



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

e-Newsletter

JULY-AUGUST 2004 No.22

In this Issue:

- Budget Transparency and Information Law in Mexico
- A Conversation with CDES Ecuador on the Human Rights Approach to Budget Work
- Regional Applied Budget Conference, Burkina Faso
- CSBI Funds Five Budget Projects in 2004
- Tracking Poverty Reduction Expenditures for 2002 and 2003, CSPR, Zambia
- The Uganda Debt Network Assesses the 2003-04 Uganda Budget and its Relationship to Poverty
- Report on the Decentralization of Resources in Mexico, CIDE, Mexico
- Indian Budget Groups Criticize India's 2004-05 Union Budget
- New in the IBP Library
- Announcements

Budget Transparency and Information Law in Mexico

On July 1, the Woodrow Wilson Center hosted the presentation "One Year of the Transparency Law" by María Marván Laborde, president of the council for the Federal Institute for the Access to Public Information (IFAI). In 2002, the Mexican Congress passed the Federal Law for Transparency and for Access to Governmental Public Information, which provides for public access to information held by the three branches of government, autonomous constitutional bodies, federal administrative tribunals, and other federal bodies. IFAI was created to process requests for information under the new law.

The law instructs all government offices to favor the "principle of publicity" and grants the public the right to seek disclosure of information not already public through a straightforward request process. It also provides a list of "transparency obligations" government should observe, such as publishing in a regular and accessible manner all information relevant to budgets, operations, personnel, the signing of contracts and concessions, and so on.

According to the *Latin American Index of Budget Transparency 2003*, Mexico is among the region's leading countries with regard to the availability and quality of macroeconomic information, but important steps are still needed to improve the integrity and quality of *budget* information in the country. For example, the Index advised that budget information

be disaggregated in all its categories so the budget and its goals could be analyzed. It also stressed the importance of providing the public with:

- information that illustrates how proposed changes in public policies would affect revenues and expenditures
- non-technical documents aimed at the general public that describe the budget and its goals, as well as the budget process
- detailed and timely information aimed at institutions outside the executive branch to enable them to conduct alternative fiscal analysis
- criteria to estimate revenue levels and comparisons of revenue flows to the original estimates

IFAI reports that most of the information requests it receives under the new law used to come from journalists, but that requests have become more sophisticated lately and now include inquiries from academic researchers, lawyers, and entrepreneurs. In addition, 10 percent of the people who submit information requests to IFAI are public officials, who have found this to be the quickest method of obtaining information about other government organizations. Since the system's inception in June 2003, an estimated 35,400 information requests have been granted.

As part of the first anniversary of the information law diverse CSOs in Mexico organized activities in order to evaluate the usefulness of the law and to share already existing experiences. A compilation of experiences involving civil society and the law, in Spanish, can be downloaded at http://www.ifai.org.mx/publicaciones/derecho_acceso.pdf. Of particular relevance has been the follow up of one case of an irregular allocation of resources in the budget 2003, which has led to a widely endorsed campaign for transparency. This campaign, and its results, will be detailed in the next newsletter.

- To visit the System for Information Requests (SISI), go to: www.informacionpublica.gob.mx.
- To visit the Federal Institute for the Access to Public Information, go to: <http://www.ifai.org.mx>.
- To read the Latin American Budget Transparency country report for Mexico, go to: <http://www.internationalbudget.org/themes/BudTrans/ReportMexico.pdf>.

A Conversation with CDES Ecuador on the Human Rights Approach to Budget Work

What is CDES mission?

The Center for Economic and Social Rights (CDES), based in Quito, Ecuador was formally established in 1997 to promote sustainable human development, social participation, and government accountability through research, training, and advocacy activities. CDES work in Ecuador and Latin America aims to guarantee and implement Economic, Social and Cultural Rights (ESCRs) looking in detail at indigenous rights, environmental degradation, corporate and state accountability, the impact of structural adjustment lending, external debt, and international financial institutions - both nationally and regionally - CDES documents human rights violations of the poorest sectors in Ecuador and has worked to

analyze the impact of government budget cuts in specific sectors. During the conversation with Juana Sotomayor we learn more about CDES use of budget analysis from a human rights angle.

When has budget analysis proved useful, and how?

CDES has integrated budget analysis into its work to examine the budget's social, economic, and cultural impacts on people in different parts of society. The use of budget analysis became crucial during the health crisis of the late nineties. During this time government cuts to the national health budget translated in far-reaching reduction in personnel, facilities, and equipment and health programs with a profound impact on the most vulnerable sectors of society. In addition, government cuts contravened the constitutional right to health, which prohibits any reductions in allocations to the health budget. CDES analysis became key in the health crisis discussion that involved government agencies, multilateral institutions, and NGOs.

Currently CDES is participating in several initiatives where budget analysis will serve as a useful tool to assess the adequacy, quality, and congruency of public spending relative to public policies or international or local conventions and commitments. One of these projects intends to explore the impact of extractive industries on the peoples of the Amazon region countries, including Bolivia, Ecuador, Colombia, Peru, and Venezuela. As part of this effort, stakeholders are seeking to identify economic and social indicators in each country's budget that can be used to evaluate whether the governments are fulfilling their commitment to use oil revenues to improve basic services in areas with high levels of poverty amongst indigenous communities. CDES is also participating in a project that monitors the right to health in indigenous communities in rural areas. As part of this project, CDES will make an effort to disaggregate health allocations and clarify their impact on women.

Has budget work helped CDES reach out to other civil society groups, decision-makers, and international organizations?

Each year since 2001, CDES has held a national dialogue on the federal budget in collaboration with Ecuador's Congress, the Latin American Institute of Social Research, and the United Nations International Children's Emergency Fund (UNICEF). These meetings have enabled stakeholders to learn about the social implications of the budget and the connections between economic, social, and cultural rights and the distribution of public funds. Regular participants include Jubilee 2000, indigenous people's groups, peasants' groups, and groups representing women and the elderly. CDES's contribution to these dialogues has been widely recognized, as CDES has helped identify important gaps in budget information.

After four years of these dialogues, CDES (with assistance from the International Budget Partnership) has conducted an evaluation to learn participants' views of the meetings and give CDES a sense of the direction the dialogues should take. The evaluation showed that there is great potential for the dialogues to promote the institutionalization of citizen participation in the budget process and to explore ways of expanding the legislature's role in the budget process. UNICEF is keen to continue supporting the dialogues because they represent an opportunity to place social spending concerns on the public agenda and educate the general public about the impact of public policies on everyday life. The dialogues have also alerted legislators to the need for training and learning opportunities that can prepare them to participate more effectively in the approval stage of the budget.

CDES participation in the *Latin American Index for Budget Transparency 2003* has allowed the organization to enhance its budget analysis capacity through the collaboration with budget analysis experts in the region and independent consultants. This has enabled CDES to gradually build in-house capacity to pursue its ongoing effort to monitor the use of resources and protect the right to health and education.

To know more about CDES, visit the IBP website at:
<http://www.internationalbudget.org/groups/ecuador.htm>.

Regional Applied Budget Conference, Burkina Faso

On 28-30 July the Africa Budget Project of the Institute for Democracy in South Africa (Idasa) held a Regional Applied Budget Conference for Francophone Africa. The meeting brought together a group of civil society organizations (CSOs) from 20 countries to explore the potential for applied budget work in the region.

Day one examined two case studies on the formation and development of Idasa's Budget Information Service and the Uganda Debt Network, which demonstrated how CSOs can influence the budget process in Africa.

Day two explored the budget processes and systems in France and in francophone Africa. In most francophone African countries, civil society has only recently become involved in the budget process. Its efforts are hampered by limited access to budget information, a sometimes-difficult relationship with the executive and very constrained opportunities for interaction even in the legislative phase. In addition, parliament lacks budget analysis tools, which weakens its role in the budget process. Workshops reviewed topics such as budget work and advocacy opportunities, tax and revenue analysis, children and the budget from a rights perspective, and extractive industries review.

Day three focused on the presentation of a cross-country research study on transparency and participation in the budget process involving eight African countries: Botswana, Burkina Faso, Ghana, Namibia, Nigeria, South Africa, Uganda, and Zambia. The day closed with a general discussion on how to take budget transparency work forward in francophone Africa and how the Budget Information Service and other groups regionally and internationally can support this work.

For more information on the conference, contact Marritt Claassens at
marritt@idasact.org.za.

CSBI Funds Five Budget Projects in 2004

The Civil Society Budget Initiative (CSBI), a small grant-making project created to promote civil society budget work in low-income countries, has announced it will fund five budget projects in Bolivia, Burkina Faso, Honduras, Indonesia, and Malawi in 2004-05. CSBI is led by a steering committee of civil society groups working on public budgets and is coordinated by the IBP.

The projects receiving funding are:

- *Bolivia*: This is a partnership of three organizations that work to establish a government revenue watch. The initial project focuses on explaining the substantial decrease in government revenues derived from the hydrocarbon (oil) sector. The program will be undertaken by CEDLA (Center for Labor Development & Agricultural Studies), CESU (Center for Higher University Studies), and "Coordinadora de la Mujer."
- *Burkina Faso*: The project, which represents the first budget work in Burkina Faso, focuses on identifying and securing opportunities for greater budget transparency and civil society involvement in the budget process. It will be undertaken by the Center for Democratic Governance.
- *Honduras*: The project focuses on influencing the 2005 budget by assessing the government's recent poverty-related spending in the context of the national poverty reduction strategy (PRSP). The project will be undertaken by FOSDEH (Social Forum for External Debt and Development in Honduras).
- *Indonesia*: The project builds on previous work to design and establish a participatory budgeting process in the Bandung municipality of West Java. It will be undertaken by the Bandung Institute for Governance Studies (BIGS).
- *Malawi*: The project aims to establish a community-led expenditure monitoring process to influence national and sub-national education budgets. It will be undertaken by the Civil Society Coalition for Quality Basic Education (CSCQBE).

Last December, the CSBI steering committee distributed a call for letters of interest to 11 countries in Africa, Asia, and Latin America. The committee received nearly 200 applications, from which it chose ten organizations in eight countries to produce full proposals for financial and technical assistance. The five projects to receive grants were selected from those proposals.

Later this year, the committee expects to announce a second round of grant applications to receive support beginning in 2005.

For more information, write to csbi@cbpp.org.

Tracking Poverty Reduction Expenditures for 2002 and 2003, CSPR Zambia

A new analysis of Zambia's 2002 and 2003 budgets, which shows that while the country's broad PRSP objectives are being met, its Poverty Reduction Programs (PRSP) are not receiving the priority or funding they need. The analysis was issued in June by the Civil Society for Poverty Reduction (CSPR), a non-profit that works to ensure that civil society effectively participates in the formulation of Zambia's PRSP.

According to the study, limitations in the budget's classification system prevent the linkage of the PRSP with PRPs. Specifically: 1) it is difficult to tell which PRPs match up with specific PRSP objectives, and 2) the budget is not detailed enough to allow an accurate gauge of how much funding each PRP is actually receiving. Thus, there has been no deliberate effort to link the budget to the PRSP.

Despite these limitations, certain inconsistencies between PRSP objectives and budget expenditures do stand out. Based on PSRP projections, overall spending on PRPs should be 56.8 percent of the budget, yet in 2002 it was only 7 percent and in 2003 it was only 10.5 percent.

Further, PRP funding appears to be done on a residual basis, with these programs receiving money only after other programs are fully funded. This suggests that the problem is fundamentally one of priorities, not lack of funding.

The report recommends political action to ensure that PRPs receive all of their needed funding. One form this might take is advocating for increased transparency in the budget classification system to facilitate tracking of expenditures; the report points to cases in which it is simply impossible to determine the amount of funding that particular PRPs are receiving. The report also recommends advocating against over-expenditures in non-poverty-reduction sectors, as well as an overhaul of outdated public finance laws.

To read the paper, click [here](#) or contact CSPR at cspr@zamnet.zm.

The Uganda Debt Network Assesses the 2003-04 Uganda Budget and Its Relationship to Poverty

A recent analysis of the 2003/2004 National Budget of Uganda contends that the government's commitment to reducing poverty is more rhetorical than financial. Issued in March by the Uganda Debt Network (UDN), an advocacy and lobbying coalition of NGOs and individuals, the report assessed the budget's conformity to the poverty-reduction goals contained in the Poverty Eradication Action Plan. Despite assurances in both the 2003 budget speech and the background to the budget that priority would be given to key poverty-reduction sectors such as agriculture, roads, education, and health, the report found that the 2003-04 budget spends less in these areas than on public administration and defense.

Beyond allocation priorities, the report identified several factors that can undermine efforts to reduce poverty. For example, multiple supplemental budgets (often adopted to make up for unbudgeted spending by the public administration and defense sectors) erode the influence of various stakeholders on the budget process and lead to budget cuts in areas important for development and poverty reduction. Also, in areas such as the health sector, money is simply not being spent effectively. Another concern is that transfers to local governments do not seem to reflect the fact that poorer regions have greater needs.

To address some of these problems, the report urges the government — in conjunction with various stakeholders — to look at budgetary efficiency and reassess budget priorities. UDN contends that the government is spreading itself too thin and should adopt cutbacks in sectors that are not vital to the country's poverty-reduction and infrastructure-development goals.

To read the report, click [here](#).

Report on the Decentralization of Resources in Mexico, CIDE, Mexico

The Center on Research and Teaching in Economics (CIDE), an academic institution based in Mexico City, has issued a new report, *Judicial and budget appraisal of branch 33 (Ramo 33) federal program: A stage in the evolution of federalism in Mexico*.

Implemented in 1998, Ramo 33 represents a significant step toward decentralizing resources to lower levels of government in Mexico. It includes all the federal contributions to federal and municipal entities and seeks to expand the provision of basic public goods and services through the direct involvement of state and municipal governments.

Jorge Ortega, author of the CIDE report, examined the judicial underpinnings of the seven funds that integrate Ramo 33 into the national budget. Although the decentralization of resources generated through this program has been very important, the criteria and formulas for distribution are questionable from a legal standpoint. In some cases, the degree of discretion in allocating resources has translated into lack of transparency in the distribution of funds.

The report calls for a national strategy that both promotes improvements in state laws on public planning, acquisitions, and budget responsibilities and provides a legal and institutional framework to improve administrative capacity by ensuring the efficient and transparent application of public funds. Improving Ramo 33, the report argues, involves taking a closer look at the formulas and criteria for allocating resources, as well as applying resources at the state and municipal levels more effectively. The report outlines a series of recommendations to achieve these goals, including:

- establishing resource distribution formulas that promote quality and efficiency in service delivery
- rewarding the revenue collection efforts of states and municipalities
- helping the lower levels of government gradually gain economic independence from the federal government
- offering states and municipalities greater flexibility in determining the uses of resources
- establishing concrete commitments from states and municipalities to update the legal and institutional frameworks regarding their fiscal, and related responsibilities as a prerequisite for receiving and administering federal funds

For more information, contact Laura Sour at CIDE at laura.sour@cide.edu.

Indian Budget Groups Criticize India's 2004-05 Union Budget

India's new Union Progressive Alliance (UPA) government recently released its 2004-05 budget. This comes on the heels of the government's announcement that it will follow a Common Minimum Program aimed at generating economic growth of 7 to 8 percent per year in order to expand employment, enhance the welfare of farmers and farm workers, and empower women and provide full equality.

In a speech before parliament, M.D. Mistry of the Indian civil society organization DISHA challenged the government's commitment to these principles in its new budget. According to DISHA, no more than 11.2 percent of the budget is dedicated to the social sector, whereas defense receives 13 to 14 percent of allocations and interest payments account for 28 to 29 percent. This is in spite of the finance minister's highlighting of the pro-poor policies in the country's Budget Highlights, which Mistry said deliberately misrepresented the actual numbers in the budget.

In fact, Mr. Mistry stated, the 2004-05 budget is similar to the budgets of the past ten years in its failure to adopt pro-poor policy priorities.

Also sharply critical of the 2004-05 budget was the Centre for Budget and Government Accountability (CBGA), which pointed to the large gaps between the government's promises in its budget speech and in the actual budgetary allocations. Some of the most striking gaps occurred in the education and health sectors. Despite assurances in the budget speech that the revenue of a new tax would be committed entirely to funding universal primary education and the mid-day meal scheme, funding for these projects has not increased at all from the interim 2004-05 budget. In the health sector the story is similar: despite a promise in the finance minister's budget speech, there is no mention in the budget of the proposed health insurance plan for the poor.

To know more about budget groups in India, go to:
<http://www.internationalbudget.org/groups/india.htm>

New in the IBP Library

New Allocation for ARV Treatment: An Analysis of 2004/5 National Budget from an HIV/AIDS Perspective

By Alison Hickey, Idasa

This report provides an initial assessment of the funding framework established in South Africa's 2004/2005 budget for the government's response to HIV/AIDS. It examines the new allocations for the anti-retroviral (ARV) treatment program, as well as other HIV/AIDS conditional grants. Given that the budget contains a 134 percent increase in funding for provincial health departments for HIV/AIDS programs, the provinces will be under sizable pressure to deliver results.

The report analyzes each province's share of the total ARV funds, the criteria used in apportioning these funds, and key budget issues associated with the new ARV funding stream. Rolling out the massive ARV program will create challenges for intergovernmental fiscal relations and provincial capacity that must be addressed if the program is to succeed. The report also looks at how the large increases in HIV/AIDS allocations compare to the overall national budget and to spending in the health sector generally.

Announcements

IBP TRAINING IN BANDUNG, INDONESIA

The International Budget Partnership will hold an introductory training on applied budget work in Bandung, Indonesia, on 1-3 December 2004. The three-day event will provide an overview of applied budgeting, giving participants a sense of the importance of applied budget work as well as the range of opportunities available in the field. We also will highlight several organizations doing quality work in this area. Participants in earlier trainings have found the training a useful opportunity to explore this growing field and meet people from around the world interested in it as well. The seminar is intended for new staff of existing budget groups, as well as for managers of organizations that want to start engaging in budget work. Participants must provide their own transportation to Bandung, while the IBP will provide accommodations and most meals. Space for the program is limited. For more information, contact Jim St. George at stgeorge@cbpp.org.

ECONOMIC, SOCIAL, AND CULTURAL RIGHTS PROGRAM

The Third Global Linking & Learning Program on Economic, Social, and Cultural Rights will take place in Alcochete, Portugal, on 1-10 December, 2004. The program is organized by the Asian Forum for Human Rights and Development (Forum Asia), International Human Rights Internship Program, International Network for Economic, Social and Cultural Rights (ESCR-Net), Dignity International with support from NOVIB, Oxfam Netherlands, and the Ministry of Foreign Affairs of Finland.

The program's overall goal is to strengthen the knowledge and skills of those working to empower people living in extreme poverty through the adoption of a human rights framework and thereby help build the capacity of grassroots movements to promote and defend basic ESC rights.

For further details please click [here](#). Application forms should be sent to Dignity International no later than August 15, 2004, either by email to applications@dignityinternational.org by fax: + 351 21 08 78 400, or by ordinary mail to Dignity International, Vivenda Metta, Avenida do Canto do Pinheiro, P-2890-154 Alcochete, Portugal.