Case Study: Results of Latin American Budget Transparency Index

A team of independent researchers recently released the results of a groundbreaking study measuring budget transparency and participation in the budget systems of Argentina, Brazil, Chile, Mexico, and Peru. According to the transparency index developed for the study, the budget systems in all five countries generally fall far short of providing sufficient opportunities for citizen participation, ensuring adequate accountability, and offering accessible and timely information to the public.

"Three important aspects of governance are citizen accountability and the accessibility and timely publication of government information," observed two of the report authors, Juan Pablo Guerrero of the Mexican institution CIDE and Helena Hofbauer of the Mexican group Fundar. "The weaknesses we found in all three areas and in all five countries suggest the fragility of the democratic relationship between the government and society. The problems uncovered by this report should be addressed with a sense of urgency."

Notwithstanding this general conclusion, the results do show significant differences in budget transparency between the countries covered. Chile achieved the highest overall rating in terms of its level of budget transparency, receiving an average rating of 5.9 points out of 10. Argentina, Brazil, and Mexico all received scores of about 5.0, and Peru received the lowest rating, with an average score of 3.7.

The first part of the study consists of a survey that was conducted in the five countries based on an index of budget transparency. The second part of the study consists of an independent review of the legal framework for transparency in each country. Legislators, civil society, and other key users of the budget outside the executive branch were asked to
rate their country's performance on a host of budget transparency-related issues, ranging from opportunities for citizen participation in the formulation stage to the impact of audit reports on budgets. Their responses were tabulated to form the budget transparency index.

The researchers who developed the survey and prepared the study came from some of the leading academic and non-profit institutions in Latin America: Citizen Power in Argentina; the Brazilian Institute for Social and Economic Analysis (IBASE); the Economics Department at the University of Chile; the Research Center of the Pacific University in Peru; and, in Mexico, the Center on Research and Teaching in Economics (CIDE), and the groups Gender Equity and Fundar.

This effort is part of a broad initiative on budget transparency that is being undertaken by researchers around the world with the assistance of the International Budget Partnership of the Center on Budget and Policy Priorities in Washington, D.C. This study and the Center’s assistance are both funded by the Ford Foundation.

The study was released simultaneously in each of the countries concerned on December 5th, and received substantial media attention. Last week the results were presented at a press conference in Washington, D.C. and at briefings hosted by Inter-American Dialogue, the World Bank, and the Inter-American Development Bank. Go to the press release, full-report, and slide-show used in the briefings. The study results are available in Spanish on CIDE’s website click on “transparencia presupuestaria.”

Introduction to Applied Budget Work Seminar

For the last three years the International Budget Partnership has held an introductory seminar on applied budget work hosted at an established civil society budget organization. In 2001, the seminar took place from 28-30 November at the Center on Budget and Policy Priorities (CBPP) in Washington, D.C. The seminar focused on developing skills that civil society organizations can use to engage in applied budget work, which is a combination of budget research and advocacy. The agenda included sessions devoted to the U.S. budget process and the role of the CBPP, as well as techniques and strategies relevant to applied budget work in any context.
Seminar participants included both new and experienced staff and leaders of civil society budget organizations around the world. Participants were drawn from the Beijing University, China; Centro de Cultural Luis Freire, Brazil; Fundar, Mexico; Fundemos, Nicaragua; Institute of Democracy in South Africa (Idasa); Institute of Public Finance, Croatia; Korean Citizens Against Public Waste, South Korea; Nicaraguan Coalition of Civil Organizations, Nicaragua; Poder Ciudadano, Argentina; Polis, Brazil; St Petersburg Center of Humanities and Political Studies (Strategy), and the World Bank.

In the closing session participants identified a set of key success factors to strengthen civil society budget work in most contexts. These include organizational independence; timely, accurate and accessible analyses; effective information dissemination; alliances with civil society, the media and legislators; flexible political strategies; and communication between the projects within an organization.

Seminar participants were also able to attend the ninth annual conference on U.S. state fiscal issues, held from December 2-3 hosted by the CBPP’s State Fiscal Analysis project. This meeting centered on fiscal challenges facing U.S. states in the context of the country’s recession. Workshops included an overview of state tax systems; the impact of recent federal tax cuts on state estate and income taxes; economic development tax initiatives; and anti-poverty strategies. The conference also offered the IBP participants the opportunity to interact with many budget non-government groups that are part of the State Fiscal Analysis network. The materials from these workshops are being organized in a CD-ROM, for more information, contact Makeda Harris at harris@cbpp.org.

**Major Review of Poverty Reduction Strategy Papers Approach**

The International Monetary Fund (IMF) and World Bank are conducting a comprehensive review of both the content and process of the Poverty Reduction Strategy Papers (PRSP) approach. PRSPs were adopted in 1999 with the aim of strengthening the impact of the common efforts of donors and poor countries in reducing poverty. The review will assess progress to date and strategies for improving the approach, and will be completed in time for the 2002 Spring meetings of the Bank and Fund.
For the review, the Bank/Fund are requesting inputs from a number of sources, including evaluations by external parties, analyses by Bank/Fund staff and the views of governments and other stakeholders from countries engaged in the PRSP process. As part of the review process, four regional country fora were held towards the end of last year in Senegal, Vietnam, Hungary and Bolivia. The International Budget Partnership was invited to participate in the Hanoi meeting that took place from December 4-6 2001. The IBP’s plenary input focused on strengthening the connection between poverty reduction strategies and budgets by taking advantage of the growth of civil society budget work.

The inputs and submissions to date served as background to a major international conference on the PRSP approach held in Washington, D.C. from 14-17 January 2002. At the first plenary session, the range of views conveyed to the Bank and Fund during the review process was presented. Major themes covered in other plenary sessions of the conference included reports from the regional meetings; evaluations of the participation of domestic government, parliaments and civil society in the PRSP process; public sector poverty reduction strategies; and the role of donor agencies.

The International Budget Partnership and several other civil society budget groups participated in several conference sessions. Warren Nyamugasira, the National Coordinator of the Uganda National NGO Forum, spoke at the plenary session on participation of domestic stakeholders and external partners. Anesti Kashta, Executive Director of the Albanian Institute for Fiscal Education spoke at a breakout session on PRSP governance, Dominique Njinkeu of the Nairobi-based African Economic Research Consortium was a panelist at the breakout session to evaluate public actions for poverty reduction. Charles Abugre of the Integrated Social Development Center (ISODEC) in Ghana spoke at a breakout on the IMF’s poverty reduction and growth facility.

The International Budget Partnership chaired a breakout session on public expenditure policies and management that featured speakers from the Ministries of Finance in Armenia and Sri Lanka and public expenditure management specialists from the Bank and Fund. The session focused on ways to improve the effectiveness and efficiency of expenditure to improve social outcomes. The IBP also spoke at a related conference for Bank/Fund staff on January 18, 2002 on demystifying accountability mechanisms and budget processes in the context of PRSPs. The input focused on the innovative work of civil society budget groups around the world as an opportunity to more tightly link PRSPs to budgets.

The Deputy Secretary-General of the Commonwealth Secretariat, Winston Cox, chaired a panel discussion dedicated to Civil Society’s role in macroeconomic issues and accountability. Panelists included representatives from the Catholic Relief Services; Friends of the Earth; Malawi Economic Justice Network; the Kenyan Ministry of Finance and Planning; and TUCTA, a trade union in Tanzania.

Organizations or individuals wishing to participate in the review of PRSPs are encouraged to send comments to Sharon White at the World Bank at swhite@worldbank.org; Brian Ames at the IMF at bames@imf.org; or to Bank/Fund representatives in PRSP countries at prsp@imf.org or prsp@worldbank.org.
Update on Poder Ciudadano’s Budget Work in Argentina

Following their program to establish a participatory budget in the city of Buenos Aires, Poder Ciudadano sent a letter to the Argentine Minister of Economy, Jorge Remes Lenicov, and to the Minister of Education, Graciela Giannettasio, to suggest the incorporation of citizen participation in the formulation and auditing of the national budget. "The budget is the law that defines the quality of life of the citizens and the tool that allows society to control the management of the government regarding the allocation of public resources." The letter argued that the national budget debate must be public, the information that is generated must be open and clear, and participation mechanisms should be explored.

According to Carlos March, Executive Director of Poder Ciudadano, the main recommendation of the letter is to create an institutional mechanism to incorporate participation both in the formulation and auditing of the budget. In the case of the Ministry of Education, for example, the Ministry only included provincial education representatives and national university principals in the formulation debate of this year's budget. Poder Ciudadano believes that opening the debate to a larger audience including the teaching community, professional associations, and civil society institutions can strengthen the educational system.

For more information, contact Miguel Pellerano at: mpellera@ciudad.com.ar.

New Budget Website Resources

**FUNDAR, Center for Analysis and Research**

based in Mexico City, has recently updated its website. It now offers information in Spanish on their research projects and publications, including the "Latin American Budget Transparency Index," and other important papers on pro-poor and gender budget analysis. To visit Fundar's website and learn more about the Center's work click here, or visit the Related NGOs section on the IBP website.

**St. Petersburg Center of Humanities and Political Studies (Strategy)**

based in Russia, recently launched a website to illustrate the progress of the program "City residents and authorities setting the course for cooperation. A budget people can understand and influence." The program is in its third phase and works to develop the participation of nongovernmental organizations and to improve budget transparency in the budgets of St. Petersburg, Murmansk, Petrozavodsk, Velikie Luki, Pskov, Samara, Novosibirsk and Yuzhno-Sakhalinsk, and other Russian regions. To go to the English or Russian versions of the website click here, or visit the Related NGOs section on the IBP website.

**The Center on Budget and Policy Priorities (CBPP)**

has recently launched a website that features its state fiscal work. The website provides state-focused reports, data, and analysis. The website also contains the work of several state-based budget groups that are of the State Fiscal Analysis Initiative coordinated by CBPP. The materials available reflect the work of the network to foster sound budget and tax programs through research, analysis, and dissemination of information, with particular emphasis on policies affecting low - and moderate - income people. To visit the new state fiscal website, click here.
Announcement: A Guide to Budget Work for NGOs

Bound copies of the International Budget Partnership’s *A Guide to Budget Work for NGOs* are now available. This is a comprehensive description of the basic principles of applied budget work, examples of useful resources, and best practices. The guide includes a colorful easy-to-read format that makes it an important resource for nongovernmental budget organizations and researchers. The guide includes internet links to supporting materials -- in the form of documents, presentations, and budget training outlines -- that are referenced throughout the guide. Each book also includes a CD-ROM containing a full set of these supplementary materials for those for whom internet access is unavailable, limited, or costly.

If you would like to obtain a copy of the bound version of the guide and the accompanying CD, please contact Rocío Campos at campos@cbpp.org.

To visit the online version of the guide, click here.