

BUDGET WORK AND DEMOCRACY BUILDING
The case of IBASE in Brazil

Paolo de Renzio
Jim Shultz

Case study prepared for the research project

**Lessons from Civil Society Budget Analysis
and Advocacy Initiatives**

May 2006

CONTENTS

1. Introduction.....	3
2. Brazil and its budgets	Error! Bookmark not defined.
3. IBASE: Democratization as a mission.....	6
4. IBASE's strategic approach to budget work.....	8
5. IBASE's budget activities	Error! Bookmark not defined.
5.1 Analytic work.....	Error! Bookmark not defined.
5.2 Capacity building.....	Error! Bookmark not defined.
5.3 Mobilization of civil society networks	17
5.4 International activities	18
6. IBASE and its key relationships	Error! Bookmark not defined.
6.1 Relationships with civil society.....	19
6.2 Relationships with the media	19
6.3 Relationships with government.....	Error! Bookmark not defined.
7. The Impact of IBASE's budget work.....	Error! Bookmark not defined.
7.1 On civil society and democratic development	21
7.2 On media coverage.....	22
7.3 On public policy.....	Error! Bookmark not defined.
8. Lessons from IBASE's budget work	Error! Bookmark not defined.
8.1 In what areas has IBASE been successful?.....	23
8.2 What challenges has IBASE faced?.....	25
8.3 Where does IBASE have unmet potential?	Error! Bookmark not defined.
Annex 1: List of People Interviewed	Error! Bookmark not defined.
Annex 2: Detailed Analysis of Expenditure Trends	Error! Bookmark not defined.
Annex 3: Expenditure Tracking–Panchayat Case Study.....	3Error! Bookmark not defined.

BUDGET WORK and DEMOCRACY BUILDING: The Case of IBASE in Brazil

Paolo de Renzio and Jim Shultz¹

1. Introduction

In 2005 the International Budget Project and the Institute for Development Studies initiated a joint effort to study the experience of civil society budget work in six countries around the world where civil society organizations have undertaken that work for a significant period of time. These include: Brazil, Mexico, Uganda, Croatia, India, and South Africa. This report is the study of that experience in Brazil, focusing on the work of one group, the Brazilian Institute for Social and Economic Analysis (IBASE).

To undertake this study two researchers traveled to Brazil for nine days in February and March of 2005 to carry out a series of detailed interviews. These included the IBASE staff that lead its work on budget issues; IBASE's executive director; a member of IBASE's board; a wide variety of leaders from other Brazilian civil society organizations that work with IBASE or form important parts of its constituency; local budget activists; staff in the Brazilian Federal Government; a member of the Rio de Janeiro city council; journalists; academics; a key IBASE funder; and many others familiar with and in a position to comment on IBASE's work. They also reviewed a full set of written and on-line materials associated with IBASE's work. These included: budget reports and newsletters, IBASE's distance learning curricula, IBASE news clips, and other material. A complete list of those interviews and of the materials reviewed is included at the end of this paper.

The purpose of this review was to analyze IBASE's experience with budget work—and specifically its focus on building citizen budget literacy and engagement—to see what lessons its experience holds for other groups seeking to follow a similar strategic path.

¹ Paolo de Renzio is a Research Fellow in the Poverty and Public Policy Group of the Overseas Development Institute (ODI) in London, and Jim Shultz is the Director of the Democracy Center in Cochabamba, Bolivia.

2. Brazil and its budgets

Brazil is the largest country in Latin America, with a population of about 175 million, a well-developed industrial economy, and a vibrant civil society. It is one of the largest middle-income countries in the world, which are contributing to re-shaping the global economic order through their increased negotiating power and their alliance with other large middle-income countries (China, India, South Africa, etc.), and in representation of poorer citizens with little voice in international arenas.

Brazilian civil society, including the Brazilian Institute for Social and Economic Analysis (IBASE) which is the subject of this case study, grew from the 1960s and 70s out of the resistance against the military dictatorship. Brazilian CSOs, at that time, worked mostly at the grassroots level in a semi-clandestine way, sensitizing social groups about the fight for democratization of Brazilian society, and for access to services and citizenship rights. After the end of the military regime, in the 1980s, civil society flourished, and started engaging in a series of other themes, from the environment to children's rights, to racial discrimination. Trade unions, in particular, became very important, and until today the national trade union congress (CUT, *Central Única dos Trabalhadores*), remains an influential player. Even during this phase, however, relationships with the authorities were antagonistic and tense.

During the 1990s the situation has evolved in a number of ways. First of all, the Constitution of 1988 created participation mechanisms for civil society to play a more active part in public policy formulation and implementation. Governments at all levels, as a consequence, started putting in place different programs aimed at enhancing civil society participation. Secondly, the institutional capacity and professionalism of civil society organizations increased substantially, which contributed to their increased role and public projection. Finally, ongoing changes at the international level, including the reduction in aid flows to the Latin American continent, forced Brazilian CSOs to look for more diversified funding sources, and for different partnerships at the international level.²

As can be seen, civil society in Brazil has definitely played a critical role in the transition to democracy, and continues to play a key role in its deepening. The rise of an informed, participatory and responsible citizenship in such a short period of time is an impressive achievement given the authoritarian background of Brazil's history.

The Brazilian Budget System

The Constitution of 1988 spells out some of the basic principles of public financial management. At present, there are three levels where budgets are formulated and approved: the Union or federal level, the State level, and the Municipality level (Brazil is sub-divided into 27 states and about 5500 municipalities). At each level, the three

² For further details, see P. C. Pontes Fraga, *As ONGs e o Espaço Público no Brasil*, mimeo, and D. Armani, *Breve Mapa do Contexto das ONGs Brasileiras*, ABONG (<http://www.abong.org.br/>).

main instruments of budget policy are the Multi-Year Plan (PPA), which sets out the main government policies and objectives for a period of four years, the Budget Framework Law (LDO), which on an annual basis sets out the main parameters of the budget framework, including broad revenue and expenditure categories and an assessment of existing risks, and the Annual Budget Law (LOA) which, following from the previous two, details the resources to be made available to the various government agencies for their respective purposes. Civil society participation is formally channeled through sectoral councils, which are established at the three levels to gather views from non-governmental actors on policy and budget-related matters. Another important instrument of budget policy, approved in 2000, is the Fiscal Responsibility Law, which places debt repayments as first priority for resource allocation, and introduces the concept of primary fiscal surplus, which a government is forced to achieve in order to repay its existing debts.

Despite its huge economic and human potential, Brazil is still characterized by high levels of poverty, especially in the Northeastern regions, and by a degree of inequality among the highest in the world. Elitist politics have often kept civil society outside of government and policy circles, offering few avenues for meaningful participation. Moreover, economic policy in recent years has been very focused on maintaining fiscal austerity and on the protection of vested interests in big business, the financial sector, and public enterprises.

In terms of civil society participation in the budget process, Brazil is famous worldwide for its pioneering of participatory budgeting (PB) techniques, which were first introduced in the southern town of Porto Alegre, under a mayor belonging to the Workers' Party (PT). PB sets up a system through which the municipal government engages in dialogue with citizens' groups in different neighborhoods to define local investment priorities, which are then included in the municipal budget. Many other Brazilian towns have now adopted a similar system. It is important to understand that PB is a government-led initiative. Specific channels of dialogue and negotiation with civil society groups are opened by the government in order to define budget priorities using a certain share of local investment funds.

This is quite different from other civil society initiatives that are aimed at influencing overall budget policies and monitoring their implementation, regardless of the executive's openness. Civil society budget work outside of a PB process usually focuses more on the legislative branch of government. This distinction will become more relevant when IBASE's budget work is described later in this report.

The Brazilian Index of Budget Transparency³

As part of the Latin American Budget Transparency Index project, in 2003 IBASE published the Brazil report, which details the degree of transparency and public access to budget information in Brazil. At the regional level, Brazil scored among the best countries, behind Chile and Costa Rica.

In particular, the areas in which Brazil scored well were: (a) *availability of information on the macroeconomic framework* on which the budget is based, which is regularly

³ Adapted from IBASE, *Índice Latino-Americano de Transparência Orçamentária: Relatório Brasil*, 2003.

made available through the Government's information system and presented by the President to Congress; (b) *role and participation of the legislature in the budget process*, despite the fact that Congress does not hold public audiences on budget issues; and (c) *quality of information and statistics*, which is an area in which the Government has invested much and where there are well-respected and well-functioning institutions.

On the other hand, areas where specific weaknesses were identified are: (a) *internal control and audit*, given the high number of corruption and malfeasance cases brought to the public attention; (b) *information on the federal debt*, which is usually not made publicly available as it is the object of much internal negotiation with International Financial Institutions; and (c) *citizen participation in the budget process*, where Brazil's score, albeit quite low, was the highest in the region, and had increased significantly since 2001.

The election of Luiz Inacio Lula da Silva of the PT as president in 2003 generated great expectations within civil society about greater openness and participation, a more flexible approach to fiscal austerity and a greater focus on social programs designed to combat poverty, create more wealth and distribute it more equally. Early indications were that a PB approach was going to be introduced at the federal level, following the municipal and state-level experiences in Porto Alegre and elsewhere. However, many of these expectations were frustrated, as the Lula government, under pressure from the IMF and foreign lenders, continued to stick to fiscal austerity rules. The result was a preemption of the PPA consultations carried out country-wide in 2003, the recommendations of which were not endorsed by the government in the final version of the PPA.

In more general terms, there is a general perception in Brazil that despite some clear policy breaks with previous governments, the Lula government has not yet managed a clear break away from its predecessors' strict neo-liberal policies toward a more socially-oriented agenda. This could be partly due to existing macroeconomic constraints and external pressures, but some quarters attribute it to the victory of a wing of PT that is sympathetic to the economic orthodoxy. In this respect, civil society, while still giving Lula the benefit of the doubt, has started developing alternative strategies for pushing a more progressive agenda.

3. IBASE: Democratization as a mission

IBASE was founded in 1981 in Rio de Janeiro by a group of activists who were exiled during the years of dictatorship, which ended in 1985. Among them was Herbet José de Souza (Betinho), a prominent sociologist and activist. Betinho, founder of *Acção Popular* in the 1960s, during his years in exile was a speechwriter for President Salvador Allende in Chile. He later lived in Canada for many years, where he became convinced of the importance of the role of civil society in democratization (one of his mottos was 'Instead of conquering the state, let's conquer society!'). Back in Brazil he became IBASE's main public face and promoter until his death in 1997. Along the way he also helped create a number of other important Brazilian social and political organizations, such as the Workers' Party (PT), the trade unions'

association (CUT), and the landless movement (MST). His moral and intellectual stature contributed to the widespread respect and support that IBASE still enjoys today, and his legacy still guides the organization's objectives and focus on strategies for a deeper democratization of society.

IBASE calls itself an '*organization of active citizenship*', whose main objective is '*to contribute to a democratic society, where all relations are based on the ethical principles of equality, freedom, participation, diversity and solidarity*'. Democracy, participation, rights and citizenship are words that recur very frequently in all of IBASE's documents, and in the discourse of its staff.

Since the early days of political struggle for the return to democracy in Brazil, IBASE has promoted a number of local and national campaigns, with which its name is very closely associated. These include: Agrarian Reform (1983), Against Racism (1989), for Ethics in Politics (1992), for Childhood (1992), for the Rio Social Agenda (1996), and for Social Audits in private enterprises (1997). IBASE is also one of the main promoters of the World Social Forum, which annually brings together citizens' groups from around the globe to discuss and share more democratic alternatives to the existing dominant socioeconomic order. The Forum meets under the banner, 'another world is possible'.

Throughout its history, IBASE's work has been characterized by three fundamental approaches which, as we will later describe, also drive its approach to budget work:

- a) **Serving as a Catalyst for Networks and Coalitions:** Helping bring new issues to the public agenda and then taking a backseat and letting others take the lead once those issues become recognized.
- b) **Building the Capacity of Other Civil Society Actors:** In lieu of focusing on direct lobbying and advocacy of its own, IBASE works toward building the skills, knowledge and capacity of others.
- c) **Promoting Access to Information as a Key Element of Democratization:** For IBASE expanding access to and understanding public issues is essential.

IBASE's 2005 Plan

The 2005 Plan specifies eight activity areas for IBASE:

- 1) **World Social Forum process** – Consolidate the process of dialogue among involved groups and strengthen their capacity to criticize the prevalent neo-liberal model;
- 2) **Democratic Alternatives to Globalization** – Develop strategic alternatives for a post-neoliberal agenda; promote dialogue among Latin American actors; and participate in campaigns for the democratisation of multi-lateral institutions;
- 3) **Civil Society Participation in the Public Space** – Active monitoring of civil society participation during the Lula government;

- 4) **Monitoring of Public Policies** – Democratization of the public budget through budget forums at local and national levels; training and distance learning on budget-related issues; and information campaigns and dialogue on the role of the National Development Bank (BNDES) in promoting national development objectives;
- 5) **Democratization of Cities** – Involve and capacitate local actors in dialogue on ‘right to city’ issues, such as violence, employment, gender, youth and environment; promote research on the role of youth on public policy and participation;
- 6) **Food Security** – Training of actors involved in food security issues; participation in Food Security Councils at national and local levels; and promote research on family food consumption;
- 7) **Solidarity-based Economy** – Promote a conception of employment as a source of citizenship, with a focus on mechanisms for production and distribution of wealth, mostly for family agriculture and local cooperatives; and participation in the Brazilian Solidaristic Economy Forum;
- 8) **Social and Ethical Responsibility of Firms** – Enhance civil society knowledge and capacity in the area of Corporate Social Responsibility, and of IBASE’s Social Audit model; and participation in the Latin American network on CSR.

As one can easily see, IBASE’s budget work is a fairly small component of its overall range of activities. In terms of staff, it is currently based on the work of five full-time staff members, out of a total of more than 50 in the entire organization. IBASE’s budget work is also quite different in its nature and content, as will become clearer in the next section.

4. IBASE’s strategic approach to budget work

It is important to note at the outset that IBASE's strategic approach to budget work differs substantially from that used in most countries where civil society groups have undertaken significant efforts on budget issues. The essence of that strategic approach is a focus on building citizen interest and understanding of budget issues, as opposed to specific analytic efforts or targeted efforts to change or influence government budget policy. This is important also in terms of distinguishing how the strategic approach to budget work is different from IBASE’s heavy focus on campaigns in many of the other areas in which it works. In the budget area, advocacy and campaigns are often carried out by other organizations, or networks of organizations that use information and analysis generated by IBASE, and of which IBASE may be part (such as the Brazil Budget Forum). In this sense, measuring the impact of IBASE’s budget work is quite difficult, and may require an approach significantly different from methods examining more advocacy-oriented organizations.

In many countries, civil society budget work follows a formula that looks like this: a specific issue is identified (maternal health, for example); an analysis is prepared outlining the problem and suggesting a policy solution; a coalition and campaign are launched to promote that solution; and the groups engage in a series of media and lobbying activities to press for policy change.

IBASE's strategic approach to budget work does not follow this model. In keeping with its overall approach, IBASE budget work is, first and foremost, an instrument of democracy building. That orientation is an attitude that permeates everything IBASE does on budgets. As it writes in the introduction to one of its citizen guides (for its 'Mayor for a Day' training program):

It is worth noting that citizens mobilize for elections but do little to know how public funds will be spent. Elections and public budgets are two sides of the same coin. On the one side we choose the best government proposals...on the other we see what actions will be implanted and how much money they will require.

As the Brazilian Ford Foundation representative noted, 'Budget work is about translating power into numbers.' IBASE's approach to budget work is about putting that basic budget information into public hands, on the assumption that eventually power will follow. As, noted, IBASE's focus is not so much about changing specific policies in the short-term but to engage in a long-term process of putting budget information and ultimately budget power, into the hands of the general citizenry.

As with its other efforts, IBASE's budget work is rooted in Brazil's history as a dictatorship-turned-democracy, and as a birthplace of the Catholic traditions of liberation theology and base communities in which the poor self-organized to demand justice. IBASE translates those broader movements into the language of public policy. Betinho spoke of hunger, and IBASE then translated that into food policy.

IBASE's director, Cândido Grzybowski, speaks in terms of helping citizens to occupy public spaces for participation. IBASE's aim is to open up those spaces and help citizens occupy them in an informed and effective way. It is an approach that seeks a change of citizen culture toward budgets, from 'pay your taxes and don't worry' to genuine 'social control over public spending', as a member of the Rio de Janeiro Budget Forum put it.

It is a strategic approach based on the following five main elements:

a) A Focus Not on Specific Analysis or Campaigns, But on Putting General Information Into People's Hands

IBASE does not undertake highly specific budget analysis, nor does it lead specific budget issues campaigns. Instead, IBASE's chief priority is to get solid-quality *general* budget information into people's hands. It operates with a faith that if regular citizens are empowered with the overall facts about budgets, ultimately citizens will find a way to take more control over public budgets. What IBASE does, observed Ana Toni of Ford, is 'plant seeds.'

This approach raises two questions among some observers of IBASE's work. First, in terms of direct impact on public policy, this approach is essentially an act of faith. With a few small exceptions, IBASE cannot demonstrate specific impacts on public policy, nor does it pretend to.

IBASE's impact, therefore, has to be measured in other ways. Second, there is a question about whether there is a public demand for budget information equal to IBASE's ability and vision for providing it. IBASE's response has been a strategy to help stimulate that demand by supporting the creation of new civil society instruments for participation.

b) A Focus on Building Broader Civil Society Capacity Rather Than Internal Empire Building

An extension of IBASE's philosophy of putting information and power into the hands of others is its role as a catalyst and supporter of other civil society efforts to address budget issues. Where some organizations working on budgets or other issues might seek to grow internally, IBASE has a very clear strategy of expanding civil society capacity by helping create projects outside IBASE. This is illustrated later in this report.

Both IBASE staff members and observers outside of IBASE noted that this approach of building outside rather than within comes at an institutional cost. IBASE's budget staff of five professionals is small given both the size of the country and the breadth of possible work on budgets. This limits IBASE's ability to take on additional aspects of budget work, such as direct advocacy, organizing, and more media coverage. It also limits IBASE's ability to expand to new areas of budget work that it has identified as key priorities, such as tax issues.

c) A Focus on General Public Interest as Opposed to Sectoral Interests

Again, in other countries a common staple of civil society budget work is for budget analysis groups to link arms with specific sectors—labor, women, health, education, etc. Those kinds of alliances link budget analysis to very specific issues and also join budget work with organized power bases with political clout. IBASE's approach to budget work, however, is resolutely non-sectoral. IBASE says that it views people as citizens not as part of a given sector. IBASE is an advocate for the broad principles of transparency, accountability and participation, not specific interests.

On the one hand this non-sectoral approach gives IBASE added credibility. It is viewed as being guided by principles of 'public interest.' A reporter called IBASE's work 'impartial and independent'. On the other hand, as several people observed, this approach divorces IBASE from bases of political power, with policymakers in particular. IBASE's director said while there is a lot of pressure on the organization to focus on various sector interests, IBASE is committed to keeping its focus a broad one.

d) IBASE's Relationship to the Government

IBASE does not maintain or pretend to maintain a significant number of close connections to public budget officials. Because it does not directly lobby and does not play an active role in specific budget debates, establishing these kinds of connections is not of the same priority as it

would be to groups that do engage in direct efforts to influence budget policy.

To the extent that IBASE does directly engage government officials, it is largely through other networks that it has helped to found and supports, such as the Rio de Janeiro Budget Forum. In these cases, IBASE and its allies use an 'inside/outside' approach in their relationship to government at different levels. On the one hand, as one member of the Municipal Assembly in Rio de Janeiro observed, they work directly with members (mostly from the opposition party) to comment on budget proposals and suggest amendments. On the other hand, the groups apply pressure from the outside through media and public actions.

IBASE's approach to dealing with government officials is independent but not confrontational, in order to prevent conflict that has the potential to 'close doors' that IBASE does not want to close. That does not stop them, they say, from criticizing old allies in the governing party when such criticism is warranted. A reporter noted that when IBASE criticizes the government it is always on the facts, never just to score political points.

e) Computers and Computer Literacy: An Essential Tool

IBASE was a pioneer in the introduction of the Internet in Brazil. Today, IBASE believes that there is an integral relationship between budgets and democracy-building on the one hand and computer literacy and access on the other. It is a relationship that could be summed up this way:

Citizen involvement with budgets is key to building democracy. Computers and the Internet are key tools for getting people access to budget information. Popular computer literacy and access are therefore an essential part of promoting popular participation on budget issues, and also of building democracy.

'Through the internet people become actors not just spectators', a young organizer from Digital Society, a project spun off from IBASE, noted. Putting budget information on the Internet is not enough, the group says. You also need to train people on how to access and use that information and address the lack of access to computers and the Internet in poor communities. Digital Society, as described in more detail below, is doing that by establishing community computer centers in local churches and similar facilities.

5. IBASE's budget activities

IBASE's budget work started in the early 1990s as a consequence of a number of factors. The Constitution of 1988 included some basic principles of public financial management. This brought attention to the public budget as an important avenue of policy-making, and to the necessity of 'opening the black box' of budgets to allow civil society to better understand and influence spending decisions and their impact on people's livelihoods.

The 1980s debt crisis also highlighted the lack of available resources for needed public investment, and a critical analysis of some big investment projects that failed to contribute significantly to national development objectives.

Some of these questions related to economic management brought IBASE to initiate the 'Budget and Democracy' Project, which the Ford Foundation decided to support from 1990 onwards. IBASE began its budget work by publishing a national budget issues bulletin. In addition to serving the external goal of public education on budget issues, the bulletin also served IBASE's internal goal of allowing IBASE staff to develop a specific competence and expertise in budget analysis, and in raising public awareness of budget-related issues. Since 1991, when the first staff member was recruited to work on budgets, IBASE has been employing an average of three to four people for budget work at any one time, depending on the various active projects, which are described in more detail below.

As can be seen from Table 1, since the beginning of its involvement in budget work IBASE has been active in a number of different areas. The first years, between 1991 and 1995-6, were mostly focused on stimulating public debate on national budget issues and developing training modules to capacitate other civil society organizations. A second phase, between 1996 and 2002-3, saw a much closer involvement with local-level activities, including the creation of forums for budget analysis and advocacy and the development of online databases to access municipal budget data. More recently, since 2003, IBASE has shifted its focus back to the national level, partly as a response to Lula's election as president, as well as part of a renewed emphasis on questioning the broad development choices made by the federal government.

Factors influencing IBASE's decisions on areas of focus

Given this wide variety of activities and the clear shifts in focus over time, it is interesting to look into some of the factors that seem to have influenced IBASE's decisions on what projects to launch, in which initiatives to be involved, and how to use the limited resources that are at its disposal. While the IBASE team could not provide clear-cut answers to these questions, four factors can be singled out in the decision-making process that has determined the focus of IBASE's budget work:

- a) The existence of a clear link between an emerging issue and IBASE's basic philosophy, related to promoting democracy, citizenship and participation (this is, for example, the case for the shift toward local-level involvement in the mid-90s);
- b) The existence of 'demand' for IBASE's involvement in a certain area, in the form of signals or requests for partnerships and assistance from other groups within civil society (such as the increasing demand for training opportunities which led to distance education);
- c) IBASE's own perception and response to political and economic trends (shifting back to the federal level with Lula's election or the recent engagement with BNDES to address wider development policy issues);
- d) The availability of additional financing sources (as in the expansion of local budget work in the municipality of São João de Meriti, where ActionAid had proposed to finance IBASE's involvement).

Table 1. Overview of IBASE's Budget Activities

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
ANALYTIC WORK															
'Budget and Democracy' Bulletin															
BNDES Bulletin															
CAPACITY BUILDING															
Training Courses															
Distance Learning															
MOBILIZATION OF NETWORKS															
Budget Forum – Rio de Janeiro															
Budget Forum – São João de Meriti															
Transparent City															
Brazil Budget Forum – National Level															
INTERNATIONAL ACTIVITIES															
International Budget Project															

Broadly speaking, IBASE's budget work since 1991 can be grouped into four main categories: analytic work, capacity building, mobilization of networks, and international activities.

5.1 Analytic work

Main activities

- a) 'Budget & Democracy' Bulletin
- b) BNDES Bulletin
- c) Analysis of municipal budgets
- d) Study on public expenditure on food security
- e) Other on-demand analytic work

Over the course of more than a decade of work on budgets, IBASE has cultivated and maintained a small core staff (on average three to four people) that has developed significant expertise in the area of budget policy and analysis. A portion of that staff, including its director, has been with IBASE's budget work since the beginning.

It is important to note at the outset that IBASE's budget analytic work focuses almost exclusively on general or long-term analysis of budget issues, rather than on specific budget cycle analysis or analysis tied to specific efforts at policy change. This fits with IBASE's overall approach of focusing on long-term public education on budget issues rather than short-term policy change.

The 'Budget & Democracy' Bulletin was IBASE's main activity and output in the area of budget work during its first few years starting in 1991, and it was produced in 1500 copies on a quarterly basis. It was distributed mostly within civil society organizations, in order to increase the general awareness and understanding of budget issues, provide analysis of government policies, and publicize initiatives to increase civil society participation in budget processes, monitoring and advocacy. The publication of the Bulletin was interrupted in 2000, even though a few more issues were produced in 2001-2. This was partly because IBASE felt that the Bulletin had achieved its original objectives, and partly because another organization, the Institute of Socio-Economic Studies (INESC) had started producing a similar bulletin, and they were much better placed to follow central level issues and debates, given the fact that they were based in the capital, Brasilia.

More recently, IBASE started a new project that will involve analytic work of a similar nature. Since July 2005, it has produced and disseminated a periodical bulletin on policies and projects of the National Economic and Social Development Bank (BNDES), a huge institution with an annual budget which is larger than the World Bank's global lending portfolio. This is a new area that IBASE is focusing on, partly as a consequence of the failure to promote a more participatory budget process at the federal level once the Lula government took power. The perception that many important decisions regarding public investment are taken outside the budget process, within an institution with historically weak ties to civil society and a general lack of transparency has prompted IBASE to launch a process of dialogue between

BNDES and Brazilian civil society, of which the new Bulletin is part. This is intended to emulate a similar process that exists at a regional level with the Inter-American Development Bank and the World Bank. The Bulletin aims at raising awareness about the role of BNDES in national development strategies and at providing information and analysis about important projects sponsored by the BNDES.

Over the course of the years, IBASE has engaged in a number of other initiatives requiring analytic work, such as basic analyses of municipal budgets in Rio de Janeiro and São João de Meriti, or more recently a study on public expenditure related to food security at the federal level.

How IBASE Carries Out Its Budget Analytic Work

Much of IBASE's budget analytic work is related to its past and present bulletins, which cover a series of topics related not strictly to budgets and budget analysis, but to public policy more generally, and its impact on social and economic development in the country.

The old 'Budgets & Democracy' bulletins covered topics as disparate as national development strategies and processes, local participatory budgeting, race, inequality and corporate social responsibility. IBASE staff and invited contributors addressed issues mostly from a sociological perspective, always linking them to their public policy and budget implications and using some basic budget analysis to illustrate the main points.

In its first four issues, the new e-bulletin on 'Democratization of national development drivers' has tackled a number of topics, such as an assessment of the investment choices made by BNDES and their potential impact on social and economic development, a questioning of the transparency of decision-making within BNDES, and the lack of public access to relevant information on its operations. Again, the analysis is from a broad public policy perspective, using budget data only to clarify or support the main arguments.

Despite the fact that the IBASE staff has the necessary skills, for more technical work IBASE tends to utilize external consultants, experts, and academics, concentrating instead on summarizing and re-packaging technical writings for public consumption and dissemination.

5.2 Capacity Building

Main Activities

- Budget training courses
- Budget training materials
- 'Transparent City' Project
- Distance Education
- Training for Journalists

Since its early days, and given its strong focus on capacity building, IBASE has developed a variety of training activities related to budget awareness and monitoring. The two main modules it has developed are called 'Mayor for a Day' and 'Deciphering the Budget', which are constantly revised and updated.

The first is an introductory module aimed at the general public, while the second is a more in-depth program specifically targeted for so-called 'social leaders', to enable them to engage in budget advocacy and monitoring activities at different levels. Over the years, these training courses have been used with different audiences in many different places. Initially, efforts were focused within the Rio de Janeiro metropolitan area, with some extension to other municipalities within the state, such as São João de Meriti. In more recent times, IBASE's direct training activities have been reduced, partly as a consequence of other organizations now being able to provide such training with the material originally developed by IBASE, and partly given the fact that IBASE started providing the same training packages through distance learning programs (see Box below).

IBASE's Distance Learning Program

Since 2002, the two main training modules on 'Social Control of Public Budgets' have been transformed into online distance learning packages that allow people across Brazil to participate in an in-depth budget training via the Internet. More than 350 people participate in the program each year. Currently, one full-time IBASE staff and one external collaborator devote their time to managing distance learning programs and supervising students online.

The first module, 'Mayor for a Day', focuses on general topics such as politics and institutions, citizenship and participation, and the basics of budget-making, linking personal experience with public policies at the municipal level. It also asks participants to formulate a basic municipal budget by pretending that they are the mayors of a small town, responding to pressures from different constituencies and complying with federal regulations and guidelines. The second module, 'Deciphering the Budget', shifts attention on ways to access information on municipal budgets, interpreting them and lobbying local officials on specific issues. The style and content is designed to be very easily understood and to relate to people's everyday lives. In this sense, it is specifically catered to local groups across Brazil who are not only interested in knowing more about budgets and public policies, but also have a possible interest in finding ways to influence policy-making at the local level.

Moreover, IBASE has developed a searchable online database ('Transparent City') that contains all budget information for these two municipalities. This was done with the belief that it would greatly enhance civil society access to budget information and therefore its capacity to use it for monitoring and advocacy purposes. The project in its original form, however, was short-lived. The perception was that the availability of online data did not generate enough demand. Currently, in partnership with the local NGO Digital Society (SOCID), IBASE is trying to revive the database and its use. The groups hope that given recent efforts to enhance the access of communities to Internet resources through the creation of 'Tele-Centres', much more demand potentially now exists for local budget data.

Since last year, IBASE has also organized three events aimed at raising journalists' awareness of budget issues, thanks to collaboration with the Brazilian Association of Investigative Journalists (ABRAJI). The first focused on general budget issues, the second on the national finance law, and the last event, held in March 2005, on the policies and projects promoted by the

BNDES. Each course draws together some 40-50 journalists from the main local and national newspapers, radio, and television networks.

5.3 Mobilization of Civil Society Networks

Main Activities

- Rio Budget Forum
- Budget Forum in São João de Meriti
- National Budget Forum
- National Popular Participation Forum

In this area, which represents another important aspect of IBASE's overall approach to democratization, the main activities have shifted from an initial involvement at the level of the Rio de Janeiro municipality, to another municipality in Rio de Janeiro state (São João de Meriti), to the more recent creation of a national network of organizations aimed at influencing federal government policies. The Budget Popular Forum (FPO) in Rio de Janeiro was established by IBASE and some other local organizations in 1995, with the aim of bringing together individuals and organizations to monitor municipal public spending and to democratize the local budget process. Its structure is very democratic. Issues are brought to the table by different groups, independent analysis is carried out, and then decisions are made about which submissions to bring to the attention of the municipal government and the municipal assembly. Regular monitoring of budget execution is also carried out, highlighting any controversial decisions and trying to bring those to the attention of the media and the wider public.

The FPO started off with the participation of about 20 organizations, but then grew to include many others. In more recent times, participation has again dwindled, possibly as a result of the lack of success in influencing decisions taken by the municipal government. In recent years, Rio de Janeiro has been governed by a populist right-wing majority with very little openness toward civil society. Furthermore, the mayor can count on the support of the majority of councillors in the assembly. Attempts by the FPO to work with opposition councillors in order to present submissions to change budget policies have not been very effective, and this could have generated some frustration.

IBASE has been taking a less active role with FPO; it now functions well independently. At the local level, IBASE has been involved in promoting a similar process in the smaller municipality of São João de Meriti, where it trained both government and civil society in the attempt to increase budget transparency and civil society participation.

In more recent years, as highlighted above, IBASE's attention has shifted back to the federal level, where it contributed, with a number of other organizations active in the monitoring of public policies, to the creation of the Brazil Budget Forum (FBO). IBASE is part of the executive committee of FBO, and takes part in another national forum on Popular Participation (FNPP).

After Lula came to power, the emphasis was on assisting the new government in the organization of a participatory budgeting process at the federal level. This took the shape of national consultations on the Multi-Year Plan (PPA), as described above. Given the lack of concrete opportunities for policy dialogue, now the focus has shifted onto different agendas, less bent on influencing the executive and more on working with the legislative branch on budget amendment proposals and on the drafting of a piece of legislation called the 'Social Responsibility Law'. This law is an attempt to re-focus the attention of the government away from strict fiscal discipline (as required by the existing 'Fiscal Responsibility Law') and the creation of primary budget surpluses to finance debt repayments, in order to address the 'social debt' which has kept many people in poverty while satisfying the needs of financial markets.

Objectives of the Brazil Budget Forum (FBO)

The main objectives of the FBO are:

- 5.4 present proposals for the formulation and control of the federal budget;
- 5.5 enhance the transparency, clarity, and availability of budget information;
- 5.6 facilitate wide popular participation in the definition and monitoring of the public budget;
- 5.7 influence the reformulation and democratization of the budget process and of its decision-making procedures.

Moreover, the FBO is considering the opportunity of working on the annual preparation and presentation of an alternative budget, alongside the government one, to highlight the inconsistencies of existing government policies and present viable alternatives that take civil society views into account.

5.4 International Activities

Main Activities

- Participation in IBP Network
- Latin American Index of Budget Transparency

IBASE has been an active member of the International Budget Project since its early days in the mid-90s. It has participated in a number of conferences organized by the IBP, including more recent programs on budgets and human rights and on the use of resource rents from oil and gas exploration. It has also participated in the 'Latin American Index of Budget Transparency' study, responsible for the Brazil report. In the second version of the study, carried out in 2003, Brazil came out among the best performers in Latin America, with especially good marks in terms of availability and quality of budget information and statistics, and of the role of the legislative branch. However, it scored much worse in terms of levels of popular participation, debt information, and accountability mechanisms.

6. IBASE and its key relationships

In the pursuit of its objectives, and given its focus on the mobilization of networks and on capacity building, IBASE maintains a broad variety of relationships with a number of actors, including other civil society organizations, the media, and government [A graphical summary of the key relationships is presented in Figure 1.].

6.1 Relationships with Civil Society

The key partnerships that IBASE maintains with other civil society organizations in its budget work are in the context of the different networks through which it is active. At the federal level, these include FBO and FNPP, while at the local level in Rio the FPO is the main network. A new network is being created in the context of the upcoming work on the role of BNDES. IBASE plays different roles in these different networks, which range from initiator and main driver to simple participant. Often IBASE is invited to be part of these networks because of its strong reputation, which lends more legitimacy and seriousness to the issue being addressed and to the networks' activities and demands. In this sense, it almost seems to play a 'signaling role' for civil society as a whole.

As already highlighted, IBASE sees itself mostly as a leader and pioneer, launching new initiatives, mobilizing networks and spearheading policy demands, with a view to gradually withdrawing once networks are well-functioning and self-sustaining. In a number of areas IBASE has also generated spin-offs in the form of other organizations established by former IBASE staff, who pick up on specific issues that IBASE has initiated (as in the case of SOCID and the 'Transparent City' project).

6.2 Relationships with the Media

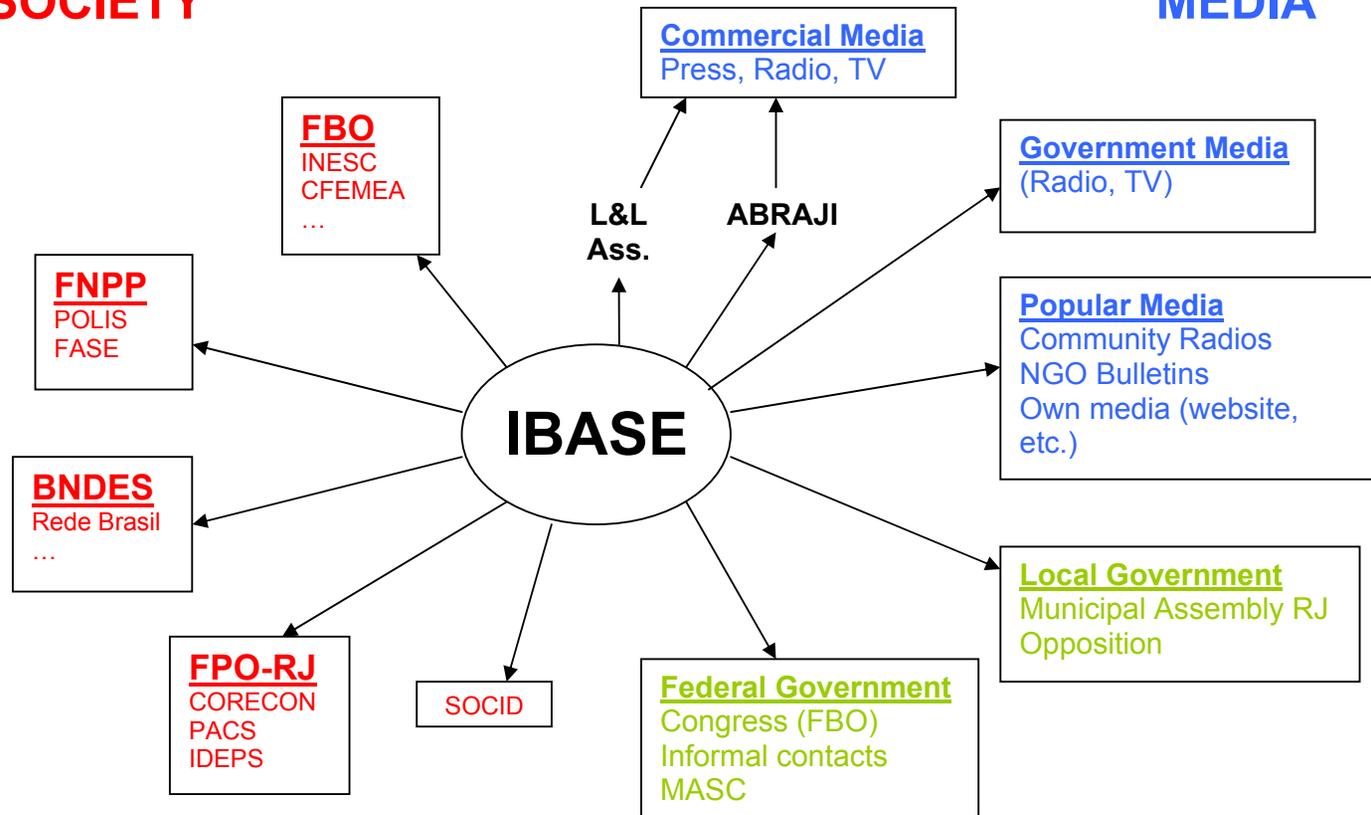
IBASE's strategy of establishing relationships with the media has evolved rapidly over the past few years, partly as a conscious effort and partly due to coincidences. While IBASE has a strong media department which produces and disseminates a number of products of its own (website, publications, newsletters, etc.) until recent times, and especially for budget work, access to (and interaction with) commercial media was limited. To monitor media coverage of the launching of the Latin American Budget Transparency Index, IBASE hired a specialized agency (L&L Associates). The agency is now collaborating with IBASE on a more permanent basis to assist in reaching out to the main commercial media outlets such as national newspapers, radio and TV channels, and so on.

Further opportunities arose for working with the media through its partnership with ABRAJI, with whom IBASE has organized a series of seminars and training events aimed at increasing journalists' awareness of budget issues. Through these trainings IBASE is building a broad network of journalists for whom IBASE's budget work has become an important source of information.

Figure 1. Key Relationships of IBASE

CIVIL SOCIETY

MEDIA



6.3 Relationships with Government

Given that IBASE's main focus is not on lobbying and advocacy activities, its relationships with Brazilian government officials are not very well developed. At the federal level, beyond some of the interactions facilitated by the FBO, IBASE enjoys several informal contacts which come from the fact that former IBASE staff or people familiar with IBASE's work have entered the government with Lula, sometimes providing interesting entry points. There is also a Ministry specifically devoted to articulation with civil society (MACS), through which IBASE has been involved in discussions around the PPA and on opening up access to the computerized systems for planning and public financial management. At the local level, access to government is far more limited, given the current political situation in the Rio de Janeiro municipality. IBASE's main relationships are with opposition councillors in the Municipal Assembly, who work quite closely with various organizations involved in the FPO for getting views and information on budget matters to put to the executive.

7. The Impact of IBASE'S budget work

The impact of IBASE's work on budget issues needs to be assessed in three basic areas: on civil society and democratic development; on media coverage of budget issues; and on government budget policies.

7.1 On Civil Society and Democratic Development

This is IBASE's core priority, and while it can claim some significant achievements, these achievements are largely anecdotal and based on the observations of groups and individuals involved in some way with IBASE's budget work. They do not easily lend themselves to quantification.

Many of those interviewed in civil society, the media, and government, claimed that IBASE's long term educational and participatory work on budgets has broadly expanded awareness of budget issues and has opened the door to a variety of civil society advocacy efforts. These same observers also argue that, through its educational efforts to demystify budget issues, IBASE's work has contributed to a broader cultural shift in Brazil in which budgets are now an issue of public involvement and concern.

IBASE staff identified a number of specific examples in which its education and participation efforts have been a catalyst for budget work by others within civil society.

One major example cited is the Rio Budget Forum, which IBASE helped create and continues to support. The Forum says that its general meetings now draw an average of 40 people, its issue seminars 70, and a community survey that it carried out on budget issues topped more than 1,500 participants. Another small example cited was how, in a poor community near

Rio, community members using IBASE's Transparent City database were able to discover that even though the community did not have a health clinic, funds had been allocated in the Rio budget to construct one. That discovery generated a community campaign with local officials to build a clinic.

'People have been strengthened as activists,' said Ana Toni of Ford, regarding IBASE's civil society contribution. In effect, IBASE sets a trend in civil society to engage in budget work; it helps create new spaces for that work to happen; it educates citizens in how to occupy those spaces; and then leaves it to other groups, many of whom it helped catalyze, to carry out specific budget work.

7.2 On Media Coverage

An area where IBASE can demonstrate a clear recent impact in more concrete terms is in improving media awareness and media coverage of budget issues, in particular in Rio de Janeiro. In April 2004, for example, the workshop that IBASE co-hosted with ABRAJI drew double the number of participants that organizers expected. Those participants included reporters from the city's three main newspapers and a host of local television and radio journalists.

One of the organizers, Angelina Nunes, a reporter at the Rio Daily *O GLOBO* explained that, for journalists, budget issues are heavy, number-laden issues that can be hard to cover. 'For me it was really important,' she said, 'it helped me get to what the issues really are.' For example, a part of the IBASE workshop looked at the issue of municipal debt. A week later, one of the television stations that participated ran a story on the issue. Afterwards, Nunes recalled, reporters told her, 'This is great. I have found a new path for my work.'

Nunes noted that what reporters want is the ability not to be fooled by the government on budget and finance issues. 'We want to be able to ask hard questions.' IBASE says that media seminars like these give the press not only ideas for coverage but also more confidence to cover budget issues. 'IBASE speaks about budget issues in a way that everyone can understand, even reporters,' said Nunes. She mentioned how when government officials use difficult, technical terms to avoid delicate issues in press briefings, journalists are now able to confront local government officials and seek further clarification.

On the other hand, several observers of IBASE noted that the organization's own budget work is not especially visible in the press. 'What you can't learn from IBASE,' said Ana Toni of the Ford Foundation, 'is how to be visible in your budget work.' IBASE's analytic work, according to the reporter from *O GLOBO*, is seen as impartial, independent and analytically solid. It just does not buy a lot of visibility for IBASE.

7.3 On Public Policy

Clearly, the most difficult area of IBASE's impact to gauge is the effect that its activities have on actual public policy. IBASE staff members say that there are examples of where the organization has helped provoke debate but not necessarily changes in policy. Most of these examples, however, are related to local-level activities, such as when the Rio Budget Forum campaigned against budget cuts in a flood-affected area and managed to bring the local government to reinstate the funds; or when funding for vaccinations were increased during a cholera outbreak.

In part, the relative lack of concrete examples of policy influence is due to IBASE's basic strategy of supporting public awareness and public education on budget issues as opposed to leading targeted civil society campaigns for changes in budget policy. To the extent that civil society can take credit for any policy changes in Brazil, it is far more likely that the immediate credit will go to groups that IBASE has trained and supported, rather than to IBASE itself.

IBASE is also, some observers noted, disconnected from the actual policy making process in a way that characterizes much of civil society. 'Civil society doesn't have much contact with the real decision-makers,' said a senior level official with the Ministry of Education. 'Civil society bulletins only circulate among civil society groups.'

One possible reason for this is that—apart from the areas where participatory budgeting techniques are used—Brazilian civil society budget work tends to focus on budget matters before the legislative branch, which is more accessible in general to citizens than ministries or departments in the executive branch. However, at both the national and municipal levels in Brazil, the executive maintains enormous powers to change a budget even after it is approved. In Rio de Janeiro, the mayor can reallocate up to 35 percent of the city's budget at any point during the year, without seeking supplementary approval from the assembly. One city councilor called the city budget 'a fiction.' The executive branch has similar powers at the federal level, where ministries are free to hold back spending funds specifically budgeted by the Congress.

The Ministry of Education official observed that if IBASE or any other group wanted to have a specific impact on real budget policy the groups would need to look at the actual budgets determined by executive branch departments.

8. Lessons from IBASE's budget work

8.1 In what areas has IBASE been successful and why?

IBASE's work on budgets springs directly from Brazil's broad dedication to democracy building

In every country, civil society work on budgets springs from the nation's unique political character and concerns. Sometimes that work comes out of anti-corruption efforts, sometimes human rights, sometimes explicitly movements of the poor. In Brazil the political wind that blows most powerfully is a national dedication to building genuine democracy, and IBASE's budget work clearly reflects that.

By framing its budget work as democracy building, and by assuring that its work truly is about that, IBASE's ties budget work to a broad and popular interest. That framing is closely linked to the special credibility of Betinho, its late founder, but is reflected in concrete ways in the present—through IBASE's dedication to popular budget education; its commitment to a non-sectoral and non-partisan approach; and to speaking of budgets in a popular language. The lesson for civil society work in other countries is not to copy IBASE's framing of budgets as democracy building, but to link budget work to the popular political concerns present in that nation. To do so assures a far broader constituency and much deeper interest than just entering into an analytical dialogue with a few government specialists.

IBASE paid attention to getting the basics right

IBASE also made the effort to get the basics right as it built its budget work capacity. It assembled staff members with great skills, a solid reputation, and analytic and political integrity. It housed that work in an organization that was financially and institutionally sustainable over the long term. It generated budget analysis that was solid and unassailable on the facts. It established good working relationships with the media, other civil society groups, and officials in government. IBASE's overall success in its budget work owes a good deal to that solid foundation.

IBASE uses a language and approach that is popularly accessible

IBASE is resolute in its commitment to speak about budgets with popular and understandable language and to engage people with activities aimed at regular citizens, not just experts in public policy. This was stated time and time again, by IBASE staff, by other civil society actors, and by the media. Translating complex budget and policy ideas into popular language is not an easy task. When it is done well it looks misleadingly simple. It is, in fact, a valuable and often rare skill. By achieving this, IBASE has opened up the world of budget issues to a far broader audience than has been achieved elsewhere in the world.

IBASE targeted its niche and has occupied it well, while at the same time being open to new opportunities

A focus on budget issues encompasses a very large area of work, and Brazil is a very large country. Another factor in IBASE's success is that it has defined, very carefully, the niche of budget work that it wanted to occupy—developing budget information and building the capacity of citizens to

understand and use it. IBASE has been careful not to define its agenda so broadly as to sacrifice the quality of each of its specific efforts. As it began doing work on local budgets in Rio, it moved away from its work on budgeting at the national level. It is only now, after that work is stabilized in the hands of others (the Rio Budget Forum) that IBASE is starting work related to Brazil's national development bank. IBASE has exercised the difficult discipline of not stretching itself too thin.

Another way in which IBASE's budget work is different from that in many other countries, is that IBASE does not simply analyze the same information over and over again each year. That is a strategy employed by budget groups in some countries as a way of developing deep expertise and a reputation for that expertise. Instead, IBASE moves from project to project based on a strategic sense of where the opportunity is ripe to seize another piece of democratic space. In each of these steps, IBASE has seized an opportunity for expanding budget work and the space for political participation. However, it has also moved from one effort to the next in a way that keeps its previous work sustainable.

IBASE has built networks at all levels

Just as IBASE has not allowed its budget work to be put into the box of any one approach, similarly it has consistently formed networks with other groups that allow that work to not be boxed in geographically as well. It works at the local level and has deep relationships there. It has worked at the national level and has a national reputation it can draw on to promote its work. It is respected and engaged in Latin American and global budget networks, allowing it to make important contributions on issues such as budget transparency standards. In all of these relationships IBASE's budget staff both contributes something of value and takes something of value back to their own work.

8.2 What challenges has IBASE faced and how has it met them?

Beyond participatory budgeting

As noted earlier, Brazil is well known internationally for its pioneering work on participatory budgeting in cities such as Porto Alegre. That model requires two prerequisites that are not universal in Brazil. First, it is a model that requires a city government not only dedicated to participatory budgeting, but willing to invest substantial time and resources into coordinating civil society inputs. Second, it is a model that only really works at the local level.

IBASE has focused on creating other models of participation which can still be effective when one or both of those conditions are not at hand. In Rio, where the governing party in the city government is resolutely not a supporter of participatory budgeting, IBASE catalyzed citizen participation via the Rio Budget Forum. It has also aimed to increase awareness and participation at the national level through its bulletins, newsletters, and other initiatives.

Sometimes demand has to be stimulated

Sometimes there is a pre-existing demand for budget information, because civil society groups, the media, or others have already come to understand the importance of budget issues and know that budget analysis will help them achieve their objectives. In other contexts the ground must be tilled and demand must be stimulated. IBASE has done this successfully in several instances. One example is its Transparent City initiative. That project developed a wealth of data about how the Rio Municipality spends its funds, and where communities might find pockets of money available for specific projects (like a clinic). However, creating this gold mine of data is not sufficient. You then have to show people both how it is valuable and how to make use of it.

IBASE met this challenge by converting that data into a stunningly easy to use format, available on CD, accompanied by trainings to show people how to use it. Through its associate, Digital Society, that project is being taken to an even more profound level by promoting general computer literacy and access at a community level. This is an approach far different from simply developing analytic information for experts and making it available on the Web for people and groups already predisposed to want it and equipped to use it.

Know when and how to hand off a part of your mission to others

All successful civil society work, not just budget work, faces a challenge over who occupies a certain turf (who, for example, is most well known for analysis of the national budget). Similarly, civil society groups face a challenge over how to expand into new areas without abandoning previous areas of work that remain important.

IBASE has managed to address these challenges well. For example, one of IBASE's original calling cards as an organization was publishing bulletins regarding the national budget. In the mid-1990s, IBASE decided to gradually leave that task in favor of focusing on the Rio city budget where it felt it could have more of an impact. Another civil society group, INESC, took up the national level newsletters as their own task. This could have sparked a distracting rivalry between the two groups. Instead, IBASE and INESC have developed a respect for each other's distinct niches (a focus on capacity building vs. a focus on specific analytic efforts).

When IBASE has moved on from one project to another, it has followed a clear path of catalyzing projects to carry their work forward, leaving the follow-up and credit to others as it plants its next set of seeds. The result is an ever-expanding civil society capacity that still allows IBASE to focus on having a catalytic role instead of being bogged down in a growing administrative one.

Staying Non-Sectoral

IBASE's challenge of staying non-sectoral is a common one faced by many civil society groups that stake out a 'public interest' approach—one focused on

broad public principles in lieu of specific interests. This is true for groups that work on everything from political reform to budgets. If IBASE succumbed to the temptation to identify itself closely with specific sectors as a way of linking itself to organized political clout, it would slowly lose its reputation and credibility as independent, willing to challenge any political actor where the facts warrant doing so.

Computers and Budgets

Also as previously noted, but worth repeating as an important lesson, IBASE and its associate organizations have seized clearly on the connection between broad participation in budget issues and the need for computer literacy and access. There is a forward-thinking characteristic to this that is important for other budget groups to note. Budget work, if it is to reach beyond the bounds of being a technical conversation among experts, needs to place a high priority on popular translation. That is not just a translation of complex policy into simple language. It is also about translating complex data into understandable information. Building easy-to-use databases, searchable records, and expanded computer literacy and access is a strategy that other budget groups might want to consider as well.

8.3 Where does IBASE have unmet potential and how could it be met?

From 'Act of Faith' to campaigns

IBASE educates and builds citizen capacity to understand budget issues, but it does not directly seek to change public policy. As noted before, there is an element of IBASE's budget work that is an act of faith. How do we know that those citizens will transform understanding into advocacy and action? How do we know that citizen advocacy and action will transform itself into policy change that brings real results toward making public budgets sensitive to the needs of the poor in particular? As many IBASE observers inside and outside the organization noted, while IBASE does campaign on other issues that it works on, it does not lead campaigns on budget issues.

There is no reason to believe that adding public campaigning to its budget activities would detract from IBASE's educational and capacity building work. There is ample reason to believe that it could enhance it. Sometimes the best learning is applied learning and sometimes the best classroom for active citizenship is, in fact, a campaign. IBASE certainly has the public positioning to lead campaign efforts on budget issues, whether at the city level or national. It also has campaign know-how within the organization. Its chief barrier is probably the lack of the staff capacity required, though IBASE's budget team has a tremendous track record of using its staff capacity to leverage many more times that in alliances and partnerships.

There is nothing inherently wrong with civil society work that is an act of faith. Democracy itself is an act of faith—that an active government of the people will deliver to the people better results than the alternatives. However, by adding campaigning to the mix of its budget activities, IBASE could take that

faith one more step toward concrete action and the advancement of not only budget awareness but also advocacy awareness.

Promoting budget knowledge within the organization

Most of IBASE's budget work has been directed toward other civil society organizations, or to actors outside of IBASE itself. IBASE budget staff recognized one of its shortcomings as not having been able to contribute much to other areas of work that IBASE is involved in. Budget analysis is a lens through which a number of policy issues can be looked at. It provides a very useful instrument for arguing for specific policy changes, for example by comparing budget data in specific sectors (for example, primary health) across regions or with neighboring countries, or analyzing the relative effectiveness of public spending. So far, there are very limited instances of IBASE's budget work being used internally to provide an additional perspective on other issues that IBASE works on. A recent example has to do with an analysis of public spending for food security, which IBASE budget staff undertook in response to a request by another unit. There is great potential for such inputs to be expanded, making budget analysis a tool that IBASE as a whole can further utilize in its policy and advocacy work.

Aiming at the places where decisions are made

All political action needs to be as strategic as possible, focusing scarce citizen energy where it can have a real impact. There is a tendency, not just in IBASE's budget work but also in budget work in general in Brazil, we were told, to focus on the legislative branch. Members of the legislative branch are more accessible, perhaps, than the ministries and departments of the executive branches at the city and national level. It seems clear, however, that real budget choices are made in the executive branch, especially given the Brazilian tendency to invest executives with the power to essentially ignore much of the budget that the legislative branch approves.

There is a ripe opportunity, it would seem, to focus civil society and citizen attention on some of the instruments by which the executive branches exercise that authority. This could include executive reallocations of legislatively approved budgets; failure of the executive to fully spend allocated budgets; and the actual administrative spending plans adopted by ministries and departments.

The evolutionary curve of budget work—budgets, taxes and the effectiveness of public spending

In most countries where civil society budget work is underway, there is an evolutionary curve as well. Groups begin with looking, as IBASE does, at basic questions of how government decides to allocate public resources. As budget groups master that challenge, many move on to the next step, looking at public taxes and revenues—where does the money come from, where could it come from, who bears the burden of taxes, etc. At its most mature state,

budget work begins to look at the actual effectiveness of public spending—what are we actually getting for our money—though that is much rarer.

IBASE staff members noted several times that the organization has reached the point in its own evolution for it to begin work on taxes and revenues. IBASE would do well to initiate that new role. Its existing work lays a powerful foundation upon which to do so, and it seems an area well in need of attention.

Annex 1: List of people interviewed

IBASE's Budget Team

João Sucupira, Coordinator
Luciana Badin, BNDES project
Carlos Tautz, BNDES Project
Luciano Cerqueira, Brasil Budget Forum
Elizabeth Cavalheiro, Distance Education

Cândido Grzybowski, **Director of IBASE**

João Guerra, **IBASE Board member and Vice-President**

Ana Toni, **Ford Foundation**

Rio Popular Budget Forum

Luis Mário
Maria Aparecida

SOCID (Digital Society)

Two members

Cristina Nassif, **University of Rio de Janeiro**

Eliomar Coelho, **Rio Municipal Assembly**

Angelina Nunes, **O Globo newspaper**

Selene Peres Nunes, **INESC Brasilia**

Roberto Piscitelli, **Adviser, Senate Budget Committee**

Mr. Rocha, **Director for Planning, Ministry of Education**

Annex 2: List of materials consulted

IBASE Annual Plans and Reports (2003-2005)

Various issues of '*Orçamento e Democracia*' bulletin (1998-2003)

First issues of '*Desenvolvimento, Democracia e Direitos*' e-bulletin (2004)

'*Superavit Primário*', FBO Discussion Paper (2004)

'Budget Transparency in Latin America–Brasil Case Study', IBASE (2003)

'*De Olho no Orçamento*', FPO (no date)

Training material for budget training courses 'Prefeito por um dia', IBASE (2003)

Draft document on 'Budgeting for Food Security', IBASE (2004)

Project reports on 'Democratization of Public Budgets' (2002-2003)

Material from websites of IBASE and FBO