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New IBP Program Associate

Vivek Ramkumar joined the Center's International Budget Partnership in January 2005 as a program associate. His time in the IBP will be divided between training and budget transparency research. Vivek will assist the IBP in producing materials and training on expenditure tracking methods and on the work of the auditor general/supreme audit institution.

Vivek previously worked with MKSS, the NGO that pioneered the Right to Know movement in India. MKSS is best known for its innovative public hearing forums, at which village communities track local budget expenditures. He has also worked with SPARC, a Mumbai-based NGO that is part of the Shack/Slum Dwellers International. Vivek is a qualified chartered accountant and holds a master's degree from the London School of Economics.

Civil Society Budget Work in India

A new article in the Indian journal *Economic & Political Weekly*: Volume 40 No.2 1/8/05 examines the proliferation of civil society organizations in India that engage in applied budget research. Written by Yamini Aiyar and Amitabh Behar, the article argues that the

existence of a "democratic deficit" in India — in other words, the government's failure to secure the socioeconomic rights of marginalized citizens — laid the foundation for civil society activism.

In recent years, newly established civil society organizations in India have attempted to devise innovative strategies that combine mass mobilization and effective engagement with the government. Applied budget research is one such strategy. By focusing on strategic engagement with the state through debate, research, and analysis, applied budget research provides an alternative to direct action, the traditional form of engagement between the state and civil society. Unfortunately, national and state governments in India provided very limited institutionalized space for civil society organizations to influence fiscal priorities through the budget process. It is in this context that civil society persistent efforts to intervene in the budget process have gained significance.

The report looks at several prominent civil society organizations involved in budget analysis in India. They include the pioneering work of Disha (an NGO in Gujarat that works on tribal welfare), the Mumbai-based Center for Budget Studies (an off shoot of Vidhayak Sansad, an organization working for the rehabilitation and training of bonded laborers), the Chennai-based Tamil Nadu People's Forum for Social Development (an umbrella organization representing 12 social justice organizations), and the Bangalore-based Centre for Budget and Policy Studies. These four groups provide interesting contrasts in their areas of focus and the utilization of their research findings. These and other groups have helped strengthen pro-poor policy advocacy and create space for direct interaction between advocacy groups and elected representatives.

The authors argue, however, that budget work in India has not reached its potential, primarily because budget groups — like other civil society organizations in the country — have paid insufficient attention to documentation and dissemination strategies and their linkages with broader civil society organizations. This has limited their interaction with the media, academics, and policy makers, weakening their impact. The authors suggest that budget advocacy can be strengthened through the creation of a network of civil society organizations engaged in both budget work and social action.

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

Snapshot of Zambia's 2005 Budget

The Civil Society for Poverty Reduction (CSPR), a non-governmental organization based in Zambia, has demanded that poverty eradication be the theme of the 2005 national budget. CSPR has repeatedly observed the budget's failure to reorient expenditures in line with national poverty-reduction priorities.

CSPR argues that the government should use the poverty-reduction strategy that was put in place in 2002 to guide its budget priorities. Poverty-reduction activities should not be restricted to Poverty Reduction Program budget lines but should be reflected through at least three-quarters of budget expenditures, CSPR states.

CSPR recognizes the need to take a holistic approach to fighting poverty. However, some sectors of the economy require special attention. Agriculture, for example, has the potential to be the backbone of the Zambian economy and provide a source of livelihood for many

Zambians. In channeling resources to this sector, the government needs to pay more attention to supporting small-scale farmers, most of whom are women.

2005 is a critical year for Zambia, as for other countries attempting to achieve the Millennium Development Goals. A report by the recently launched UN Millennium Project concludes that the goals are achievable, but only if the countries in question intensify their efforts. CSPP encourages the Zambian government, in its 2005 budget, to present concrete policy pronouncements for achieving the MDGs and reducing poverty, and to increase allocations for capital investments in health, education, water, and sanitation to bring these critical services closer to the people (especially in rural areas).

For more information, go to the [press release](#).

Human Rights and Budget Newsletter, CDES Ecuador

In December 2004, Ecuador's Center for Economic and Social Rights (CDES) published the second issue of its *Economic, Social, and Cultural Rights for Action* newsletter, which examines the Ecuadorian government's federal budget priorities for 2005. Noting that government revenue comes from citizens' pockets and that transparency in the use of that revenue (and in budget priorities generally) is not only a civic responsibility but a human right, the newsletter explores the connection between the budget and economic, social, and cultural rights.

Entitled "*Social Investment: A Matter of Rights?*" the newsletter clarifies some misconceptions about government revenues and expenditures. Although many believe that the majority of revenues come from the national oil industry, for example, oil revenues will account for just 23 percent of total revenues in 2005. The largest revenue source in 2005 is taxpayers, who will contribute 50 percent (roughly \$3.7 billion) of the total.

On the expenditure side, Ecuador has allocated \$2.3 billion, almost one-third of the total budget, to debt repayments. It has allocated another 8 percent to defense, making Ecuador the fourth-highest-spending country in South America on defense in per capita terms. Only 23 percent of the budget is intended for social spending, such as health, education, and social welfare.

The government claims that social sector expenditure is greater than 23 percent. But as CDES points out, this claim is based on the classification of more than \$745 million in spending for government institutions that are not part of the central government (such as the central bank) and \$32.2 million in spending for the armed forces. Moreover, only 62 percent of the funds that Congress approves for social sector investment are actually spent, CDES observes. The newsletter also explains how citizens can participate in the budget process.

Monitoring Tsunami-related Financial Aid

Monitoring financial aid for relief and reconstruction after a natural disaster is crucial in ensuring that aid flows are sufficient, targeted effectively, and spent efficiently. In the aftermath of the devastating tsunami in South and South-East Asia, developing

methodologies to monitor aid flows is a critical challenge for local civil society organizations. The work of a civil society coalition in Nicaragua suggests that effective civil society monitoring of aid flows is possible.

Following the devastation in Nicaragua wrought by hurricane Mitch in 1998, civil society was concerned with the government's management of the resulting international aid flows. In addition, there were rumors about discrimination in the delivery of aid based on party or religious preferences and about the use of aid funds for personal purposes. In response, a local civil society network "Coordinadora Civil para la Emergencia y la Reconstrucción" decided to investigate these claims.

Because the large number of affected communities made it difficult to measure the distribution of aid, "Coordinadora Civil" undertook a social audit of communities' perceptions of aid delivery. The audit was carried out through surveys and interviews with a total of 10,528 households located in 61 municipalities, along with 179 community leaders, 48 mayors, and 82 directors of non-governmental organizations, and associations. Interviewees were asked when aid had been delivered and by whom, how much had been delivered, and whether the aid had been appropriate for each situation.

Coordinadora Civil compared these responses to official reports from donor governments and institutions and the Nicaraguan government. The group shared its findings with local organizations and authorities and then informed government officials, national organizations, the international community, and the media.

The social audit confirmed the charge that aid distribution had been mismanaged. This finding spurred the media to cover the issue, and reporters found additional information supporting the audit's results. The government first denied the findings, then began harassing those who presented them; the audit subsequently helped form the basis for investigations that led to the 2003 imprisonment of former president Arnoldo Alemán for money laundering and embezzlement.

It is also important for civil society in disaster-affected areas to question the adequacy of aid and whether donors follow through on their promises. For instance a recent Oxfam publication "Paying the Price: Why Rich Countries Must Invest Now in a War on Poverty" (see: New in the IBP Library below), indicates that rich country aid to global poverty reduction is still shamefully small. According to Oxfam rich countries today provide half as much aid, as a proportion of their national income, as they did in the 1960s.

In addition to increasing aid, the Oxfam report argues that rich-country donors need to increase the quality and effectiveness of aid flows if poverty is to be significantly reduced. Increases in aid budgets can and must go hand-in-hand with improvements in the way that aid is delivered. Here civil society groups could intervene by examining why some poverty reduction programs have failed and by implementing mechanisms to oversee that aid is managed appropriately and targets the communities that need it most to ensure long-term social services.

Another recent report released by the Asian Development Bank (ADB) "An Initial Assessment of the Impact of the Earthquake and Tsunami of December 26, 2004 on South and Southeast Asia" (see: New in the IBP Library below) highlights the difference between the amount of funds pledged by donors and those funds eventually disbursed. By early January 2005, bilateral and multilateral donors had pledged 5.0 billion dollars in tsunami related aid. The largest donors in this effort were Australia, Germany, Japan, United States, World Bank, and Norway. However, the ADB observes that it is not known

how these pledges will translate into actual disbursement and how the pledges will be distributed between relief and reconstruction aid.

Oxfam shares ADB's concerns that donors might not in fact disburse the total amounts of aid promised. In the case of hurricane Mitch in Central America, governments promised to send more than US\$3.5 billion, while the World Bank, International Monetary Fund, and the European Union pledged US\$5.2 billion. According to Oxfam less than a third of these funds were actually delivered.

To read a report in Spanish prepared by "Coordinadora Civil" on the methodology used during the social audits go to:

http://www.ccer.org.ni/files/publicacion/1187122163_publicacion_auditoria_fase1.pdf.

Participatory Budget Project, BIGS Indonesia

The Bandung Institute of Governance Studies (BIGS) is conducting a project on the participatory budget process in Bandung City, West Java Indonesia. The main goals of the project, which receives financial and technical support from the Civil Society Budget Initiative (CSBI), are to increase public understanding of (and willingness to participate in) the budget process, institutionalize public participation in the budget process, and expand budget participation, transparency, and accountability.

To achieve these goals, BIGS has designed several activities, including budget analysis workshops. Most recently, BIGS organized a workshop to discuss the pre-enacted budget of the Bandung Majoralty for fiscal year 2005. Workshop attendees, who included legislators, government officials, journalists, NGO activists, researchers, scholars, and citizens, analyzed the budget document produced by the mayor of Bandung before the local parliament's approval. This was the first workshop of its kind in Bandung, and BIGS hopes it will help institutionalize public participation in the budget process.

BIGS is also designing a budget literacy workshop to help participants understand how they can become part of the budget process. Over the course of three days, participants will discuss the phases of the budget process, the legal framework that supports the budget, opportunities for budget advocacy, and the challenges that corruption poses to the fulfillment of economic, social, and cultural rights.

Budget Monitoring Opportunities in East Timor

In December 2004, staff of the International Budget Partnership traveled to the newly independent country of Timor-Leste to consult with nongovernmental organizations – women groups, anticorruption groups, environmental organizations, poverty alleviation groups, and others - about their interest in budget analysis and advocacy.

Timor-Leste gained independence from Indonesia in May 2002 after a 25-year-long struggle and now faces the important challenge of economic development being one of the poorest countries in the world. This context poses significant difficulties for civil society budget work such as the lack of public access to budget information and the closed nature of the budget

process. In fact, the executive does not make its budget proposal available to the public after tabling it in the legislature. Parliamentarians do not hold public hearings on the budget, and only make the budget document public once it is approved. NGOs also expressed concerns about procurement irregularities, the lack of accountability for the expenditures and financial activities of the security forces, and the lack of an independent national auditing office.

Many nongovernmental organizations told IBP that they are particularly interested in ensuring accountability for revenues from the development of the country's oil and gas resources. The government will receive significant revenues from oil and gas projects over the next 15 years, although the amount remains uncertain due to maritime boundary disputes with Australia. Revenues from the Timor Sea oil and gas reserves are critical for the country's development challenges.

On its website, the *Publish What You Pay Campaign* has recently highlighted NGO comments on legislation the government has proposed to meet the challenges of managing these revenues, including the establishment of an oil fund. For more information, go to: <http://www.publishwhatyoupay.org/>.

New Publication on Monitoring Oil and Gas Revenues

The Open Society Institute's Revenue Watch program has just issued *Follow the Money: A Guide to Monitoring Budgets and Oil and Gas Revenues*, which explains how citizens of resource-rich countries can become effective monitors of government earnings and expenditures.

The publication documents discussions at a workshop held at the Central European University in April 2004, which brought together a group of 12 experienced budget monitoring organizations with civil society groups that are starting to monitor extractive industry revenue flows. The workshop was organized by [Revenue Watch](#) at the Open Society Institute in partnership with the [Center for Policy Studies](#) at Central European University and the [International Budget Partnership](#). The aim of the workshop was to identify the lessons from budget monitoring that can be useful in monitoring extractive industry revenues.

The publication provides an overview of civil society work on budgets and extractive industry revenues. It also provides an extensive discussion of lessons for effective advocacy from 12 experiences budget groups. These lessons are divided into categories: analysis, budget coalition, working with the media, and dealing with public officials. The publication includes short case studies of budget and revenue monitoring in 12 countries from Azerbaijan to Peru. *Follow the Money* is the first in a series of guides that Revenue Watch plans to publish for different audiences — nongovernmental organizations, journalists, investors, and policymakers — in an effort to help these stakeholders promote government transparency and accountability.

The publication is available in English and Spanish at <http://internationalbudget.org/wp-content/uploads/Follow-the-Money-A-Guide-to-Monitoring-Budgets-and-Oil-and-Gas-Revenues.pdf>. To request a hard copy in English, send a message to info@internationalbudget.org.

Southern Africa Child Rights Budget Advocacy Network

Through coalition formation, capacity building, and research, the Southern Africa Child Rights Budget Advocacy Network promotes the effective allocation and utilization of government resources to advance the rights of the child in southern African countries. The network (also known as *Imali Ye Mwana*) includes members from Angola, Mozambique, South Africa, Swaziland, Zambia, and Zimbabwe.

In March 2005, the network plans to hold a budget analysis workshop for researchers from Swaziland and Angola, to be facilitated by the Institute for Democracy in South Africa (Idasa) and colleagues from Peru. Also in March, the network plans to hold a five-day workshop on budgets and rights for members of the network.

IBP Regional Conferences Announcement

Since 1997, the International Budget Partnership has organized four major conferences (in India, South Africa, Mexico, and the USA) that brought together researchers from around the world with an interest in applied budget work. Over the next two years, the IBP plans to structure its conference program around a series of smaller, regional conferences. Each of these regional meetings would be hosted by a local or regional partner and designed to reflect regional priorities. The topics and workshops would be similar to (if perhaps fewer in number than) those at the larger conferences, and would include a beginners' track for organizations and individuals new to the field.

Cost and staffing constraints are one reason why the IBP made this decision. In addition, holding regional rather than global conferences would enhance IBP's efforts to emphasize regional partnerships and networking. In some regions IBP hopes to stimulate organizations to begin budget work, while in others — particularly Africa and Latin America — the goal would be to strengthen and support existing regional networks. The IBP experience with regional introductory workshops suggests that smaller regional conferences are more likely to encourage networking and shared learning among participants and promote lasting relationships. Holding a number of regional meetings will also enable the IBP to reach a larger audience and highlight the work of a larger number of organizations, both as hosts and as presenters.

The first regional conference will take place in Baku, Azerbaijan for Eastern European and Central Asian countries in late April. The conference will cover a range of topics important to promoting and advancing civil society's role in the budget process. There will be special emphasis on the right to information, budget transparency, and monitoring revenue from the extractive industries.

New in the IBP Library

An Initial Assessment of the Impact of the Earthquake and Tsunami of December 26, 2004 on South and Southeast Asia

Asian Development Bank (ADB)

This paper assesses the overall impact of the earthquake in the Indian Ocean and the subsequent tsunami based on information available as of January 10, 2005. It analyzes the economic implications of the physical damage caused the disaster, considers the economic impact in relation to previous natural disasters, and summarizes the international assistance pledged. The ADB concludes that though the tsunami's macroeconomic impact will be slight, its impact on poverty will be substantial, as the disaster put nearly 2 million people at risk of becoming deeply impoverished.

Paying the Price: Why Rich Countries Must Invest now in a War on Poverty

Oxfam International

This report investigates current aid to developing countries and argues that without a significant increase in the contributions from rich countries developing countries will not be able to achieve the Millennium Development Goals by 2015. It also contends that increases in aid must be accompanied by improvements in the delivery of aid and reductions in the conditionality measures imposed by donors. Recipient governments, in turn, must improve their performance and accountability. On behalf of the "Global Call for Action Against Poverty" coalition, Oxfam offers detailed recommendations to donor members of the OECD's Development Assistance Committee, the World Bank and the IMF, and governments of developing countries.

Governance: Institutional Policy Frameworks for Risk Reduction

United Nations Development Program, Bureau for Crisis Prevention and Recovery (UNDP/BCPR); Prevention Consortium Secretariat; United Nations Human Settlements Program (UN-HABITAT); United Nations Volunteers (UNV)

Drafted for the January 2005 World Conference on Disaster Reduction, this paper examines how good governance and effective resource allocation can reduce the risk of disasters and mitigate their effects. It offers general recommendations on improving aspects of governance related to disaster risk reduction for national and local governments, the international community, civil society, and the private sector. The report stresses that governments should encourage civil society to participate in risk management policies.

Investing in Development: A Practical Plan to Achieve the Millennium Development Goals

By Jeffrey Sachs/UN Millennium Project

Based on the work of more than 250 of the world's leading development practitioners, this report offers a practical plan for achieving the Millennium Development Goals by the 2015 deadline. The paper describes the importance of the MDGs and summarizes countries' progress to date, recommends steps that countries can take to meet the MDGs and that the international system can take to support these countries, and analyzes the costs and benefits of achieving the MDGs. Chapter 7 focuses on the issue of governance and suggests methods for promoting transparency and accountability in public expenditures, highlighting the key roles that local governments, civil society, parliament, the private sector, and multilateral agencies must play.