index of Budget Transparency, 2003* consists of two parts:

- A region-wide comparative report containing the results of a perceptions survey of individuals in each of the ten countries who are knowledgeable about the budget and budget process. The surveyed individuals included legislators, academics and other experts, civil society organizations, and journalists. The report also contains specific policy recommendations for each country.
- An extensive report for each country covering its legal framework and budget practices.

The Index found that citizen participation in the budget process received extremely low ratings across the region. Brazil, the highest-rated country in this category, was rated positively by only 20 percent of respondents. Less than 10 percent of the respondents rated transparency positively in Ecuador, El Salvador, Peru, and Costa Rica.

The credibility of internal auditors also received low ratings. Not a single respondent in Ecuador believed internal auditing to be credible, while positive ratings for Colombia and Peru were only 4 percent and 6 percent, respectively.

The category with the most positive responses was the availability and quality of macroeconomic information. Leaders in this category were Chile (75 percent), Mexico (64 percent), and Peru (58 percent).

The country reports, policy recommendations, and other relevant information can be found on the IBP website [here](#).

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## **Success Story: Women's Reproductive Rights, Mexico**

During 2002, Fundar conducted a project to evaluate the amount of public resources Mexico allocates to reducing maternal mortality. The Mexican government has committed itself to this goal at the international level and has listed it as one of its main health objectives. Reducing maternal mortality has also been one of the biggest concerns of women's reproductive rights organizations.

In conducting the project, Fundar worked with a coalition of civil society groups that have substantial experience with maternal mortality and reproductive health issues. Fundar started by asking civil society groups and networks working on maternal mortality what kinds of information would be useful to their efforts. It then maintained these contacts throughout the project, building up a shared understanding of what was needed to bring the necessary attention and resources to the issue.

Once the research was released, the coalition of civil society groups arranged a series of meetings with both chambers of Congress, including a public forum dedicated exclusively to the issue. These efforts helped to open up channels of communication with appropriate actors — including federal health officials — and were crucial to making the report's findings relevant to ongoing discussions of the budget.

The strategic alliance between Fundar and the network of groups dedicated to reducing maternal mortality has helped to secured substantial increase in government funding to programs that specifically target maternal health. The report also bolstered the arguments of members of Congress working on gender, equity, and health issues, as well as assisting groups with a longstanding commitment to the issue by providing them with new information.

For more information, contact Helena Hofbauer at [helena@fundar.org.mx](mailto:helena@fundar.org.mx).

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## **Civil Society Budget Transparency Meeting in Africa**

Researchers from civil society organizations in ten African countries held a coordinating meeting in Pretoria, South Africa on October 8-10 to discuss an ongoing research project on budget transparency and participation. Leading this project is the African Budget Project of the Budget Information Service, part of the Institute for Democracy in South Africa (Idasa).

The ten-country African study will employ a case-study framework developed by Idasa and a global questionnaire developed by the IBP. The researchers anticipate releasing their findings in July 2004.

This project is a follow-up to Idasa's five-country study in 2002, which covered Ghana, Kenya, Nigeria, South Africa, and Zambia, and covers these countries plus five additional ones: Botswana, Burkina Faso, Cameroon, Namibia, and Uganda. The groups involved in the project 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. For more information contact Marritt Claasens at the Africa Budget Project at [marritt@idasact.org.za](mailto:marritt@idasact.org.za)

The use of the IBP pilot global questionnaire (see [IBP Newsletter No. 16](#)) in the African study 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.

For more information, contact Pamela Gomez at [gomez@cbpp.org](mailto:gomez@cbpp.org).

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## Israel's 2004 Budget

Israel's proposed national budget for 2004 continues the policy of fiscal restraint begun in 2001, which was necessitated by decreased tax revenues resulting from a continuing recession. While the recession was initially blamed solely on the global recession, it is now generally conceded that the Palestinian conflict is a significant cause.

Israel's right-wing government has used the recession and the Palestinian conflict to push through a neo-liberal structural adjustment program that includes downsizing the state, privatizing state enterprises and services, and lowering the cost of labor.

The 2004 budget proposal calls for cutbacks in, among other things, government personnel, workplace pension benefits, safety net and social assistance programs, and education, health, and housing services. At the same time, the budget also includes large tax breaks for high-income persons.

The defense budget has been reduced only slightly, despite the fact that numerous experts recommended larger cuts following the U.S. intervention in Iraq. Over-spending is to continue for Jewish settlements in the occupied Palestinian territories and a significant sum is to be spent constructing a wall between Israel and the Palestinian Authority.

For more information, contact Barbara Swirski at the Adva Center in Israel at [advainfo@bezeqint.net](mailto:advainfo@bezeqint.net).

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## Asian Development Bank Grant to Indonesia

The Asian Development Bank (ADB) has awarded Indonesia a US\$3.27 billion loan for poverty-reduction projects to be carried out in the next three years. The projects cover the following sectors of Indonesia's economy and society:

- Agriculture and natural resources (community-based land rehabilitation, water resources management, fisheries, coastal resources, rural development, etc.)
- Energy and transportation (road rehabilitation, airport rebuilding, air quality improvement, etc.)
- Social infrastructure (education, housing financing, social protection, etc.), and
- Industry and finance (assistance for local government and state enterprises)

To complement the loan, the ADB is providing a technical assistance program worth US\$12-14 million per year.

According to the Bandung Institute of Governance Studies (BIGS), the government of Indonesia has received 263 loans worth US\$ 19.1 billion since 1996. BIGS poses the question of who will benefit from the new loan, given Indonesia's prevailing corruption and lack of transparency.

Dedi Haryadi of BIGS observes, "We are less optimistic about the effectiveness of the loan because of the high prevalence of corrupt practices within the national, provincial, and local governments. Even after the country's shift from an authoritarian regime to a democratic form of government, corruption in Indonesia is more rampant every day. Hence, there should be great concern regarding the sound planning and implementation of the projects so that they effectively reach the people in need."

One of the challenges the ADB now faces is how to develop a mechanism that will enable all stakeholders of the projects to benefit equally. It is imperative that the ADB institutionalize public participation at all stages of the projects' planning and implementation; experience has shown that this can make development projects more sustainable. In addition, the ADB should make sure that all stakeholders have equal access to information about the projects.

The ADB's greatest challenge, however, is to encourage the government of Indonesia to be less dependent on foreign aid and revitalize its own social capital.

For more information, contact Dedi Haryadi at [big@bdg.centrin.net.id](mailto:big@bdg.centrin.net.id).

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## Civil Society Groups Discuss PRSPs

The Poverty Reduction Strategy Paper (PRSP) process, launched in 1999 by the World Bank and the International Monetary Fund (IMF), involves the creation of country-specific reports that outline the country's macroeconomic, structural, and social policies to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are meant to be prepared by governments through a process involving civil society and development partners, including the World Bank and IMF. They are intended to serve as comprehensive plans for poverty reduction that determine how aid, new loans, and the proceeds from debt relief will be spent.

Civil society participation in the implementation of PRSPs is a growing concern amongst countries already involved in the process. Useful lessons can be drawn from the few existing civil society participatory experiences in monitoring PRSPs.

Recently, the Washington, D.C.-based NGO InterAction organized several meetings to review PRSP performance. At one meeting, Kathy Selvaggio of Catholic Relief Services discussed the experiences of Zambia, Malawi, and Uganda in monitoring PRSP implementation and expressed civil society's concern that transparency and accountability be ensured during this process. In Zambia, for example, the Civil Society for Poverty Reduction found that only 25 percent of the budget for poverty reduction programs was actually disbursed. In Malawi, the Malawi Economic Justice Network has formed three networks with local chapters around the country to examine spending in the health, education, and agriculture sectors; its findings have been used to lobby members of Parliament and in planning by the Ministry of Education.

InterAction also hosted a workshop, "The World Bank and Civil Society: Access and Advocacy," in collaboration with the American Council for Voluntary International Action in Washington, D.C. on October 17. During the workshop, World Bank representatives discussed these issues with members of civil society organizations. Veena Siddharth, World Bank Senior Partnerships Officer, observed that "the participation in PRSP formulation has been broad rather than deep." To support this point, World Bank economist Lawrence Egulu stated that parliaments are not sufficiently involved in the PRSP processes and often practice "self-censorship" when writing PRSPs, driven by their need for additional financial assistance.

For more information, contact Kathleen Selvaggio at [KSelvagg@catholicrelief.org](mailto:KSelvagg@catholicrelief.org). Go to the Power Point presentation "[Civil Society Monitoring of PRSPs: Examples from Malawi and Zambia](#)." Go to the presentation "[PRSPs: Promise and Reality](#)." Other related resources include the World Bank [Poverty Reduction Strategies Newsletter](#).

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## **New Iraq Revenue Watch Report**

Iraq's public finances fall short of international standards of accountability, according to a new report by Iraq Revenue Watch, *Keeping Secrets: America and Iraq's Public Finance*. The report calls for greater transparency in the management of the Development Fund for Iraq (DFI), the central repository for Iraqi oil and gas revenues. The Coalition Provisional Authority has refused to disclose basic information about large purchase contracts and DFI expenditures, and the Iraqi public — as well as members of the United Nations Security Council — have been kept in the dark about how the Fund works.

The report calls on the Coalition Provisional Authority to reverse these trends and offers a set of recommendations, including increased Iraqi involvement in the DFI, establishment of the International Advisory and Monitoring Board (as mandated by the UN), and better public access to information. Go to the report [here](#).

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## New Papers in the IBP Library

### *Consultation by Helicopter: People's Participation in Policy Making in Malawi*

By Wiseman Chirwa and Michael Nyirenda/*Christian Aid*

After assessing the political climate surrounding the 2001-2002 Malawi PRSP, this paper outlines the evolving relationship between civil society organizations and the Malawian government. The paper recommends steps to transform participation in the PRSP into participation in the budget process.

### *Poverty Reduction Strategy Papers (PRSPs): A Rough Guide*

By *Bretton Woods Project*

This brief introduction to PRSPs for non-specialists answers basic questions surrounding PRSPs and the lending processes of the World Bank and IMF. Issues addressed include civil society's role in the PRSP process and the institutionalization of PSRPs. The document also provides helpful links to information on PSRPs.

### *Poverty Reduction Strategy Papers: A Poor Package for Poverty Reduction*

By Jenina Joy Chavez Malaluan and Shalmali Guttal/*Focus on the Global South*

This paper challenges the official claim that PRSPs are developed with broad domestic participation and thus reflect a country's needs and concerns. It asserts that the IMF and World Bank still impose conditionalities that ignore past failures and disregard individual country circumstances. The paper concludes that neither civil society's wishes nor those of the government are incorporated into PRSP-mandated policies, and suggests further that international donors may inhibit the development of a participatory civil society-government relationship.

### *Civil Society Budget Groups and their Participation in the Budget Process*

By Marritt Claasens and Joachim Wehner/*Idasa*

This paper presents findings from a survey of six African countries that considers the participation of civil society budget groups in the PRSP process. The paper focuses particularly in the participation of such groups, due to the fact that the budget is perhaps the primary and certainly the most immediate vehicle through which PRSP commitments are to be realized. The countries included are Ghana, Kenya, Malawi, Mozambique, Uganda, and Zambia.

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## Announcements

### **NEW IBP STAFF**

The International Budget Partnership (IBP) is glad to announce that Simel Esim has joined the IBP staff last November as Senior Program Manager. She will focus on the Civil Society Budget Initiative (CSBI). The CSBI is an international collaboration led by a network of civil society groups actively carrying out analytic and advocacy work on public budgets in order to advance transparency and accountability in developing countries. The CSBI is coordinated by the IBP and seeks to accelerate government accountability and responsiveness by making public budgets more transparent and reflective of the needs of the poor. To this end, CSBI will provide financial and technical support to build the capacity of civil society institutions, in low-income developing countries, to carry out effective budget work.

CSBI held its first Steering Committee Meeting in Washington, D.C. on 3-4 December, 2003. During this meeting the members of the Committee identified target countries for the first

year of the project, which are: Burkina Faso, Ethiopia, Malawi, Mozambique, Senegal, Cambodia, Indonesia, Mongolia, Bolivia, Honduras, and Nicaragua. The request for letters of intent will shortly be posted on the IBP website (in English, Spanish, Portuguese, and French). For more information, contact Simel Esim at [esim@cbpp.org](mailto:esim@cbpp.org).

Before joining the IBP Esim worked for seven years at the International Center for Research on Women (ICRW) where she conducted policy and operational research and provided technical assistance and training to civil society organizations in Africa, Latin America, Asia, Eastern Europe, and the Middle East. Esim holds a Ph.D. in economics from the American University in Washington, D.C. and a MA in International Relations from the Johns Hopkins School of Advanced International Studies. To know more about the IBP staff go [here](#).

### **FISCAL POLICY CONFERENCE IN CHILE**

The Economic Commission for Latin America, the International Monetary Fund, the World Bank, and the Inter-American Development Bank will hold the 16<sup>th</sup> Latin American Regional Conference on Fiscal Policy from 26-29 January 2004 at the Economic Commission for Latin America in Santiago de Chile.

The conference will focus on fiscal policy issues throughout Latin America and will feature a special session on legislative budgeting. For further information contact the conference coordinator, Ricardo Martner, Director, (*Dirección de Gestión Pública y Regulación*) at ECLA, Santiago, Chile, phone: (562) 210 2619, fax: (562) 206 6104, email: [rmartnet@eclac.cl](mailto:rmartnet@eclac.cl), or go to: [www.eclac.cl/ilpes](http://www.eclac.cl/ilpes).