In this Issue:

- Participatory Budgeting Spreading Globally
- Participatory Budgeting in the Dominican Republic by Juan Castillo, “Fundación Solidaridad”
- Argentina, Chile, Guatemala, Mexico, and Peru: Budget Trends for 2006 by Laura Malajovich
- Transparency and Accountability in Mexico’s 2005 Budget for HIV/AIDS Prevention and Treatment, by Alicia Athié Fundar, Mexico
- The Budget Face of the Paris Riots by Michel Bouvier
- New Publication Linking Public Spending and the Reduction of Maternal Mortality
- Regional Budget Conference on Tracking Tsunami Funds, Sri Lanka
- CSBI Grantees Meet in Uganda

Participatory Budgeting Spreading Globally

PB’s Origins and Popularity

Participatory Budgeting (PB) is the process by which citizens deliberate and negotiate over the distribution of public resources. PB programs are implemented at the behest of governments, citizens, NGOs, and civil society organizations to give citizens a direct role in deciding how and where public resources should be spent. These programs create opportunities for engaging, educating, and empowering citizens, which can foster a more vibrant civil society. PB also helps to promote transparency, which has the potential to reduce government inefficiencies and corruption.

Most citizens who participate in PB are low-income and have low levels of formal education. Historically, these groups have been excluded from budget decisions, but PB programs enable them to make choices that affect how their government acts.

Participatory Budgeting was initially implemented in twelve Brazilian cities in 1989/1990. By 2005 it had spread to well over 300 municipalities in more than 40 countries, including China, Dominican Republic (see article below), Ecuador, India, Indonesia, Italy, Mexico, Serbia, South Africa, Spain, and Uruguay.
The IBP is now planning to be more engaged in the dissemination and monitoring of PB-related projects. Please see the final paragraph of this article to see how you can help us in our efforts.

**How does the Porto Alegre PB model work?**

Citizens participate in a series of government-sponsored meetings over an eight-month period, during which they vote for specific and general policies. Citizens are mainly focused on investment spending; 10-20 percent of Brazilian municipal budgets are available for spending on new public works. Citizens first vote for general policies, establishing the main priorities for this new spending on infrastructure, housing, or health care. Citizens then vote for specific projects, such as paving their street or opening a health care clinic in their neighborhood.

To distribute resources and to organize citizen participation, Porto Alegre was divided into 12 administrative districts. Citizens attend meetings in their local districts. Votes are held within the district in order to encourage competition and solidarity among individuals from similar socioeconomic backgrounds. For example, low income residents compete against other low income residents rather than against middle and high income residents.

In order to promote social justice, resources are distributed among the 12 districts according to need - the more intense the poverty, the greater the level of resources that the district will receive. Therefore, the poorest district will automatically be allocated higher levels of resources than the wealthiest district.

Citizens also vote for delegates to represent their interests during final budget negotiations and policy implementation. The "PB Delegates" engage in oversight functions to ensure that corruption is limited and projects are completed. In addition, these "PB delegates" act as intermediaries between the government and their local communities.

There are no narrow, "set-in-stone" rules governing Participatory Budgeting. Rather, local governments, CSOs, NGOs, and citizens meet their own needs and goals by modifying the basic set of rules established in Porto Alegre, Brazil, in 1989.

For participatory budgeting to be most successful, the following conditions must be met:

- There must be strong government support for the delegation of authority directly to citizens.
- Government must prepare and distribute high-quality budget and policy planning documents to citizens.
- Government must be willing to transform the way in which policy decisions are made at the local level.
- Government must have sufficient resources to implement public infrastructure projects selected by citizens.

As for citizens and civil society organizations:

- Citizens must be able to decide on what public projects they’d like money to be spent on.
- CSOs and citizens must be willing to work closely with government officials.
- CSOs and citizens must be willing to use PB's public format to pressure government officials and publicly denounce wrongdoing and/or inaction.
Participatory Budgeting is more likely to flourish when CSOs and citizens are able both to cooperate with government officials and, when necessary, to contest those officials' ideas and policies. If CSOs are unwilling to contest officials, there will be no pressure on officials to delegate authority; there is also an increased possibility of co-optation. Therefore, CSOs can play a vital role in monitoring existing Participatory Budgeting arrangements as well as in promoting the adoption of PB in new places.

PB has spread across the globe through networks of political and civil society activists. Porto Alegre's World Social Forums have been a crucial catalyst, enabling activists from across the world to receive information about Brazil’s most successful PB experiences. More recently, institutional funding institutions such as the World Bank, World Bank Institute, United Nations Development Program (UNDP), and United Nations Habitat Program have begun to promote PB as an innovative way to promote transparency, enhance accountability, and encourage more socially equitable forms of spending.

In South Africa, for example, PB has promoted community participation in the budget in the municipalities of Stellenbosch and Buffalo City. In Stellenbosch, the Municipal Finance Management Act of 2003 requires that immediately after the annual budget is tabled in a municipal council, the accounting officer must make public the budget and all supporting documentation and invite the local community to submit comments on the budget. However, a large proportion of the community has not had the opportunity to build financial literacy skills to understand and discuss budget issues.

In the case of Buffalo City, public participation in the budget began with the formation of ward committees in 2001, though they have largely concerned themselves with identifying issues that directly affect a particular community rather than questioning resource allocation per se. (See "Community Participation in the Municipal Budget Process: Two South African Case Studies.")

In contrast, Indonesian efforts towards participatory budgeting have been hampered by the government's authoritarian practices; NGOs like FITRA (Indonesian Forum for Transparency in Budget) have struggled to promote participatory practices as a manifestation and catalyst of democratization. To enhance budget awareness amongst local communities and local authorities, FITRA strives to attract media interest, in particular from local radio stations and newspapers. (See "Indonesian Participatory Budgeting Efforts" and "Civic Engagement in Local Government Renewal in Indonesia.")

In other countries, like India, participatory budgeting is the result of governmental initiative. Under the Kerala People's Campaign for Decentralized Planning, launched in 1996, the national government transferred certain budget functions that had been controlled by state-level ministries to municipalities (in urban areas) and village councils (in rural areas). Every village council is required to organize an open village assembly twice a year to give citizens an opportunity to express their priorities and plan projects. (See "The Plasticity of Participation: Evidence from a Participatory Governance Experiment," and the website of the Kerala government.)

In Serbia, the European Movement in Serbia (EMS) established in 1992, is an independent and voluntary social organization of Serbian citizens that started the project "Towards More Transparent Budgeting and Public Procurement in Municipalities in Serbia" in the localities of Cukarica, Kikinda, and Nis. After six months, 27 more municipalities were added. Amongst other achievements, the project increased citizens' interest in local administration and
established an effective communication system between public officials and citizens. This helped raise citizens’ trust in their civil servants, despite persistent problems in delivering government services.

The World Bank is planning to support regional PB efforts in Africa and Latin America. While this effort should be supported, it is important to note that it is largely focused on helping governments initiate and administer PB. PB depends on the active participation by citizens and CSOs, and it is more likely to flourish when government officials see that it is in their interest to delegate some decision-making authority to citizens.

**International Budget Partnership**

The IBP is interested in working with civil society organizations to assist with disseminating examples of PB "best practices," promote the adoption of PB-related institutions in appropriate circumstances, and help monitor PB programs. The IBP does not intend to replicate the training programs and dissemination efforts adopted by the World Bank; rather, it is interested in helping CSOs work more successfully on PB-related issues.

In order to accomplish this goal, the IBP plans to develop a thematic page on its website dedicated to participatory budgeting. (See existing thematic pages at http://www.internationalbudget.org/themes/index.htm.) The new page will provide regular updates on the experiences of civil society groups that are doing PB work.

For additional reading, we recommend:

- [A Guide to Participatory Budgeting](#), by Brian Wampler
- [Participatory Budgeting: A Significant Contribution to Participatory Democracy](#)
- [World Bank Resources for PB](#)
- World Bank distance-learning website
- Participatory Municipal Planning & Budgeting – Country Design and Implementation Experiences
- [Participation and Civic Engagement Group](#)
- World Bank Outline of Social Accountability Mechanisms
- 72 Frequently Asked Questions about Participatory Budgeting by UN-Habitat

---

**Participatory Budgeting in the Dominican Republic by Juan Castillo, "Fundación Solidaridad"**

Solidarity Foundation (*Fundación Solidaridad*, or FS) is an NGO created during the 1980s to promote citizen participation in municipal administration in the northern region of the Dominican Republic. Since 1993, FS has worked with grassroots organizations in the municipality of Villa González (see [www.villagonzalez.net](http://www.villagonzalez.net)) to influence the municipality’s decisions. As part of that work, in 1998 FS started a participatory budget process in Villa González; FS now serves as technical advisor to the municipality and is a member of the Local Development Alliance, along with the municipal government, the Association of Development Agents, the Women's Municipal Association, and other groups. FS also helped create a strategic plan for Villa González for the 2005-10 period.
As part of these activities, this year FS developed the project "Strengthening Democracy and Municipal Transparency" (www.democracialocal.org), which is now being implemented in eight municipalities in the northern region of the Dominican Republic. The Interamerican Network for Democracy (Red Interamericana para la Democracia), Partners of the Americas, and USAID are supporting the initiative.

The initiative aims to motivate and involve institutions, local authorities, and individuals in promoting transparency in the municipal administration of resources. Its activities include:

- publishing and distributing brochures and press releases to publicize participatory budget processes
- creating and managing a website (www.democracialocal.org) to disseminate information on transparency and governance issues in the Dominican Republic and help give the initiative international exposure
- publishing a magazine ("Local Democracy") to promote achievements of participatory budgeting in the Dominican Republic

In addition, local citizens have been given training in how to participate effectively in local public administration. The training program includes intensive one-day workshops covering topics such as creating a municipal participatory budget, tools and methodologies for participatory budgeting monitoring, examining municipal budgets from a gender perspective, and issues of transparency and participation.

The project has faced some difficulties that have slowed its progress. For example:

- Municipalities' limited resources make it difficult for them to assume new commitments to satisfy the community's needs. Municipalities expected an 8-10 percent increase in their budget for 2005, but this did not happen.
- Political centralism and paternalism sometimes inhibit citizen participation.
- Some community organizations mistrust local authorities because of their failure to fulfill previous commitments.
- Some municipal officials and community leaders lack technical capacity.

Nevertheless, the initiative has made a number of accomplishments, including:

- implementation of participatory budgeting practices in the localities of Santiago, Villa González, Altamira, Mao, Navarrete, and Villa Altagracia, and implementation of similar processes in the municipalities of San Pedro de Macorís and Salcedo
- creation of a national coalition formed by public institutions, civil society, and international cooperation agencies to promote the strengthening of democracy and transparency in municipal governments
- strengthening of relations with the Dominican Federation of Municipalities and the designation of the FS as an advisory body to the Federation on citizen participation issues
- creation of the Network for Local Democracy, an organization that promotes mutual learning between municipal governments and civil society organizations, helps sustain the participatory processes that the Strengthening Democracy and Municipal Transparency project has promoted, and helps spread these participatory processes to other parts of the country

Momentum for the initiative is building. Participating municipalities have reiterated the interest and enthusiasm in continuing to strengthen transparency and governance in their
localities, and other municipalities have expressed interest in incorporate participatory budgeting practices in coming years.

To contact FS, send a message to Juan Castillo f.solidaridad@verizon.net.do.

**Argentina, Chile, Guatemala, Mexico, and Peru: Budget Trends for 2006 by Laura Malajovich CIPPEC (*)**

This December the 2006 budgets for Argentina, Chile, Guatemala, Mexico, and Peru will be approved. This article identifies some common trends across these countries.

**Macroeconomic Estimates and the Allocation of Resources**

In the last few years, governments in the region have tended to underestimate economic growth when preparing revenue projections for the budget.

![Table 1: Error Estimation for Economic Growth](image)

In general, it is considered less risky to underestimate than to overestimate revenues. However, underestimating them can give the executive greater discretion to allocate excess resources if adequate control mechanisms are not in place. This is usually the case for countries in the region.

The best example is Argentina, the region's most volatile country. After the financial crisis in 2001, Argentina began a recovery in which it exceeded projected economic growth rates. This created controversy because of the so-called "delegación de facultades," under which the executive can reassign budget allocations and increase spending without requesting authorization from Congress. This power, in addition to the legislature’s low degree of control over the execution of the budget, has given the executive great latitude to use the surplus funds. It also gives the executive an incentive to underestimate economic growth deliberately. For 2006, the government's growth estimates are well below private forecasts.
Peru’s situation is similar. The macroeconomic forecasts on which each year's budget is based tend to underestimate economic growth, and therefore revenues. As a result, in the last three years the executive has distributed surplus resources with little public discussion. In some cases, funds have been distributed for political purposes.

The same has happened in Mexico, where the volatility of oil prices has created further complications in projecting revenues accurately.

Just as Mexico is dependent on oil revenues, Chile is dependent on revenues from copper. But when the international price of copper is greater than the price assumed in the national budget (as it is now), the Chilean government accumulates these surplus revenues in a separate fund, which it spends when the international price is lower than the one budgeted. This mechanism has worked well to ensure that the executive does not arbitrarily use the surplus revenues.

Guatemala is the only one of these countries that does not tend to underestimate growth. By law, surplus revenues are accumulated in a fund to finance government operations during the first month of the new fiscal year.

In conclusion, most of the countries in the region have little transparency and few clear rules regarding the executive's use of surplus revenues.

One way to reduce the executive's control over the allocation of public funds is for the budget law approved by the legislature to spell out the priorities that should be followed in spending surplus revenues (or making any necessary cuts, if revenues fall short of expectations). In addition, countries whose revenue levels are largely dependent on international market prices for natural resource exports could establish transparency mechanisms to ensure that the prices assumed in the budget are based on reliable estimates rather than political factors.

At the same time, it is important to strengthen the legislature's role in the budget process so the legislature can exercise greater control over public resources.

**Major Budget Changes for 2006**

A large part of the budget in each of these countries consists of "inertial expenditures" that reflect previous commitments. Thus, changes in budget allocations from one year to the next are usually marginal. Nevertheless, by looking at the budget areas in each country that will receive a larger portion of resources in 2006, we can observe (to a certain extent) each government's political priorities.

Each of the countries shows an increase in social spending. Spending on economic development is also increasing, though to a lesser degree. Spending on government administration, in contrast, is generally declining.

A large portion of the spending increase is being financed by extraordinary revenues stemming from the higher price of export goods. The use of these revenues should be carefully monitored, since generating future obligations on the basis of unreliable revenues can create fiscal imbalances in the future.
In the case of Argentina, Chile, and Mexico, economic growth and an increase in the price of export goods have provided the government with added resources. These additional resources have been committed to social spending, particularly on personnel and public infrastructure projects, which will carry costs in future years as well.

- In Mexico, the share of the federal budget going to social spending is increasing, mainly in the areas of health and social assistance. Spending for the Ministry of Security and Economy is increasing as well. Overall government spending is projected to decline by 5.6 percent from 2005 to 2006, due to lower oil prices and other factors. However, part of this decline may reflect an underestimation of oil prices for the coming year.
- Chile’s new budget emphasizes social spending, which increases by 7 percent — particularly in the areas of health, housing, and education. Payments for debt service, in contrast, are expected to decrease. The budget also contains an extraordinary "Supplementary Distribution" category containing $300 million, which the new administration can allocate according to its own priorities.
- Argentina, recovering from an economic crisis, is focusing spending on public infrastructure as a means to increase employment, meet human needs, and reactivate the economy. In the 2006 budget, funding for public infrastructure will increase by 26 percent, and social spending will increase by 14 percent, mainly in social security and education. The effects of these increases on future budgets should be considered, since public infrastructure spending creates future obligations in the form of government workers’ salaries and social security benefits.

Guatemala’s draft budget called for increased spending on social services — mainly in education — and debt service payments. However, as a result of the damage caused by Hurricane Stan, Congress approved a reconstruction program that provided a large funding increase to the Ministry of Infrastructure, whose budget increased by 30 percent compared to 2005. Debt service payments increased substantially as well, because of the government’s need to borrow the funds for its reconstruction program.

Peru, like Argentina, is increasing spending for economic and social services, mainly in education and social security. As in Argentina, these increases will limit budget flexibility in future years by creating new obligations. Debt service is increasing for 2006 as well. Areas showing spending decreases include physical and financial investments.

**Main Challenges for Civil Society**

The region's current economic recovery creates a window of opportunity to formulate and implement budget transparency mechanisms, which may be more difficult to implement during a time of crisis. Hence, comparative research on budget transparency is as important as monitoring activities.

In addition, civil society should look for opportunities to affect the fiscal structures of countries in the region, which tend to worsen rather than improve income inequality — for example, in their reliance on indirect rather than direct taxes. On average, each government in the region obtains more than half of its revenue from indirect taxes, while income taxes constitute just 25-30 percent of revenue. Civil society should promote fiscal reforms that place particular emphasis on direct taxes.

For example, CIDE (Center for Economic Research and Teaching), based in Mexico City, has proposed administrative and fiscal reform. CIEN in Guatemala has proposed reforms in fiscal
and labor policies, among other areas (see www.cien.org.gt). CIPPEC in Argentina has proposed reforms to fiscal institutions. All of these organizations disseminate their proposals amongst legislators and other decision-makers.

Another area of potential civil society involvement is monitoring the transfer of funds from the federal to the local level. This is an important task, particularly in unitary countries where decisions on how funds are transferred to the local level are controlled at the central level. A good example of this type of citizen monitoring is the work of Vigila Perú, which assesses issues such as access to information, education, and health at the local level.

A further way for civil society to participate in the budget process is by helping to monitor the execution of the budget. Evaluations of public spending tend to measure processes, not results. Particularly when there is a budget surplus, this can result in the implementation of activities that do not improve living standards and end up wasting resources, such as nutritional programs that do not solve malnutrition.

Civil society can monitor budget execution by demanding better accountability or by generating alliances that verify the results of budget implementation. An example of these activities is CIPPEC's work with the provincial budget watchdog program "Lupa Fiscal Provincial," where CIPPEC builds alliances with local groups to do specific monitoring on budget implementation. Another example is Mexico's Fundar, which analyzes the use of excess oil revenues and the misappropriation of funds in the health area.

Though many organizations are working on these issues, much remains to be done. The main challenges for civil society are to get organized, gain skills and, monitor the use of public funds in order to reduce the discretionary use of funds by the executive and create greater transparency in the allocation of resources.

(*) Laura Malajovich is a budget expert at the Center for the Implementation of Public Policies for Equity and Growth (CIPPEC), based in Buenos Aires, Argentina

---

**Transparency and Accountability in Mexico's 2005 Budget for HIV/AIDS Prevention and Treatment by Alicia Athié Fundar, Mexico**

Each year since 2003, Fundar has analyzed the Mexican government's spending on HIV/AIDS. In its analysis of the 2005 federal budget, Fundar identified a new allocation scheme for HIV/AIDS funds. For the first time, the *Seguro Popular* (the country's health care program) was given resources for HIV/AIDS; in fact, it received more such funding than any other institution, including the National HIV/AIDS Center (CENSIDA). In addition, some national hospitals — not all of which specialize in treating the epidemic — received funds for HIV/AIDS.

Fundar decided to follow up this analysis by monitoring the application and use of HIV/AIDS funds. Using the electronic system established by IFAI (Federal Institute of Access to Information), Fundar submitted more than 200 formal requests for information to the Finance Department, Federal Health Department, CENSIDA, and the National Commission for the *Seguro Popular* over the course of the year. Broadly speaking, the requests aimed to determine what criteria were used to allocate HIV/AIDS funds and how the hospitals and other institutions that received the funds used them. Fundar's main purpose was to launch a public campaign to inform patients who require HIV/AIDS health services about the availability of additional resources in hospitals.
Fundar's investigation reported some troublesome findings:

- The information provided by government agencies is of low quality. Fundar received contradictory responses from different institutions regarding their role in the distribution of funds, the level of spent resources by mid-year, and the reallocation of resources to different objectives.
- The Ministry of Health allocates funds on the basis of financial rather than epidemiological criteria. When funding for HIV/AIDS prevention and treatment was increased in 2005, the Health Department distributed these resources among hospitals that had suffered general operational cutbacks, even if they had no HIV/AIDS component. Meanwhile, hospitals that actually specialized in HIV/AIDS received no extra help.
- Institutions have wide discretion over how they spend HIV/AIDS funds. Three out of the seven institutions that received HIV/AIDS resources (with the exception of CENSIDA and Seguro Popular) reclassified those funds under "General Services" and spent them on banking and financial services, cleaning, surveillance, and building and vehicle maintenance.
- Accountability is lacking. Because hospitals and institutions are autonomous, the Health Department cannot specify how HIV/AIDS funds should be spent. In addition, even though CENSIDA is responsible for overseeing the national HIV/AIDS strategy, it does not have a mandate to coordinate the use of these funds. Also, the Finance Department considers the resources spent as soon as they are transferred to the institution, regardless of how they are actually used. As a result, money spent on cleaning, maintenance, and banking services will appear as having been spent on HIV/AIDS programs. This issue reflects a major structural problem in Mexico's budget system: the balance of spent money, which is yearly handed over to Congress, is not a faithful portrayal of reality.

In September 2005, the Finance Ministry tabled the budget proposal for 2006, which included the highest funding level for HIV/AIDS in Mexican history. While a large amount of this funding was aimed at CENSIDA, resources also were directed to some institutions that had reallocated previous-year HIV/AIDS funds to unrelated objectives.

Working in alliance with a group of HIV/AIDS patients, Fundar initiated an advocacy strategy that consisted of four aspects:

- Fundar and the Federal Institute of Access to Information held a successful press conference to explain Fundar's findings and demand action.
- As a result of the press conference, Fundar held a number of meetings with the directors of CENSIDA and the financial-administrative head of the Health Department, where Fundar received explicit commitments regarding control and accountability of earmarked funds. The Health Department agreed to determine, along with the institutions, the maximum percentage of resources that could be reassigned for services and to investigate how the resources had been spent this year. CENSIDA committed to find mechanisms for better means to control the spending on HIV/AIDS by the autonomous institutions.
- The case was also presented to the Internal Comptroller, who committed to inquiring into possible systemic modifications that would prevent the "unregistered" reclassification of line items and spending objectives.
- Fundar met with two congressional committees, Health and Gender, to present its research results and its proposals regarding Congress' role in overseeing the uses of
earmarked resources. Fundar also discussed the need for increases in HIV funds and for additional allocations to the main hospitals that treat HIV/AIDS patients.

As a result of these discussions, the House of Representatives approved as part of the 2006 budget a substantial increase in funding for two of the most important institutions working on HIV/AIDS, as well as a considerable increase in funding for CENSIDA. The latter funds are earmarked for prevention; Fundar and other civil society organizations had emphasized the need to take such a step in order to make HIV/AIDS prevention a priority.

By researching the chapter on HIV/AIDS in the federal budget, Fundar has tested the Mexican government’s level of transparency. Fundar is obtaining a thorough understanding of how information-access mechanisms work in Mexico and is using this understanding to push budget issues to their limit. By producing information and analysis with direct relevance to the Mexican people, Fundar’s initiative constitutes an important achievement in the field of budget work and fact-based advocacy.

For more information, contact Alicia Athié at alicia@fundar.org.mx.

**The Budget Face of the Paris Riots by Michel Bouvier (**)**

From October 27 to November 17 the French suburbs faced a serious social crisis expressed by the explosion of violence without precedent in the country. With a financial cost of 200 million according to estimates by the insurance companies, the government decided to increase 2006 appropriations for development programs for the neighborhoods in conflict. These programs appear in the draft of the national budget and represent almost 7,5 million euros under "City and Housing Mission " to help disadvantaged people with the creation of job opportunities and crime prevention. The four programs are as follows:

- **Urban Renovation Program** - is intended to create 100,000 new homes and rehabilitate 40,000 existing homes.
- **Social and Territorial Equity and Support Program** - aims to reduce the development differences between districts and promote measures for the prevention of crime by creating jobs to develop the parental role of adults in the education of young people; fighting against kids bailing out from school (teams for educational success are being implemented and represent around 99 million euros); reinforcing social bonds by helping the community to speak French; and having access to medical care. This same program also tries to help with the creation of jobs by strengthening urban areas with an estimated cost of 576 million euros.
- **Housing Aid Program** - represents more than 5 million euros and is used for affordable housing projects.
- **Development and Improvement of Housing Program** - gathers state appropriations of 1.3 billion for the construction of new homes.

In addition, the Urban Solidarity and Social Cohesion Grant (800 million euros) was created as a subsidy to local communities in sensitive urban areas. Due to the growth of public expenditures of 2,8% from 2000 to 2004, the debt burden increase (66% of the GDP), coupled with the difficulty of increasing an already high tax pressure (around 44%), leave the government with a very limited margin of maneuver. The crisis of the suburbs confronts the government with crucial financial choices for the future. A recent opinion poll by BVA...
Foundation Paul Delouvrier shows that 55% of French citizens prefer to see a decrease in taxes than a better delivery of services, which could mean that decreasing public expenditures is possible; however this poll does not say which expenditures could be reduced. It is clear that economic and financial rationality, social rationality, and political rationality do not always go hand in hand.

(*** Michel Bouvier is a public finance expert and professor of public finance at La Sorbonne and director of the La Revue Française de Finances Publiques www.gerfip.org

---

**New Publication Linking Public Spending and the Reduction of Maternal Mortality**

Over the past year, Fundar and the IBP have been working to integrate budget analysis into maternal health advocacy. As part of these efforts, these two organizations and the Population Council's Regional Office for Latin America and the Caribbean, the Ford Foundation and the Open Society Institute hosted a workshop in Mexico City for experts from the fields of maternal health and applied budget analysis.

The ideas that emerged from the discussion were compiled in a report that also draws on case studies from multiple countries to provide lessons on how to use applied budget analysis effectively to reduce maternal mortality. The report by Kim Keith-Brown, *Investing for Life: Making the Link Between Public Spending and the Reduction of Maternal Mortality*, explores the potential for using budget analysis to strengthen civil society efforts to reduce maternal mortality.

---

**Regional Budget Conference on Tsunami Funds, Sri Lanka**

In November 2005, the International Budget Partnership (IBP) sponsored a three-day conference on "Government Budgets, Donor Aid, and Natural Disaster Management," in Colombo, Sri Lanka. The conference was jointly organized by the Centre for Budget and Governance Accountability (CBGA), which is a program of the National Centre for Advocacy Studies, New Delhi; Social Watch Tamil Nadu, Chennai; the Centre for Budget and Policy Studies, Bangalore; the Centre for Policy Alternatives, Colombo, and the IBP.

The region of South and South-East Asia has experienced several major natural disasters in the past decade, including most recently the massive tsunami that hit the region in December 2004 causing widespread destruction. Civil society organizations, which have traditionally played an active role in relief and rehabilitation efforts following natural disasters, are actively engaged in tsunami relief and reconstruction activities throughout Southeast Asia. However, civil society organizations have not traditionally engaged as actively on such issues as monitoring the utilization of disaster relief funds, including tracking the expenditure of pledges/contributions made by donor institutions, highlighting corruption and/or the misuse of relief funds, or influencing the formulation of national disaster management policies and budgets.

The IBP conference brought together civil society practitioners from a number of South and South-East Asian countries to discuss the role that these organizations can play in
increasing transparency in the use of disaster relief funds. The conference provided an opportunity for participants to discuss the specific methodologies that they use to monitor, track, and analyze disaster relief budgets. For example, a paper presented by the IBP analyzes the utilization of relief funds by the United Nation agencies; another presentation discusses the impact of disasters globally. Similarly, a presentation by CBGA examines disaster policies in India.

The conference also included sessions that provided introductory training to participants on applied budget analysis – particularly how budgets can be analyzed to develop information that civil society organizations can use to influence the policy making process in an effort to make budgets more "pro-poor." Finally, the conference also examined the potential for building a strategic alliance among civil society organizations in the region to strengthen their advocacy interventions during and after natural disasters.

Participants were drawn from organizations working on various technical issues including budget analysis, good governance and accountability, and disaster relief and rehabilitation. The countries represented in the conference included India, Sri Lanka, Nepal, the Philippines, and Indonesia. The conference was particularly successful in drawing new organizations into the IBP network, including the Concerned Citizens of Abra for Good Governance, the Philippines Center for Investigative Journalism from the Philippines; and Aceh-based groups such as Indonesia Corruption Watch and Gerakan Anti Korupsi.

By the end of the conference, four important issues had been identified:

- **First**, civil society has an important oversight function to perform in monitoring the allocation and impact of disaster relief funds and in demanding accountability from governments and donor entities. However, the current initiatives that are being undertaken by civil society organizations are inadequate to support effective monitoring.
- **Second**, the limited nature of civil society monitoring initiatives can in part be attributed to the limited capacity within civil society groups to engage effectively in monitoring disaster funds. This can be remedied by expanding training on budget analysis and advocacy.
- **Third**, participants from India, Sri Lanka, and Indonesia discussed specific projects that they plan to initiate in their respective countries as a result of the conference discussions.

Finally, applied budget work is an important tool to enable civil society groups to hold governments and donors accountable. Thus there is a need to build a strategic network among civil society groups in the region to nurture and promote applied budget work.

A detailed report on the conference is currently being developed. The report will be made available on the IBP website. For more information, contact Vivek Ramkumar at ramkumar@cbpp.org.

---

**CSBI Grantees Meet in Uganda**

The Civil Society Budget Initiative (CSBI) is a partnership between civil society and donors designed to support budget work in some of the poorest countries in the world (See [IBP](#))
Newsletter No.19 for an introduction on CSBI). CSBI provides existing civil society organizations with financial and technical assistance to initiate budget work. It also provides opportunities for partners to learn from each other and to document these lessons to assist other organizations in low-income countries.

So far, CSBI has supported pioneering budget work in:

- Bolivia by Research Center for Labor and Agrarian Development "Centro de Estudios para el Desarrollo Laboral y Agrario" (CEDLA), Center for Higher Education "Centro de Estudios Superiores Universitarios" (CESU) and Coordinadora de la Mujer
- Burkina Faso by Center for Democratic Governance «Centre pour la Gouvernance Démocratique» (CGD)
- Chad by Group of Alternative Research to Monitor the Oil Project in Chad Cameroon "Groupe de Recherches Alternatives et de Monitoring du Projet Pétrole Tchad-Cameroun" (GRAMP-TC)
- Honduras by Social Forum of External Debt and Development "Foro Social del a Deuda Externa y el Desarrollo en Honduras" (FOSDEH)
- Indonesia by Bandung Institute of Governance Studies (BIGS)
- Malawi by Civil Society Coalition for Quality Basic Education (CSCQBE)
- Guatemala by International Center for Human Rights Research "Centro Internacional para Investigaciones en Derechos Humanos" (CIIDH)

From 8-11 December all CSBI partners gathered together in Entebbe, Uganda to share experiences and document lessons learned. The workshop included presentations on the plans and progress of each partner group and discussions of lessons from their work. The shared learning will be compiled and distributed in a later newsletter. The workshop also included a site visit to one Ugandan district and one sub-county where community members work with the Uganda Debt Network (UDN) to monitor budget outputs and outcomes (http://www.udn.or.ug). The CSBI partners meeting is expected to take place annually.

The CSBI Steering Committee also intends to explore the potential for work in Cambodia, Ethiopia, Pakistan, Senegal, and Sri Lanka in the next year. For more information on this initiative, please contact the CSBI Program Coordinator, Tom Zanol at zanol@cbpp.org.