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## Foreword

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This publication is our second guide to applied budget work. When Stefan Falk and I drafted the first guide in 1999, the International Budget Project was still quite new. We were unsure whether the initial interest expressed by non-governmental organizations in applied budget work would continue to grow — particularly given the long-standing resistance in many countries to having open discussions and assessments of the budget — and whether it was possible to produce a document that was relevant to the diverse circumstances found in developing countries and emerging democracies. Happily, the guide received a positive reception and interest in applied budget work continues to spread. There are now dozens of non-governmental organizations around the globe that have integrated budget analysis into their work or whose primary focus is budget analysis. Indeed, the work of these NGOs not only served as a source of inspiration, but also provided the many examples cited throughout this new guide. Their efforts are confirmation that applied budget work can make a meaningful contribution to addressing the problems of the poor and to improving systems of governing.

This revised guide is a joint product of the entire staff of the International Budget Project and of other staff of the Center on Budget and Policy Priorities. Stefan Falk and I had lead responsibility for the project, but other IBP staff — Rocio Campos, Joel Friedman, and Warren Krafchik — were partners in the endeavor, drafting entire sections and reviewing the many versions of the document. Michelle Bazie, Toni Kayatin, Richard Kogan, Shamarukh Mohiuddin, Ellen Nissenbaum, and John Springer also provided valuable insights. Ann Brown, Wendy Burnette, Chip Hooper, Tina Marshall, and Tom Zanol assisted in the production of the guide.

Our deep gratitude is extended to the Ford Foundation, whose financial support made this guide possible, and whose leadership has helped make the growth of applied budget work a reality.

Last, we want to extend a special thanks to the large number of NGOs whose experiences and publications we drew upon in developing this guide. We hope that the guide is able to convey not only the richness of the work that our colleagues are advancing, but also the potential that applied budget work holds for non-governmental organizations to achieve their goals.

Isaac Shapiro  
Director, International Budget Project  
Center on Budget and Policy Priorities  
Washington, DC USA

November 2001

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**Part I. Introduction to the Guide  
and to Applied Budget Work**

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# 1. OVERVIEW

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“How do we strengthen our ability to assess and improve our government’s budget?” This question is increasingly being asked by members of non-governmental organizations (NGOs) around the world, particularly in developing countries or countries new to democracy. The NGOs have realized that their ability to advance their goals — whether these are to combat poverty or to strengthen democratic practices — will be enhanced if they develop a capacity to undertake budget analysis.

“What brings us together . . . is our belief that people have a right to influence the public choices that shape our lives. Public budgets are the chief instruments by which governments make these decisions, and civil society the greatest tool to ensure that people are part of that process.”

-Jim Shultz, Democracy Center in Bolivia, at the IBP’s third conference

Non-governmental groups that are now investigating how budget work can help them achieve their goals are in a decidedly better position than were their counterparts who began to explore this work a few years ago. In recent years, a wide range of groups in dozens of countries have begun to engage in budget work. These groups are writing general reviews of government budgets; they are trying to advance budget literacy in their countries through budget trainings and other educational efforts; they are seeking to make budget systems more transparent and participatory; and they often have a particular concern with policies affecting the poor. For new entrants into the field, there are many experiences that can be drawn upon.

This guide relies on these available experiences and attempts to pull together helpful guidelines to budget work into one coherent document. It offers a systematic overview of the different aspects of effective budget analysis, with an emphasis on the activities and approaches a non-governmental organization might want to undertake in its initial years of budget work. The guide is primarily intended for groups or individuals that have a new or relatively new interest in budget work, but it also may be of interest to those that have engaged in this work for some time and are interested in a review of the basic principles of this work, examples of useful resources, and best practices.

The International Budget Project first published *A Guide to Budget Work* in September 1999. As we began to revise the guide in early 2001, it became evident almost immediately that a thorough and substantial revision was needed, reflecting the rapid growth in budget work by non-governmental groups and thus the larger number of examples to examine. This second version of the guide consists of five parts.

**Part I: Introduction to the Guide and to Applied Budget Work.** The second chapter contains a general description of applied budget work and an examination of the factors underlying its growth. Chapter 3 then provides some examples of applied budget groups.

**Part II: First Principles.** Chapter 4 consists of a brief introduction to the stages of the budget cycle and how NGOs can contribute at each stage, as well as a brief summary of key budget principles and key budget problems. Chapter 5 offers some fundamental lessons for being effective at applied budget work. These include a discussion of some of the “watchwords” for applied budget work — accuracy, accessibility, timeliness — as well as a discussion of media and dissemination issues and working with policymakers.

**Part III: Types of Applied Budget Work.** This part of the guide describes the basic areas of applied budget work that have been undertaken by groups, providing examples of such work and some pointers on selecting activities. Chapter 6 discusses activities that can be undertaken to promote budget literacy, and Chapter 7 looks at how groups can engage in work on budget systems and processes. Chapter 8 examines the following categories of budget analyses: reports on the budget at the time it is released by the executive; sector-related analyses (analyses of particular budget areas, such as health or education issues); distributional or group analyses that examine the impacts of budgets on different income groups or parts of society (such as women or children); analyses linking budget and rights issues; analyses of the general economic effects of the budget; and tax and revenue analyses.

**Part IV: For Further Information.** The last two chapters of this guide point towards the resources that a reader might want to investigate to learn more about applied budget work and budget issues. Chapter 9 summarizes the resources offered by the International Budget Project. Chapter 10 describes the resources available in individual countries and from international institutions such as the World Bank.

**Part V: Appendices.** The appendices include: a glossary of common budgetary terms; histories of two budget groups; the program of a budget training course; a case study of an NGO’s analysis of its government’s budget; and a map of the IBP’s website.

Most of the numerous documents referred to in the main body of the text can be accessed through the World Wide Web, and the web addresses are noted throughout this guide. The guide is also on the IBP website; this version permits the reader to access directly the referenced documents and sites (through “hyperlinking”). The desire to highlight reports that are readily accessible through the web and that are available in English limited the number of sources, but we have tried to provide a representative sample.

In addition, the guide is available in CD-ROM form, with most of the referenced documents copied onto the CD as well. That is, the documents are part of the CD itself to make them easier to access without an internet connection.

We hope you find the updated version of the guide useful, and we welcome any questions or suggestions. Please contact us at:

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## 2. APPLIED BUDGET WORK: ITS GROWTH AND POTENTIAL

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At the end of 1997 the International Budget Project canvassed much of the world and found 50 people from 14 countries to attend our first conference. Only a modest fraction of the attendees had been engaged in applied budget work — that is, budget research specifically designed to influence the policy process. In contrast, for our third conference in November 2000, little effort was needed to “recruit” attendees, and about 100 participants attended from 25 countries. The vast majority of the participants came from developing nations or emerging democracies. Most of the participants had more than a year of experience in applied budget work. The growth in the engagement of non-governmental organizations in budget work over the past few years has been nothing short of remarkable.

“DISHA — a grassroots organization in Ahmedabad, India — began to see the need for budget analysis when it lobbied the government to raise the wage rate for 1 million tribal Tendu leaf-plucker women, to regularize land rights for tribal forest land cultivators, and on other issues relating to the general welfare of communities living in Gujarat’s tribal areas. With each struggle, a realization grew: unless DISHA had information on the money spent by the national and state governments, it would be difficult to fairly represent the interests of tribal development. Eventually, this realization forced DISHA to learn how to analyze the state budget.”

-M.D. Mistry, Centre for Budget Analysis and Policy Priorities, DISHA, India

This chapter begins with a brief description of applied budget work. It then describes some of the factors behind the growing interest in applied budget work before discussing a few of its potential contributions to the budget debate. The chapter concludes with a brief examination of the role of the IBP in advancing this work.

### 2.1 What Is Applied Budget Work?

Recognizing the importance of budgets to the lives of the poor and in the development of open and participatory societies, this guide encourages non-governmental groups to engage in applied budget work. Applied analysis is undertaken with the explicit intention of advancing policy goals, such as assisting the most disadvantaged in society. It is not simply research for the sake of research. While applied budget work demands quality analysis, it also requires that its findings be presented in a way that maximizes its impact on the policy debate. The analysis must

## **Typology of Applied Budget Work**

### Kinds of Applied Budget Groups

- \*Applied policy institutions
- \*Academic or research institutions that have added an applied budget component
- \*Activist organizations that have added a budget research component
- \*Operate at all levels of government: national, state, local/municipal

### General Nature of Applied Budget Products

- \*Attempt to be accurate, accessible, and timely
- \*Strive for independent assessments
- \*Try to affect policies

### Main Activities of Applied Budget Work

- \*Advancing budget literacy
- \*Assessing the budget process and budget systems
- \*Analyzing budget policies

### Target Audiences

- \*Policymakers, both the executive and legislative branches
- \*Media
- \*Other NGOs
- \*The broad population
- \*Researchers/academics

be accessible to a wide range of readers — particularly policymakers, the media, and the public — and must be available when needed to inform policy decisions.

Applied budget work also encompasses efforts to advance the understanding of budget issues. The goals are to raise the level of budget literacy among those engaged in the budget policy debate in order to improve this debate, as well as to bring more people into the debate.

The box above provides a typology of the kinds of groups engaged in applied budget work; of the general nature of applied budget products; of the activities of applied budget work; and of the target audiences. This guide fills in this typology in more detail in subsequent chapters.

## **2.2 Why NGOs Are Gravitating Towards Budget Work**

It seems only natural that NGO work has begun to focus on government budgets. The budget is the most important economic policy instrument for governments. It reflects a government's

social and economic policy priorities more than any other document, translating policies, political commitments, and goals into decisions on where funds should be spent and how funds should be collected. A well-functioning budget system is vital to the formulation of sustainable fiscal policy and facilitates economic growth. In many countries, economic problems are exacerbated by weak budget systems and faulty budget choices.

While a government's budget directly or indirectly affects the life of all its citizens, frequently people with modest means are influenced the most. They tend to be harmed the most by weak economic growth or high inflation. The current well-being of those with low incomes, and their future prospects, also can hinge on expenditure decisions in areas such as health and education. Yet budget cuts tend to fall on programs that benefit the poor, as other items such as interest on the debt or the public-sector wage bill are more likely to have first claim on scarce funds. Moreover, even when funds have been allocated to anti-poverty programs, weak expenditure and program management — and the lack of political power among the poor — can mean that the money never reaches the intended beneficiaries.

The budget process and budget system in a country also are crucial in determining the degree to which it has an open, democratic, and participatory system of governing. In many countries, the general absence of information on budget issues — particularly in accessible, non-technical forms — has seriously hindered the efforts of national and local organizations to participate in the discussion on the distribution of public resources. In addition, the ability of civil society to participate in the budget discussion can be thwarted by legal, institutional, and political barriers. NGOs can work to address these deficiencies in budget information and the budget process, and thus improve the structure of their government's decision-making process.

For all these reasons — the importance of the budget to the overall functioning of a country's economy, to anti-poverty and other government policies, and to open decision-making processes — organizations and researchers have much to gain from a knowledge of budget issues. Because the reach and impact of budget decisions are so sweeping, researchers and NGOs interested in almost any particular issue can be more effective in their work if they understand the formulation of the budget, how it becomes law, and how it is implemented. That is, combining an in-depth knowledge of a policy issue, such as health or education, with a solid knowledge of budgets has proven to be an outstanding method of influencing policy decisions.

## **2.3 The International Context**

The reasons, listed above, why NGOs are gravitating toward budget work are not really new. The budget, for instance, has not suddenly become the most important economic policy document of a country. It has been so for some time. What is new is an international context for NGO work that has helped create fertile ground on which groups can engage budget issues.

Most notably, there have been dramatic transformations in governmental systems over the past decade. Many countries have shifted from being closed societies to open ones, and are striving to

build more democratic and participatory decision-making processes. The goals of this ongoing process extend beyond conducting free elections. Open and democratic societies require an informed citizenry, public participation, and governing processes that are transparent — daunting challenges, particularly in countries that have for their entire history been ruled by non-democratic regimes. Democratic transitions in some of these countries have led to greater availability of budget information and opportunities for those outside government to contribute to the decision-making process.

While the trend towards more open and democratic decision-making processes has been perhaps the single largest factor behind the new interest and possibilities for budget work, the timing of this growth in budget work reflects several other international developments.

- ***A new role for government, markets, and NGOs in addressing poverty:*** There is an emerging consensus on the complementary roles of government and non-governmental actors in advancing economic development. Today most international institutions view appropriate state, private sector, *and* non-profit partnerships as creating new opportunities to enhance governance and implement effective poverty-reduction strategies.
- ***Public expenditure management reforms:*** The progress of independent budget work also reflects the adoption by many countries of new public finance practices. These practices welcome and support greater transparency in budget systems and a larger role for the independent oversight offered by civil society and legislatures. The desire for increased transparency, in turn, was partly driven by the notion that the lack of economic transparency was a contributing factor to the Asian financial crisis; since the crisis, the financial markets have been demanding more transparency.
- ***Decentralization:*** Democratization has often been accompanied by a process of decentralization, which brings budgeting closer to communities and makes it more real for them. While decentralization can complicate the coordination and monitoring of budgets nationally, it may create opportunities for greater citizen and local legislative involvement. In particular, given the lack of capacity of many state and local institutions, decentralization opens up training and analysis opportunities for non-governmental budget groups.

## 2.4 Applied Budget Work and Its Potential Contributions

The idea of involving NGOs in the budget debate amounts to a substantial shift in the traditional approach to budget decision-making. In most countries, public budgeting has long been considered the exclusive preserve of the executive. Only recently has opening budget decision-making processes to non-executive input been considered desirable in some countries. In many

developing countries a set of powerful negative ideas have constrained the budget work of civil society, legislatures, and the media. These include the ideas that:

- Budgets must be formulated in secret, as a more open process may upset the markets.
- Legislators and civil society advance only the interests of their constituents as opposed to the interests of the country as a whole. Thus their participation in the budget debate skews choices away from what is best for the country.
- It is the executive's mandate to produce the budget in a closed process, and its prerogative for the budget to be rubber-stamped by the legislature.

A careful look suggests that these ideas are closer to myths. Clear, accessible public budgets can facilitate accurate private-sector planning, while secrecy may encourage destabilizing market speculation instead of steady adjustment to known policy choices. There also has been a shift in the thinking about the consequences of public debate on the budget. For example, a recent paper reviewing the experiences of the Organisation for Economic Co-operation and Development (OECD) countries found that greater involvement by the legislature in the budget process can be compatible with outcomes that maintain fiscal discipline. (See "Can national legislatures regain an effective voice in budgetary policy?"

<http://www1.worldbank.org/publicsector/pe/legislatures.doc>.) The conclusion of this paper could well hold for the work of applied budget groups. As their engagement in the budget process deepens, budget groups are more likely to focus on issues of prioritization and improving the effectiveness and efficiency of expenditures, rather than on simply expanding the size of the budget or particular programs.

Finally, very few people would argue with the assertion that the executive branch of government has a mandate to produce the budget; but that does not mean the executive branch should entirely dominate all the stages of the budget process, or that the process should be a closed one. Moreover, there may be positive benefits for government in accepting budget groups as a complementary player in fiscal policy. There will be disagreements, but over time budget groups may be able to deliver useful information that improves budget decisions.

Constructive participation by civil society can raise the quality of the budget debate and improve budgetary outcomes through a variety of means:

- **Training:** Many civil society organizations develop budget training expertise that is most frequently directed at augmenting the analytical and advocacy capacity of other civil society organizations and legislatures. This results in stronger interventions and oversight. Several groups also provide training for government departments and international institutions.

- ***Highlighting crucial information and policy issues:*** Civil society budget groups often have substantial capacity to analyze the budget from the perspective of the poor. They are able to be in close, regular contact with different sectors of society and interest groups and feed these perspectives into the budget decision-making process. They can highlight important information and policy issues that might not otherwise receive enough attention.
- ***Identifying best practices:*** Independent analysis can help identify local and international best practices that assist government departments and legislatures in making better budget policy.
- ***Building accountability:*** Through their analyses, civil society organizations can reinforce channels of accountability. This may occur, for example, when groups provide accessible information to citizens and the legislature on the findings of the Auditor General.

Overall, civil society groups have the potential to make the budget more accessible and understandable to a wider range of stakeholders outside the executive — from the legislature to interest groups — that might otherwise view the budget as too arcane and confusing to warrant their attention. Applied budget work can help to “demystify” the budget for these stakeholders and bring them into the important debate on how to allocate a country’s resources to meet its most pressing needs.

## 2.5 The International Budget Project

The International Budget Project of the Center on Budget and Policy Priorities was started in 1997 with the goal of assisting in the growth of independent, applied budget work around the world. The IBP assists non-governmental organizations and researchers in their efforts both to analyze budget policies and to improve budget processes, systems, and institutions. The project is especially interested in promoting and assisting with applied research on the effects of budget policies on the poor. The IBP works mostly with organizations that conduct analysis in developing countries or in countries new to democracy.

The IBP helps organize conferences and workshops; maintains a resource base of NGO budget work; conducts research on budget issues; facilitates the exchange of information among budget researchers and groups; provides technical assistance and training; and strives to raise the profile of budget work. The project also attempts to prepare educational materials, of which this guide is a primary effort. Chapter 9 of this Guide provides a detailed description of the various resources the IBP offers in our attempt to help advance applied budget work.

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### 3. EXAMPLES OF APPLIED BUDGET GROUPS

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No matter what region of the world you are from, no matter the role of civil society in your country, no matter what issues you work on, there are likely to be some thought-provoking examples of NGO budget work that have emerged in recent years. These groups are active at all levels of government (national, state, and local); are operating in a broad spectrum of governmental environments; and have an assortment of backgrounds, ranging from grassroots activists to academic researchers.

“Strategy runs a project called ‘creating a budget people can understand and influence,’ which aims to make the budget process more transparent and expand the participation of NGOs. The project began in St. Petersburg, working directly with key people in the city’s finance department who understand the need for transparency. Strategy also acts as a mediator for the needs of NGOs and the public for information about the budget and participation, running awareness raising programs through public hearings and generating publications to demystify the budget and highlight important issues.”

-Alexander Sungorov, President  
of Strategy, Russia, at the IBP’s  
third conference

To provide a flavor of what type of applied groups have emerged, and the nature of their work, this chapter briefly describes three of the more experienced organizations from different parts of the world. These organizations have six to 20 years of applied budget work experience. The chapter concludes with references to a variety of other groups that are emerging and to available case studies.

#### 3.1 The Center on Budget and Policy Priorities, United States

The International Budget Project is part of the Center on Budget and Policy Priorities. The Center, located in Washington, D.C., examines data and conducts research on how budget, tax, and government programs affect low- and moderate-income people. The Center is not a grass roots organization, nor is it an academic institution. It explicitly thinks of itself as “an applied policy institution” that engages in research that can help inform the policy discussion. Its funding comes from private foundations; it receives no government funds. For two decades the Center has produced analytic reports that are designed to be accessible to public officials, nonprofit organizations, and the media. The Center’s analyses are often relatively short, in part so they can be prepared in a timely manner and have an influence on ongoing policy debates.

The Center began in 1981 with a staff of three people who focused on some general national budget issues and U.S. programs to combat hunger. The Center has grown considerably since then, and now employs close to 70 people. But this growth followed a gradual path, as the Center expanded only into those areas in which it already had expertise, or could develop expertise. The Center realized that its credibility in one area of work affected its credibility in all other areas of work, and that the credibility of its research is central to its effectiveness. At the national level, the Center now has expertise in the budget process, tax issues, and a range of anti-poverty programs such as health care, housing, food assistance, income assistance, and pensions. Most of its professional staff consists of researchers, but there are also staff dedicated specifically to relations with the media as well as staff dedicated specifically to relations with public officials.

During its first decade, the Center focused primarily on national issues. In 1992, the Center formally expanded its programs to encompass both national and state-level analysis. Through this new work, the Center developed expertise in helping state-based budget and tax organizations share information, and has provided technical assistance to these groups to help them increase their ability to conduct effective analysis (see <http://www.cbpp.org/sfai.htm>). The Center also has an outreach project that aims to ensure that low-income people actually receive the government benefits to which they are legally entitled. The International Budget Project of the Center, established in 1997, is the organization's newest unit.

Appendix I is a presentation on the evolution of the Center. The Center has a website (<http://www.cbpp.org>) that has received as many as 800,000 "hits" in a month and contains all the main reports it has prepared since 1996. In the first half of 2001 alone, the Center released more than 100 reports on budget, tax, and poverty issues.

### **3.2 The Budget Information Service of Idasa, South Africa**

The Budget Information Service (BIS) of the Institute for Democracy in South Africa (Idasa) analyzes the allocation and use of public resources to understand the impact of South Africa's budget on the poor. Idasa is an independent, non-profit public interest organization promoting democracy. BIS's first priority is to enhance the advocacy and policy-making efforts of civil society and legislatures. BIS believes that civil society can add value to the economic choices government makes, and that wider participation in the budget process can help broaden agreement on these choices.

With the demise of apartheid, South Africa held democratic elections in 1994. BIS was launched in 1995, at the same time that the new national parliamentarians in South Africa faced their first full budget process. Its initial efforts included briefing each of the national assembly and senate portfolio committees. These briefings formed the basis of its first training packages developed for civil society. These training packages have become more refined over time, and now include flexible one- to three-day courses that provide information on current budget issues and tools to play a role in the budget decision-making process. BIS's work focuses on the Health, Education,

and Welfare departments — where the majority of social expenditures take place — and concentrates on the position of women, children, and the disabled, who form a large proportion of the poorest and most vulnerable members of South African society.

BIS produces accessible analyses of budgetary and socio-economic issues. BIS disseminates its material through various media (print, electronic and radio). Its work takes the following forms:

- Monitoring national and provincial budgets and budgetary processes;
- Undertaking research and analysis that can be used during the policy and budget process;
- Taking up issues that are at the core of transparency and access to the budget system, such as the amendment powers of the legislature;
- Conducting budgetary training; and
- Coordinating the Africa Budget Project, which supports the advancement of applied budget work throughout Africa.

For further information on the budget project at Idasa, please see the BIS website (<http://www.idasa.org.za/bis>) or the transcript from the presentation on BIS work given at the second conference of the IBP, which can be found at (<http://www.internationalbudget.org/conference/2nd/idasa.htm>).

### **3.3 Centre for Budget Analysis and Policy Priorities, Development Initiative for Social and Human Action (DISHA), India**

Founded in 1985, DISHA is a membership organization devoted to organizing and unionizing forest laborers and building capacity in local organizations working on issues that affect people in the tribal areas of Gujarat state in western India. Since 1992 DISHA has been working on state-level policy issues through budget analysis and policy advocacy to advance the interests of its members. The unusual blend of public mobilization, institution building among the poor, and lobbying among multiple political circles has given unique depth and credibility to DISHA's work. The budget work recently became part of a unit called the Centre for Budget Analysis and Policy Priorities.

In its training programs and budget analysis, DISHA has a clear pro-poor emphasis. It studies the pattern of spending and examines the poverty policies of the government as expressed by its budget allocations. Since DISHA has a clear constituency among the poor, it feels it has a mandate to advocate its views to government and help other social justice groups in India obtain the necessary information to advance the fight for equity and social justice.

DISHA gave serious thought to how it could make its analyses of budget issues stand out from the piles of papers that elected officials received from the government each day during the budget session. DISHA decided to prepare notes that were short — six pages long at the most. DISHA sent these short analyses to government ministers and bureaucrats, and also to the press, academic institutions, and voluntary agencies. Before long, DISHA found that many members of the state assembly had become “addicted” to its notes.

DISHA found that the word “budget” is enough to turn off most social activists, including, at first, those in its own group. Debate and studies on national and state budgets have traditionally been the domain of academics and researchers. DISHA discovered, however, that budget analysis can be a powerful tool for grassroots groups to use in dealings with the government.

See Appendix II for the story of the development of DISHA. This appendix consists of an article written by the founder of DISHA’s budget work, and includes this observation: “The budget is prepared by a very small group of people in the bureaucracy. Knowing the process breaks this monopoly.”

### **3.4 A Variety of Experiences Are Emerging**

Our own list of NGOs engaged in budget work includes groups from throughout the world. The “groups section” on our website currently contains short descriptions of budget NGOs and researchers from the following countries: Argentina, Bangladesh, Bolivia, Brazil, Chile, Croatia, Egypt, Germany, Ghana, India, Indonesia, Israel, Kenya, Lebanon, Malawi, Mexico, Mozambique, Namibia, Nepal, Nigeria, Peru, the Philippines, Poland, Russia, South Africa, Sweden, Tanzania, Uganda, the United States, and the West Bank/Palestine. Contact information is included on the website, and the groups typically would be glad to establish an exchange of information. This list, moreover, continues to grow steadily. (See <http://www.internationalbudget.org/groups/index.htm>.)

In short, it is important for new budget groups to remember that they are not alone. There are many models that can be adopted and modified. To mention just a couple of the efforts that have begun in the past few years:

- *The Centre for Budget and Policy Studies in Bangalore, India.* This research-oriented organization works on municipal and state budget issues in southern India.
- *Centro de Investigación y Docencia Económicas (CIDE) in Mexico City.* CIDE is an academic research institution; its budget work focuses on national and sub-national issues and includes both budget education and budget analyses.
- *St. Petersburg Strategy Center, Russia (Strategia).* Strategia is an activist organization that engages in budget analysis work at the city level in St.

Petersburg and has been instrumental in organizing groups and researchers from around Russia to engage in budget transparency work.

Short case studies of the development of these three organizations are available. Please see <http://www.internationalbudget.org/resources/success.htm>. In addition, presentations about the development of budget work at the Centre for Budget and Policy Studies and CIDE were made at the IBP's second conference and can be found at <http://www.internationalbudget.org/conference/2nd/india.htm> and <http://www.internationalbudget.org/conference/2nd/cide.htm>.

## **Part II. First Principles**

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## 4. BUDGET BASICS

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This chapter includes a basic introduction and discussion of different issues related to public budgeting. Specifically, it:

- Outlines the generic stages of the budget cycle, with a short discussion of potential civil society actions at each stage;
- Summarizes some central problems of budgets in developing and transition countries; and
- Describes some of the key principles that are essential to an effective budget system, such as the importance of transparency and checks and balances.

“Budgets and budget policies are put together on an ongoing basis. So one of the interesting things about budgets is that they keep coming, the process never ends.”

-Vinod Vyasulu, Centre for Budget and Policy Studies, Bangalore, India, at the IBP’s second conference

For further information about basic budget issues, please see the references in Chapter 10 of this guide, including a list of several key international documents that describe the budget process and budget issues in great detail. Appendix III provides a glossary of key budget terms.

### 4.1 Stages of the Budget Cycle and Opportunities for NGO Involvement

The budget is technically the document that includes the government’s expenditure and revenue proposals, reflecting its policy priorities and fiscal targets. But the budget document is just one facet or manifestation of an on-going budget decision-making process, and of a country’s system for managing and assessing its spending and tax policies. Looking at any one aspect of the overall budget system in isolation misses the important interaction between the various parts. In this section, we discuss the budget cycle, which consist of the major events or stages in making decisions about the budget, and implementing and assessing those decisions.

The budget cycle usually has four stages:

- *Budget formulation*, when the budget plan is put together by the executive branch of government;
- *Enactment*, when the budget plan may be debated, altered, and approved by the legislative branch;
- *Execution*, when the policies of the budget are carried out by the government; and
- *Auditing and assessment*, when the actual expenditures of the budget are accounted for and assessed for effectiveness.

Each of these stages creates different opportunities for NGO participation. A brief description of these opportunities is presented below. (A more detailed examination of the types of budget work NGOs can conduct during different stages of the budget cycle can be found in a recent IBP paper, “Can civil society add value to budget decision-making?”, which can be found at <http://www.internationalbudget.org/resources/library/civilsociety.pdf>.)

### **Budget Formulation**

The initial formulation of the budget occurs almost exclusively within the executive branch of government, though it can include a number of actors within the branch. Typically one office — usually the budget office in the Ministry of Finance — coordinates and manages the formulation of the budget, requesting information from individual departments and proposing the trade-offs necessary to fit competing government priorities into the budget’s expenditure totals. This process can take a few weeks to several months, largely depending on the extent to which departments are involved and their views are taken into account.

In general, budgets are not built from the ground up every year. Instead, new budgets tend to use the budget most recently adopted into law as a starting point (or baseline), with changes measured from that. This is not to say that all budget changes are purely incremental. The budget can be altered considerably from year to year in response to changes in the economic situation or in government priorities.

The broad contours of the budget are determined in part by its projections of key parameters — such as economic growth, inflation, or demographic changes — that will influence overall revenues and expenditures. The contours of a budget also are influenced by overarching goals, such as maintaining the deficit or debt at a certain level, raising or reducing taxes, or increasing expenditures for certain priority areas.

*NGO Role:* The executive branch normally formulates the annual budget behind closed doors. In some cases, the executive may release a discussion document or an overview of the budget in

advance, but generally the legislature and civil society have little direct access to this stage of the process. Nevertheless, because the budget is rarely constructed from scratch, major parts of the budget may be anticipated by stakeholders outside the executive. This creates an opportunity for analysis and advocacy at the formulation stage. During the development of the budget, non-governmental groups can release analyses on issues known to be under consideration, or that they believe ought to be priorities, with the hope of influencing the budget being formulated. There might also be opportunities for NGOs to establish informal lines of communication with executive branch officials. In countries where the legislative process has little impact on the budget, NGOs may have to concentrate on the formulation stage, as that is when the key decisions are made.

### **Budget Enactment**

The second stage of the budget cycle occurs when the executive's budget is discussed in the legislature and consequently enacted into law. This stage begins when the executive formally proposes the budget to the legislature. The legislature then discusses the budget, which can include public hearings and votes by legislative committees. The process ends when the budget is adopted by the legislature, either intact or with amendments. The budget also can be rejected by the legislature and, in some countries, replaced by the legislature's own proposal.

The budget enactment stage typically is when public attention on the budget is the greatest and information about the budget is made most broadly available. Ideally, the legislature has the resources and time to review the executive's proposal and make amendments. In practice, the legal framework for the budget process or the political system in a country may limit the impact the legislature can have on the budget. Many legislatures also are hampered by their lack of staff and budget expertise. Nevertheless, these constraints do not close off all options to the legislature. Legislators can engage in budget issues by holding hearings, establishing special committees, requesting information from the executive branch, or having public debates.

*NGO Role:* It is during this phase of the budget cycle that non-governmental groups often have the most potential for input. Since public discussion of and interest in the budget are typically at their high point when the executive presents its budget to the legislature, this creates opportunities for non-governmental groups to get media coverage for their budget analyses. Further, in countries where the legislature plays a more active role in the budget process, non-governmental groups are frequently asked to serve as expert witnesses at hearings and to comment on budget proposals in other ways as well. Their analyses and testimony can influence the debate and highlight important issues about the impact of budget proposals on the poor.

### **Budget Execution — Implementation, Monitoring, and Control**

The next stage of the process occurs once the budget has been enacted. Governments differ widely in how they regulate and monitor spending to ensure adherence to budgets. In some cases, the Treasury (or Finance Ministry) exercises strong central control over spending,

reviewing allocations to departments and approving major expenditures. Where departments are more independent, treasuries will monitor expenditures by requiring, for instance, regular reporting by each department of its spending.

In practice, budgets are not always implemented in the exact form in which they were approved; funding levels in the budget are not adhered to and authorized funds are not spent for the intended purposes. Deviations can result from conscious policy decisions or in reaction to changing economic conditions, but concerns arise when there are dramatic differences between the allocated and actual budgets that cannot be justified as reflecting sound policy. While these cases can result from outright abuse by the executive, they may also reflect the effects of a poor budget system and technical problems that make it difficult for the executive to implement the budget in line with what was enacted into law. For instance, the budget may not be clear about the intended purposes of particular funds, while weak reporting systems can limit the availability of information that the executive needs to monitor the flow of expenditures.

*NGO Role:* Implementation of the budget is, of course, an executive function. Unless the executive issues public reports regularly on the status of expenditure during the year, non-governmental groups have limited ability to monitor the flow of funds. But non-governmental groups do have an interest in an effective and transparent monitoring system that promotes adherence to the budget and reduces mismanagement or corruption. Groups may advocate budget reforms to improve budgetary control. Similarly, they may engage in some monitoring activities. For instance, NGOs can focus on whether amounts for specific projects, such as a school or a road, have been used for the intended purpose. They also can assess the quality of the spending to see if the policy goals associated with the budget allocation are being met, and if government funds are being used effectively.

### **Outcome Assessment and Reporting — Audits and Performance Evaluations**

The last stage in the budget cycle includes a number of activities that aim to measure whether there is an effective use of public resources. Ideally, the executive branch should report extensively on its fiscal activities to the legislature and the public. These fiscal activities also should be subject to regular review by an established independent and professional body, such as audit institutions or an Auditor General. The audit office should have the capacity to produce accurate reports in a timely manner.

Evaluation and auditing are not only necessary for the legislature to exercise its oversight function, they are an integral part of the overall public expenditure management system; reports on performance are necessary to secure the best possible use of public resources. A strong emphasis of modern budgeting reforms is to provide public entities and agencies with information on performance in order to improve their operations.

*NGO Role:* This budget stage presents a valuable opportunity for budget groups to obtain information on the effectiveness of particular budget initiatives, as well as to advance accountability by assessing whether the legislature and executive branches respond appropriately to the findings of audit reports. This may be one area where applied budget organizations have not sufficiently exploited the potential opportunities. When available in a timely manner, audit reports often document a litany of mis-expenditure, mal-expenditure, and procurement irregularities. NGOs should attempt to spread such information widely and use it to advance reforms.

## **4.2 Common Problems with Budgeting**

Each stage of the budget cycle contains its own challenges to smooth operation. While budget decision-making during the formulation and enactment stages can be highly political, other parts of the budget cycle are dominated by management and accounting issues. For the budget to achieve desired policy outcomes depends, in large part, on the ability of a country's budget system to effectively address the diverse set of political and management issues. Although budget systems in developing countries and emerging democracies vary according to a country's political framework, colonial history, administrative systems, and economic development, many of these countries have similar problems.

As a country's main economic planning document, the budget necessarily reflects assumptions about key economic and fiscal indicators. Yet developing nations typically face a range of macroeconomic circumstances — ranging from a limited capacity to absorb external shocks like falling terms of trade to narrow tax bases that yield erratic levels of revenue — that complicate budgeting and multi-year planning. Vulnerable to rapid shifts in underlying economic conditions, these countries find it more difficult to adhere to expenditure and revenue targets and hold to even the best-laid budget plans.

While some of these macro-economic factors may be beyond the control of emerging economies, the resulting problems are exacerbated by poor budgeting practices. Governments may find it easier to rely on budget gimmicks and other accounting tricks to obfuscate the true state of the budget, rather than try to reconcile the many competing claims on the budget within a sustainable fiscal framework. While these poor budgeting practices typically originate in the executive, weak institutions outside the executive — such as the legislature or the Auditor General — can allow these problems to continue. Independent institutions are needed to provide oversight and ensure accountability, yet their effectiveness is often constrained. For instance, the Auditor General can lack the independence and political clout needed to undertake controversial investigations and to issue reports that may highlight financial mismanagement and even corruption. Similarly, the power of the legislature may appear more impressive in statute than in practice (see the box on the next page for more details).

Probably the most widespread problem facing developing countries and emerging democracies is the lack of accurate budget data and socio-economic statistics. While some crucial data are

simply non-existent, problems of timeliness, accessibility, and frequency plague those data that are available. These data deficiencies complicate all facets of the budget cycle — from budget preparation to execution and oversight — as well as hinder efforts to improve transparency and accountability. Alongside these shortcomings in needed information is the general problem that these countries face regarding limited capacity, in terms of both skilled personnel and modern equipment.

## Many Factors Can Weaken the Budgetary Role of the Legislature

Given the legislature's role as the representative of citizens, it is often considered the most appropriate point for civil society budget influence. The effectiveness of this type of civil society involvement depends, however, on the strength of the legislature's power.

In theory, legislatures have significant power over the budget. Constitutions usually prevent public funds from being spent without legislative authorization. Debate by the legislature can be complemented with powers to summon expert witnesses and members of the government to give evidence. These powers are augmented significantly where the legislature has the capacity to amend the budget.

In practice, legislatures are often undermined by several factors, including the following:

- The political system and practices in a country may limit the impact the legislature can have on the budget. In parliamentary systems, for example, where the political power base controls the legislative and executive branches, there is strong pressure on the majority in the legislature to adopt the budget without significant amendments.
- The legal framework and legislature rules frequently constrain the role of the legislature. The legislature may, for instance, have a very short time to review the budget or may be permitted to make only minor amendments (or none at all).
- Most developing countries legislatures are also hampered by their lack of staff and budget expertise. Without adequate capacity, legislatures are unable to assess budget proposals and recommend changes.

These constraints are not present in all countries and do not close off all options to a determined legislature. Legislators can engage in budget issues by holding hearings, establishing special committees, requesting information from the executive branch, or having public debates. Moreover, despite the obstacles above, there is pressure in several countries to increase the legislature's involvement by enhancing its research capacity and legal powers. This is currently the case in Kenya, Malawi, Mexico, Peru, South Africa, Uganda, and Zambia, amongst others.

Legislatures and civil society budget groups can combine to establish a potentially powerful oversight partnership, with civil society augmenting the limited outreach and analysis capacity of legislatures. As the opportunities for greater legislature engagement with the budget expand, so too will the opportunities for deeper civil society engagement with the budget.

The list of problems can be overwhelming, and the implied solutions are frequently systemic rather than piecemeal. Consequently, many developing countries are attempting to address these problems through comprehensive budget reform, introducing the principles and practices discussed in the next section. NGOs have a strong interest in promoting such reforms to the budget system because usually it is the poor and powerless who are most adversely affected by a weak or corrupt budget system. A system that fails to promote a strong link between what is

decided and what is executed is unlikely to deliver a poverty-focused development policy. Under these circumstances, even when government resources are directed by legislation toward social spending or investments in infrastructure that benefit the poor and have widespread popular support, entrenched interests can wield disproportionate influence over the allocation of scarce public-sector funds. A sound budgeting system — one that is transparent and accountable — is far more likely to yield results that reflect the will of the people.

### **4.3 Elements of a Sound Budget System**

Overcoming the problems of malfunctioning budget processes or poor budget management systems in developing countries is no easy task. In some cases, it may require identifying and then repairing a weak link in the process. But more often it is likely to require an overhaul of the process, and possibly the adoption of new laws to provide meaningful guidance.

In approaching these issues, the core and sometimes overlapping elements of a sound budget system should be kept in mind:

- A legal framework to define institutional roles and responsibilities, including checks and balances;
- A comprehensive budget that captures the totality of government's financial operations;
- Accurate and timely information and projections; and
- A process that is both transparent and allows for meaningful participation by the legislature and civil society.

Most of these elements are cross-cutting and are hard to implement in isolation from each other. It is, for instance, not possible to have a transparent budget system if the budget does not first provide a comprehensive picture of the government's involvement in all parts of the economy.

## **Legal Framework**

A comprehensive legal framework is generally assumed to be an essential component of an effective and enduring budget system. This framework can exist as part of a country's core legal documents, such as its constitution, or can be adopted through other legislation.

A key goal of a legal framework is to help ensure that adequate checks and balances have been established for the budget system. Thus, the legal framework can ensure that there is a role for the legislature and for independent auditing institutions, guarding against the total dominance and potential abuse of the budget system by the executive.

A legal framework that clarifies the roles and responsibilities of the executive and legislative branches in the budget system, and of independent institutions such as the Auditor General, is essential to establishing accountability. The clarification of roles and responsibilities can also extend to the different levels of government, providing an indication of which tier is responsible for delivering which public services or which revenues can be raised by the different tiers.

A legal framework should also establish the rules and regulations that guide the budget decision-making process and the management of government revenue and public expenditure. Even simple rules can be important, such as setting the key dates in the budget process and defining the reporting obligations for the executive. These rules also can dictate the scope of the budget or spell out the often complex procedures surrounding the procurement of goods and services by the public sector. Approaches vary, however, with some legal frameworks including a significant number of procedural details and others giving more flexibility to government managers. Even in the latter case, the legal framework will include a minimum set of requirements to ensure that managers can be assessed and the public interest protected.

## **Comprehensive Budget Presentation**

Ideally, the budget should capture all of the financial transactions of government — the total revenues to be collected, funds to be expended, debts to be repaid, and new and old liabilities to be incurred. The full picture of the government's financial status cannot be captured if some programs, agencies or commitments are “off-budget,” or outside the budget.

Without a comprehensive budget it is virtually impossible to have a meaningful debate on the allocation of scarce resources to specific public services. For instance, certain public entities are often not fully included in budget totals, on the rationale that they are semi-autonomous and supposedly self-sustaining. Yet if these entities (whether they are utility companies or national airlines) falter, they are typically bailed out with public funds. These unexpected and unaccounted for expenditures can be a significant shock to the budget and can take funds away from other priorities.

### **The “PEM” Approach to Establishing a Sound Budget System**

Public Expenditure Management (PEM) is a relatively new development in budgeting. Advanced mainly by multilateral institutions, it has emerged as an important method to improve budgeting in many transitional and developing countries. Although PEM relies on a number of the core principles of traditional budgeting, it generally places more emphasis on policy outcomes.

The PEM concept is based on three broad principles:

- Aggregate fiscal discipline — total expenditure should reflect explicit decisions that are in line with a sustainable growth-oriented economic and fiscal policy, and not merely demands on spending from different influential actors;
- Allocative efficiency — allocation of resources, and consequently expenditures, should be based on explicit priorities and program effectiveness; and
- Operational efficiency — delivery of public goods and services should be cost efficient and of high quality.

These principles require an approach to budgeting that goes beyond the traditional annual budget cycle. Therefore, a reform often associated with PEM is the establishment of a so-called Medium Term Expenditure Framework (MTEF). MTEF is a multi-year approach to budgeting, typically covering a three-year period, that attempts to strengthen the links between planning, policy-making, and budgets (see the World Bank’s Public Expenditure On-line for more information on issues related to PEM and MTEF <http://www1.worldbank.org/publicsector/pe/>).

Comprehensiveness also implies providing data that cover several years. At a minimum, budgets should include information on estimated levels of expenditure and revenues in the year immediately preceding the budget year as well as the actual levels for the year or two prior to this. Presentation of actual expenditure and revenue levels provides an important benchmark for assessing budget proposals. The comprehensiveness of a budget also is improved if it projects fiscal policy trends over time — for instance, in the two or three years following the budget year.

### **Accurate, Relevant, and Timely Information and Projections**

Information that is accurate and available in a timely fashion is an essential element of a sound budget system. Quality information is necessary at all stages of the budget cycle: it is needed both to determine the type and magnitude of public services to be funded by the budget and to determine the impact the expenditure of these funds had on achieving the desired policy goals. Without appropriate information, government is operating in the dark, and institutions cannot play their roles effectively.

Unfortunately, developing countries in particular often lack accurate and up-to-date information. While today the availability of personal computers and software can assist the process of collecting appropriate information, it can nonetheless take years to develop the procedures for collecting and reporting the desired information. But the availability of “facts,” even if they are open to different interpretations, is a key ingredient of an adequate budget system.

Budgets also need to be based on reasonably accurate projections of available resources. Assuming overly optimistic rates of economic growth or inflation can distort the budget and undermine attempts to put in place a sustainable fiscal policy, particularly over the medium and long term. In emerging markets, where accurate information is often lacking and the impact of global economic trends can be especially powerful, these aggregates are difficult to predict. But the failure to make prudent projections can lead to a reversal of budget allocation decisions when funds fail to materialize. Frequently, such discrepancies affect poverty alleviation programs and social spending more severely than other types of expenditure, such as interest payments on the debt, public sector salaries, or programs with a high political profile.

### **Transparency and Participation**

Transparency and participation transcend the budget process and reflect the nature of good governance in a society. Open and democratic societies are characterized by an informed citizenry, formal channels for public participation, accountability mechanisms, and transparent governing processes. Transparency and participation are therefore the capstone of a democratic budget process. Unfortunately, the opportunity for effective non-government participation in the budget process does not always exist in those developing countries where democratic institutions are still weak and technical capacity is limited.

Transparency can be a matter of both tradition and law. Some countries have a strong tradition of openness and of the public’s right to information about all government activities. Other countries are less revealing. In many cases this secretiveness might reflect administrative traditions rather than deliberate decisions, but will still influence the operations of all levels of government. Progressive rules and regulations regarding public availability of information can therefore have a strong impact on the budgetary system, and have strong implications for institutions and organizations outside government that are working on budget issues. Budget transparency can be supported by laws, which typically regulate procedures for budgeting, economic reporting, and auditing. (Two well-known examples where new budget laws improved information on the budget occurred in Australia (<http://scaletext.law.gov.au/html/comact/9/5802/top.htm>) and New Zealand (<http://www.treasury.govt.nz/legislation/fra/explanation/>).)

A transparent system of budgeting can promote, but does not necessarily guarantee, participation in budget issues by legislatures and civil society. Meaningful transparency, however, is not only about the availability of information, but also its usefulness to the public debate and formulation of policy. Thus it is useful to think of transparency and participation together, and that an aim of

transparency is to promote greater participation. Indeed, many of the objectives associated with transparency — such as holding government more accountable, or increasing support for government decisions, or improving efficiency in government programs and projects — cannot be fully realized without complementary participation by legislatures and civil society. For example, information may allow legislatures to monitor executive decisions and performance, but without the opportunity to act on the information they receive, their oversight will be ineffective and the incentives to correct performance will not be present.

In general, transparency and participation can help ensure that the other elements of a sound budget system can achieve their maximum potential. Engaged and informed citizens provide another check and balance to the budget system. Wider participation deepens debate and makes possible greater social consensus on difficult trade-offs.

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## 5. ENGAGING IN APPLIED BUDGET WORK

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Applied budget analysis is a method of conducting research on the budget that is of direct relevance to ongoing policy debates. The research aims to be solid and accurate, but also of practical use to policymakers. To enhance the effectiveness of applied research, a number of critical issues must be addressed before an analysis is released, including how to define and present the budget issue; what data or information is critical for decision makers; when the report is to be released, with an eye on the key dates or steps in the government's budget cycle; and how and to whom the information is presented.

“Credibility, accessibility, and timeliness have become our mantra.”

-Jim St. George, The Massachusetts Budget and Policy Center, United States, at a workshop on budget analysis and policy advocacy in India

This chapter largely consists of a discussion of some keys to effectiveness for any budget group, including paying attention to how products are disseminated, particularly with respect to the media, and working with policymakers. The chapter concludes with some general thoughts about selecting initial projects and building an audience.

### 5.1 Accurate, Accessible, and Timely Products

For applied budget analysis to be successful, it must be accurate and sound (and thereby credible), accessible, and timely. See Appendix I for a description of how these guidelines for applied budget analysis have influenced the work of the Center on Budget and Policy Priorities.

#### Accuracy

A focus on the soundness of the research is important, particularly to ensure the long-term credibility of an organization. Policymakers and the media are going to place greater weight on an organization's work if they are confident it is accurate and reliable. It is possible for an NGO report that has newsworthy content to receive attention in the media even if the underlying work is not solid; but over time, future work will receive less attention if an organization's papers and reports have been inaccurate.

Many groups and researchers have developed expertise in a particular policy area before engaging in budget work, or have developed a reputation as advocates for a certain policy issue. General budget research by these groups might be labeled as biased towards their issue, at least initially, simply because of their previous focus. It can be difficult to transform a group's reputation as a "one-issue, advocacy organization" into that of a budget group with a broader focus. Accuracy is a key element in this transformation. A focus on the facts, and avoiding inflamed or partisan rhetoric, also are important.

It takes time and effort to be accurate and to develop a reputation for being so, and this attention to accuracy applies not only to written reports but to all communication with the media, policymakers, and public. For new groups it is important to take care in the way the organization is introduced and in the choice of initial analyses and products. The accuracy of initial work may have lasting implications for a group's credibility.

The need to be accurate is one important reason why groups doing budget work might want to collaborate with other groups or researchers who can contribute different expertise. That is, joint research or joint efforts can allow for analysis of a broader range of topics and for stronger analysis. Also, accuracy can be enhanced by using experts outside the organization to review and comment on draft reports. Still, over the long run, organizations should try to develop in-house capacity if they want to build their own research profile and knowledge base.

### **Accessibility**

The accessibility of the research is equally important to effective budget work. Groups cannot assume an audience. They often have to build this audience and show the value of budget work. The target audience will typically not be familiar with the details of the policy issue being analyzed, so it is imperative that the products be produced with the needs of this broader audience in mind. This requires that reports be written in clear language, with understandable terms. Jargon should be avoided. The presentation of information and data should be well structured and should follow a helpful format and include illuminating graphics.

Keep in mind that budget research might be difficult to interpret for groups that do not primarily focus on budget issues. Nevertheless, advocacy groups and grassroots organizations like to use research if it concerns the issues they are interested in, and it is sometimes helpful to organize briefings and presentations oriented towards this audience. It may be useful and effective to produce multiple versions of the same research in different formats and geared towards different levels of technical expertise to reach each of the target audiences.

To be effective, budget reports do not always need to be long, comprehensive, and detailed. Longer analyses can be useful, particularly at the initial stages of an issue debate when general positions are being established. In many cases, however, short analyses are the most useful, niche products that NGOs can produce. These short analyses often flow from the longer background pieces. For instance, after a group establishes its expertise by writing a long,

comprehensive piece on programs to reduce poverty, it is then in a position to assess in shorter form specific changes being made to such programs.

What is unique about these short, quick turn-around analyses is that they are unlikely to be prepared by academic researchers. They are also the very analyses in which policymakers and the media might be particularly interested, since these audiences want accessible research about the immediate issues they are confronting. In most cases, legislators and the media are more likely to read a short analysis than a long one, or to read an executive summary than a full report.

Finally, groups should be aware that most of their audience will probably not follow, or find accessible, the latest academic research or government data. This opens a niche — particularly for new groups that may be beginning to develop their own analytical skills and thus may not be ready to produce original reports themselves — to provide short, accessible summaries of relevant current research or data sets.

### **Timeliness**

The timeliness aspect of research includes both the ability to identify relevant research opportunities at the right point in time and the capacity to release the completed work when it can have the most impact on decision makers. An organization should always keep an eye on the policy process and be able to allocate resources to a specific issue when needed. In order to be able to adjust their work to respond to pressing debates, groups should not lock in all of their resources on long-term projects with inflexible time-tables. Timeliness is facilitated by a reliable and continuously up-dated database of budget and budget-related statistics on which analyses can be quickly built.

Timeliness requires that the policy and budget schedule should influence a group's work schedule. To keep abreast of these frequently changing processes, groups will find it useful to build contacts with the legislature and media. These relationships will prove useful in the timely dissemination of materials to targeted audiences. Some groups take this a step further by establishing legislature and media liaisons as the specific responsibility of certain staff members.

## **5.2 The Importance of Fully-Engaged and Ongoing Budget Work**

Applied budget work is likely to be more effective if it is undertaken on a fully engaged and continuous basis. Intermittent work — such as preparing analyses only around the release of the executive's budget proposal — can have some impact, but it is likely to be limited and sometimes only temporary.

Budget work should be year-round because the budget cycle itself is ongoing throughout the year. The different stages — formulation, enactment, execution, and assessment — stretch over several years and are interconnected. If a group is involved in all or nearly all of these stages it

### **Finding Budget Staff**

It is common for groups to have some difficulty in finding the right individuals to work on budget issues. If one can find individuals with specific training and work experiences in budget issues, that is of course helpful. This could be someone who has worked at the Ministry of Finance, or professionals like civil servants, auditors, and accountants. But groups do not always have such options, and they may be concerned that since budget work can be technically difficult they will be unable to build up their staff. These concerns can be overblown. It is a myth that the only individuals who can effectively conduct budget work are trained economists who have worked in the Finance Ministry. The director of one of the more experienced budget groups, for instance, has remarked at several international meetings how he was able to find the best people for his organization once he learned this lesson, and that his best budget staff includes individuals with backgrounds in areas such as philosophy. So try to find individuals with strong analytical and communication skills, and trust that over time they can learn about budget issues and become effective.

will be more effective in each particular stage. There is plenty of work that can be conducted at any point of the year.

Full-time engagement in budget work is also important because developing budget expertise is more likely to occur if one is fully immersed in budget issues. Jumping in and out of this work makes it much harder for a group or researcher to stay fully informed about current issues.

The technical content of budget work has helped to ensure that budget issues have been monopolized by a specialized community within government, the private sector, and academic institutions. Acquiring the technical expertise to broaden the community of those that understand and influence budgets often requires full-time investment in budget work.

The general conclusion that continuous budget work is likely to have the most impact not only has implications for NGOs — which might want to organize their efforts accordingly — but also for the donor community. Its support of NGO budget work is similarly likely to have the most impact if it is focused on providing a funding stream that enables an NGO to develop and pursue its budget work in a comprehensive, flexible, and ongoing fashion.

### **5.3 Media and Dissemination Issues**

Preparing a report should be considered only the first step of applied budget work. The goal is not only to write a great analysis but to get it into the hands of those who should read it and then to get them to read it. This means that very close attention needs to be paid to how and when products are distributed.

It is therefore essential to develop a release strategy well before a report is finished. Determine which audiences — and which specific people within these target groups — would be most interested in the information, as well as those you would like to convince to read your report.

Then determine how best to get the information to them. Sometimes the target list may only be 10 people, other times it may number in the hundreds.

A media strategy is especially important. The media is hungry for timely information and can raise the profile of budget work by providing free publicity for a group's analyses and conclusions. Among other things, a media strategy should identify which parts of the media to prioritize. In some countries, the print media (especially daily and weekly newspapers) is the best target. In other countries, where literacy is lower, the focus may need to be on radio and/or television. Often a strategy calls for using combination of different types of media. Thus groups will find that learning to use press releases and briefings effectively, offering opinion pieces to editors, and developing radio and television presentation skills are all important for implementing a successful media strategy.

Establishing a positive working relationship with the media requires repeated effort. It will take time for reporters to trust an organization as a source of information. The more that reporters regularly review an organization's reports, the more comfortable they will become with its work. The communication should be both pro-active and reactive. A group should make itself accessible and be prepared to provide background information and answer questions from the media on short notice. Similarly, groups must be sensitive to the specific needs and interest of the media. For instance, reporters on a tight deadline might not be able to read a long report, and might prefer a short executive summary. If groups learn to work well with the media, they are more likely to get desirable media exposure.

Knowing when to issue a report — and what issues to highlight — to receive the most media attention is a skill that develops over time. Part of this skill involves not only getting media coverage, but also getting the right kind of coverage. In its search for newsworthy angles, the media will not always report on an analysis in the way a budget group would expect. The media prefers a provocative story, which often means they are looking for conflict instead of reasoned discussion. It is likely to present issues in simple and stark terms, ignoring the nuances that can be important in a public debate. The media, in addition, is not always independent. To reduce the gap between your analysis and the media's reporting of it, it is important when speaking to the media, for example, to establish the nature of the conversation, how it will be used, how the article will be attributed, and what is on and off the record. Given the potential problems, some groups assign responsibility for media liaison to a specific staff member skilled in these matters. But it is also important that analysts, who are most familiar with the technical details, develop at least the basic skills necessary to interact with the media.

Many groups have come to realize that one of their primary roles is to educate the media about budget issues. These issues can be intimidating to reporters who lack quantitative or economics training. If reporters do not understand the issues, they are less likely to write about them, or will write weaker stories. There are many ways to educate the media, such as setting up one-on-one briefing sessions to go over particular issues. Sometimes it is helpful to conduct background briefings for the media on budget issues of particular significance or complexity; these briefings

might not directly lead to stories about these issues, but will improve the knowledge of reporters about the issues, so that when they do write about them the stories will be better informed.

Another approach that many groups have used successfully is to run budget training courses specifically for the media (see Appendix IV for an example). Not only can this approach be a valuable way to discuss current policy issues, but it also can create confidence and help establish working relationships.

## 5.4 Working with Policymakers

Policymakers are a key audience for applied budget work. With the goal of informing and influencing policy, the products of applied budget work naturally should be accessible to policymakers that are participating in policy debates and making key decisions. The process of making policy varies across countries — depending on the form of government, the key players in the budget process, and other factors — so necessarily the strategies for affecting the policy process will vary. It is therefore important to identify in advance the key decision makers in the policy process and the best times during the process to inform the debate or influence a decision. For instance, in some cases the key decisions will be made within the executive branch, while in other cases the legislature may make the important decisions.

### Check List for Reports for Policymakers

- \*Identify key decision makers, key staff, and key points of entry.
- \*Tailor materials appropriately.
- \*Media attention spurs political response.
- \*“No permanent friends, no permanent enemies.” Work across party lines.
- \*Share the limelight.

Just as materials should be accessible for non-experts in the media, so too should they be tailored appropriately for policymakers. Public officials are generally interested in reports that are concise, timely, and newsworthy. Analyses designed for a particular group of policymakers (such as those from rural areas or representing minorities) are more effective if they relate issues to the group’s perspective and priorities. Further, elected officials typically will see the benefits of policy proposals that can draw public attention and offer political rewards. Indeed, politicians not only hope to receive coverage in the media, but they are also influenced by the media and other high-profile opinion leaders. Thus a good relationship with the media, and the ability to generate media coverage of analyses, are essential to cultivating relationships with policymakers.

Although some policymakers will have an interest in the technical details of a particular policy proposal or program, more often these details are the purview of the staff that assist the policymakers. These staff can have considerable influence over the policy process; thus identifying key staff and providing them with timely analyses can be another way to affect policymaking. Understanding the distinctions among staff can also be important; for instance, a

career civil servant (i.e., someone in the executive branch bureaucracy) may have an interest in more mundane issues, such as those involving the administration of a particular program, while a staff person serving an elected official will likely be more focused on the political ramifications of a proposal.

An approach to budget advocacy that generated widespread interest at the IBP's third conference was presented by John Samuels of the National Centre of Advocacy Studies, Pune, India. It includes a discussion of the meaning and concepts of people-centered budget advocacy. The presentation relates in part to this discussion of working with policymakers but it also includes a general discussion on effective advocacy. See

<http://www.internationalbudget.org/cdrom/sessions/advocacy/advocacy&communication.htm#John>

## 5.5 Selecting Initial Projects

The next three chapters of this guide explore the range of activities that can make up applied budget work. As they show, budget work has many elements and includes a variety of activities that occur at different stages of the budget cycle. The work can involve training people about budget issues, writing about the budget process and system, or analyzing particular budget policy issues. Budget work can assess the budget during its formulation, adoption, implementation, or when budgets are audited.

It is impossible to engage in the full range of budget work when a group is beginning this work. Quite naturally, in selecting initial projects, it is sensible for a group to build on its own strengths. A group that has skills in training might want to focus on budget literacy efforts at the beginning. A group that has expertise in one sector — such as health — may want to focus initially on health budget issues.

### **Discovering Untapped Demand and Building an Audience**

At the initial stages of budget work, some groups might be discouraged by the seemingly low interest in these issues. In such cases, it is worth bearing in mind that many groups have found that budget work discovers previously untapped demand and that is possible to be strategic about building an audience. For instance, when the budget project at Idasa began, it started to work with new parliamentarians who had no role in the drafting stages of the budget. During the release of the executive's budget, Idasa helped legislative committees as technical experts to develop questions and strategies for public hearings on the budget. This initial work helped to establish Idasa's long-term relations with the national and provincial legislatures. At budget time in each year since then, Idasa has enjoyed growing demand for its training and informal services from these initial trainees. Also of note, Idasa's budget work received little press attention in the beginning, but now receives widespread attention.

The supply of relevant and accessible information is likely to create demand in many areas related to budget work. Groups working on a wide range of budget and tax issues have found this to be true.

It also is useful when selecting initial projects to target issues for which there is a demand for information. There is, for example, a hunger for information about the budget when it is released by the executive branch of government. This is why many groups find it sensible to release reports on the executive's budget. Further, in most countries, and at all levels of decision-making, there is a general recognition among the various actors interested in budget issues — the media, legislatures, other NGOs, even members of the executive branch — that they do not understand these issues or the budget process as well as they would like. They are all potential sources of demand for budget education (as discussed in the next chapter).

In the selection of initial areas of activities, budget process and systems work might not immediately emerge as the first choice. In many instances, however, it *is* a good starting point. Learning about and analyzing the budget system are important in building an organization's own expertise. In addition, if a national, state, or local budget process is not designed in a manner that allows access and makes information available, then budget analysis work may prove futile. It may be necessary to establish a workable budget process and system before any budget analysis can have an impact upon the policy debate.

Of course, current policy issues in the national debate on public finance may dictate the scope and focus of work for groups. The Center on Budget and Policy Priorities, for instance, spent considerable effort in the first half of 2001 analyzing President Bush's proposed tax cut. The Center had not expected to dedicate so much attention and staff resources to tax issues, but the United States election in 2000 brought in a new President with a policy agenda based largely on tax cuts, and the focus of the CBPP's work had to respond accordingly.

Another example relates to the Poverty Reduction Strategy Papers in countries which qualify for enhanced debt relief under HIPC conditions. The PRSPs influence the national policy debate, and groups have consequently geared some of their work towards participation in this process. In another illustration, Idasa in South Africa has recently stepped up its efforts to analyze the impact on budgets of the HIV/AIDS crisis, following the release of data on the high level of HIV/AIDS incidence among the poor.

## **Part III. Types of Applied Budget Work**

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## 6. ADVANCING BUDGET LITERACY

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In this and the next two chapters we lay out a range of activities that could be undertaken in the first few years of budget work. Which activities are most suitable depends on a group's background, operating environment, and objectives. Some groups, for example, have traditionally focused on academic research and might want to undertake activities that are different from groups with a grassroots background. Despite such differences, budget guides and training sessions have proven useful for a variety of groups.

### A Taste of Success in Advancing Budget Literacy

In 2000, the Institute of Public Finance in Croatia published a guide that provides a general introduction to Croatia's budget. It analyzed the fundamental aspects of national and local budgets, including revenues, expenditures, extra-budgetary funds, and the consolidated budget of the general government. The Croatian guide also described the different stages of the budget. It was published when the executive's budget proposal for the next financial year was being discussed in parliament, and has been widely quoted and commented upon in the Croatian media. Soon after receiving the guide, one of the members of the parliament stood up, flashing the document, and said to the deputy minister of finance: "Now we don't have to simply listen to you anymore, we have a guide!"

Groups are motivated by different reasons to undertake work on guides and trainings. Improving the group's comprehension of the national budget is a common objective. Guides and trainings are also part of efforts to advance budget literacy in society. Further, there is a large audience for easily accessible and relevant information on issues related to budgets. This audience might include different non-governmental groups, journalists, legislators, and other stakeholders.

### 6.1 Budget Guides

A guide to the budget typically presents the basic facts about the budget, some discussion of key budget issues, and a description of the budget decision-making process. Guides are designed to make the budget and budget process understandable to a broad audience.

A budget guide is a useful initial project from the perspectives both of organizational development and generating relevant products. Developing a guide can be an excellent learning process for the producer of the guide, and a way to lay the groundwork for in-depth budget knowledge in an organization. It can also help establish a group's status as an important source of information on the budget. In addition, in many countries a basic budget guide is lacking,

which makes it harder for a broad community to understand budget issues and their importance. A number of activities can be organized around a budget guide, such as training sessions for other groups interested in learning more about budgets.

Budget systems differ considerably and it is not possible to write a guide that could be generally applied to budget systems around the world. Some guides that are available, however, can be valuable as a starting point as groups develop manuals for their own countries. In addition to the Croatian guide (see [http://www.ijf.hr/eng/budget\\_guide/proen.pdf](http://www.ijf.hr/eng/budget_guide/proen.pdf) version in English) mentioned at the start of this chapter, some sample guides are:

**Example:** “Essentials of the Budget Process of the State Government,” Centre for Budget Studies, India, 1999.  
<http://www.internationalbudget.org/resources/library/essentials.pdf>

This is a basic introduction to a state budget in India. The author describes the need for a budget guide as follows: “There is an urgent need to demystify the budgets, whether of the Central or State Governments. It is also necessary to do away with a great deal of secrecy surrounding the preparation of the budget. The whole process of budget-making should be as open as possible.”

**Example:** “A Citizen’s Guide to the United States Budget,” U.S. Federal Government, Office of Management and Budget, 2001.  
<http://www.gpo.gov/usbudget/fy2001/guidetoc.html>

This document is an example of a guide prepared by a government. The Citizen’s Guide describes “how the national government raises revenues and spends money, how the President and Congress enact the budget, and what the President hopes to accomplish with ... [the] budget.”

**Example:** “The Budget — A Tool for Change,” Idasa, South Africa, 1998.  
<http://www.internationalbudget.org/resources/library/trainingmanual.doc>

This is an example of an easily accessible presentation of the budget and budget issues that is used as a training manual for social advocates.

## 6.2 Budget Training Sessions

Budget training sessions are closely related to budget guides. A well-designed budget guide is a perfect foundation for budget trainings. Training materials also can be developed for the entire budget process or for certain areas of the budget. For example, training materials can be prepared for analyzing provincial budgets, sectoral budgets, or other relevant areas of the budget.

Many groups place a heavy emphasis on budget trainings. As with budget guides, budget trainings serve several purposes at once: building an audience and allies, developing capacity within the organization, and broadening the base of knowledgeable observers of the budget. Training courses introduce participants to an organization and enhance its credibility as a future source of information in the budget. Conducting budget training improves an organization's own capacity because its staff need to become experts on the issues themselves, and on communicating those issues, if they are to be effective at training. Trainings are productive because a main objective of many budget NGOs is to improve understanding of the budget by other researchers and organizations. This educational role recognizes that a broad spectrum of a society needs to have some understanding of the budget if a constructive budget debate is to occur.

Some budget trainings have focused on other NGOs and members of civil society, but programs have also been designed for government officials and the media. The presentation noted earlier by the Mexican group CIDE includes some discussion of their work on budget trainings (<http://www.internationalbudget.org/conference/2nd/cide.htm>). The CIDE training is a comprehensive three-day course (see <http://www.internationalbudget.org/resources/howto/CIDEtrainingcourse.pdf> for a detailed agenda for the course). This intensive course provides participants with a general understanding of the broad contours of Mexico's federal budget, exposing them to its origin, approval process, administration, and effects. The course has the objective of teaching the basic knowledge that would enable one to carry out an analytic review of Mexico's budget. It is designed for members of the Congress, legislative staff, journalists specializing in budget coverage, and members of NGOs.

Two other presentations at the IBP's second conference discussed budget trainings in some depth. These concerned the work of DISHA in Ahmedabad, India, and the work of the Institute for Social-Economic Studies (INESC) in Brasilia, Brazil. The presentations are posted on the IBP website: <http://www.internationalbudget.org/conference/2nd/disha.htm> and <http://www.internationalbudget.org/conference/2nd/inesc.htm>.

Appendix IV includes a further example of a training program: "Budget Training for Journalists: A Two Day Workshop in Lusaka, Zambia, February 2000." The workshop was hosted by the Swedish embassy in Lusaka. Technical assistance was provided by several NGOs, including the Economics Association of Zambia. The objectives of the workshop were to increase awareness of the importance of the budget system and process for governance and all major policy areas, as well as to promote involvement by outside parties (NGOs and the media) in budget issues.

Finally, three examples of comprehensive courses on budgeting and public expenditure management by the World Bank are listed below. The first course focuses on intergovernmental issues, the second and third are more general. These courses — and the links they include to background papers and other materials — can be adapted to NGO training courses.

**Example:** “Intergovernmental Fiscal Relations and Local Financial Management,” World Bank Institute.  
<http://www1.worldbank.org/wbiep/decentralization/Course%20Topics.htm>

This is a comprehensive course on Intergovernmental Fiscal Relations and Local Financial Management. It is tailored to address specific country and regional interests, and would be useful in part or in full. It provides a framework to identify key issues for strengthening the roles and responsibilities among governments. The course includes 13 major topics; for each topic there are papers and suggested readings.

**Example:** “Budgetary Processes and Public Expenditure Management,” World Bank Institute, 2000.  
<http://www1.worldbank.org/publicsector/pe/budgetprocess.htm>

This is a comprehensive training program for senior policymakers in the World Bank’s client countries. The course might primarily be useful for its structure and as a source of information on different topics that groups want to work on. The topics include common public expenditure management and budgeting issues, such as: fiscal discipline, resource allocation and policymaking, intergovernmental relations, performance measurement, poverty reduction, evaluation, the sequencing of budget reforms, accrual accounting, and how to use public expenditure diagnostic tools.

**Example:** “Public Expenditure Analysis and Management Training Course,” World Bank, May 22-24, 2001.  
<http://www1.worldbank.org/publicsector/pe/pemtraining.htm>

In its own words, this is the World Bank Thematic Group’s “flagship course on Public Expenditure Analysis and Management. The course was designed to introduce participants to a full range of issues associated with public expenditure — economic policy, analysis, management and institutions. Participants were introduced to concepts in these areas and provided with practical tools for use in economic and sector work and lending programs. In this latter context, current developments in the lending instruments to support public expenditure at the macro, sector and project levels were explored.”

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## 7. ASSESSING THE BUDGET PROCESS AND BUDGET SYSTEMS

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Assessing the budget process and budget systems is a critical task for independent researchers. The budget process and system can dictate both policy outcomes and the degree to which a policy debate can actually occur. The mechanisms of the budget, however, are often a mystery to most of the population, including much of civil society, so it is essential that at least some NGOs understand these mechanisms and their implications. This chapter is split into three areas:

- “Budget Process and System Studies” addresses why these studies are important and provides a few examples;
- “Transparency and Participation Reports” discusses this crucial area of budget system studies; and
- “Participatory Budgeting” describes this innovative budget process — in which the budget is created with direct public input — and the role of NGOs in it.

### **A Taste of Success in Improving Budget Transparency**

In the 1990s a broad coalition of Mexican NGOs called the Civic Alliance mobilized around the issues of the President’s “secret fund” — a portion of the budget that allowed the President to spend money without having to account for it — and discretionary allocations for public officials’ salaries and benefits. It took a long and costly campaign, but the Alliance’s research and publicity on public officials’ salaries and discretionary spending were ultimately effective. Allocations to the secret fund were eliminated entirely and the federal government started to regulate salary benefits and to make its operations more transparent. Some of those involved in this effort ultimately helped form the organization Fundar, which is now actively engaged in applied budget work in a wide range of areas. (See the case study “Analyzing and Affecting Budget Policy: Fundar, Mexico,” in *A Taste of Success*, International Budget Project.

<http://www.internationalbudget.org/resources/Fundar.pdf> )

### **7.1 Budget Process and System Studies**

Greater influence and participation are likely to be facilitated by an in-depth knowledge about the budget decision-making process (which generally covers the formulation and enactment of the budget). Indeed, without a thorough understanding of a country’s budget process, it is difficult if

not impossible for an NGO to figure out how its budget work can be most effective. Budget process work is gaining increased interest, partly because a stronger focus on openness and transparency in the budget process is a prerequisite for independent analysis and greater participation in the policy dialogue.

The growth in budget process work has also reflected the changing nature of reforms to the budget process. Changes to the budget process are usually partial, but in recent years sweeping budget reforms — reflecting dramatic changes in governmental systems — have occurred in many countries. This has given groups and researchers operating in the rapidly changing environment of new democracies and developing countries the opportunity to influence reforms, and to increase their participation in the budget process.

Following are two examples of work related to the role of legislatures in the budget process. Work that promotes a stronger role for legislators reflects certain common concerns shared by non-governmental groups and legislatures, particularly the desire to open up the budget process to more legislative input. Both NGOs and legislators are “outsiders” to the executive budget process and dependent on information from the executive. Frequently, legislatures are not informed about issues related to the budget, and many countries lack legislation to safeguard and support the important role of the legislature in the process. The third example below is an analysis of a budget process — biennial budgeting, or voting on the budget every two years instead of every year — that some have advanced, but which the analysis finds of mixed merits.

**Example:** “The Role of Parliament in the Budget Process,” Idasa, South Africa, 1998.  
<http://www.internationalbudget.org/resources/library/parliament.pdf>

South Africa has experienced a major transition since the introduction of democracy in 1994. A number of governmental reforms have been implemented, including budget-related reforms. One of the main remaining problems in the budget process is the limited involvement of the legislature. This report investigates the role of parliamentary amendment powers in the South African budget process. It includes an examination of the role of the legislature in other countries.

**Example:** “The Role of the Knesset in the Budget Making Process,” Adva Institute, Israel, 2000.  
<http://www.adva.org/budgreffe.html>

This document sets forth a proposal for changing the role of the Knesset in preparing and ratifying the state budget.

**Example:** “Biennial Budgeting: Do the Drawbacks Outweigh the Advantages?” Center on Budget and Policy Priorities, United States, 2000.  
<http://www.cbpp.org/3-1-99bud.pdf>

## Toolkits on Budgets and Related Issues

New groups, as well as more experienced groups, can benefit from some of the methods to analyze budget processes and systems that are available on-line, many of which were developed by multilateral institutions. These tools can be used for comprehensive work on a budget process, as well as on the analysis of a particular stage or aspect of the process. In addition, the development of standard diagnostic tools for assessing institutional settings has advanced rapidly in recent years. Toolkits are standardized approaches that set out the principles which experience suggests should underpin public sector governance arrangements, provide methods for assessing the degree to which specific country arrangements are consistent with those principles, and present those assessments in a format that readily contributes to the dialogue between the government, donors, and civil society on reform priorities. The topics include Assessing Central Government Policy-Making Institutions in Cabinet Government; Assessing Constraints on Service Delivery; Diagnostic Framework for Revenue Administration; Governance and Poverty Toolkits; Inter-Governmental Relations Institutional Review; and Public Expenditure Institutional Assessment. See <http://www1.worldbank.org/publicsector/pe/petoolkit.htm> and <http://www1.worldbank.org/publicsector/anticorrupt/toolkits.htm>.

This five-page analysis examines the limitations of a proposal that has been advanced within the U.S. Congress for the adoption of a biennial budgeting process.

As noted, the quality of the entire budget system in a country — which includes both the budget decision-making process, as well as how the budget is implemented and audited — can affect the type of analyses groups can and should undertake. For instance, a malfunctioning budget process and weak management systems can lead to a disconnect between allocated funds and disbursed funds. So a group with an interest in a particular issue, such as health, will find that analyzing budgeted amounts may not be meaningful; budget allocations to health programs ultimately might have little to do with actual disbursement to clinics and hospitals. In such circumstances, groups might be more effective if they highlight the disconnect and promote solutions to these disbursement problems — which are likely to plague other sectors as well — in addition to carrying on the more traditional analyses of health policy.

Such analyses may take the form of “tracking” studies that attempt to assess how funds allocated for a particular purpose are spent on that purpose. The next example relates to a recent joint IMF-World Bank effort that provides a methodology to track poverty-related expenditures, and assesses current tracking mechanisms in 25 “HIPC” countries. (See Section 8.2 for an example of a tracking study covering the education and health sector of Uganda.)

**Example:** “Tracking of Poverty-Reducing Public Spending in Heavily Indebted Poor Countries (HIPCs),” The IMF and World Bank, 2001.  
<http://www.imf.org/external/np/hipc/2001/track/>

The findings of the study underscore the inability of most budget systems in HIPC countries to track expenditures: “The preliminary assessment finds that two of the

25 HIPCs should be able to carry out satisfactory tracking and reporting within one year, with a small amount of upgrading of their present systems. A further seven will require some upgrading to achieve the same objective over 1–2 years; and the remaining 16 HIPCs have systems where substantial upgrading is required.” A central element of the proposed approach is to “track the composition of overall government spending on poverty-related programs” and not just HIPC assistance.

## 7.2 Transparency and Participation Reports

It has become increasingly evident that fiscal transparency is of considerable importance to achieving good governance, meaningful participation by citizens, and macroeconomic stability. Public sector transparency enhances accountability and, when coupled with increased opportunities for public debate, may contribute to better policy and trust in government. Many countries, however, are plagued by poor transparency and weak accountability, as can be seen by their closed-door budget processes, unforeseen expenditures, weak accounting and reporting systems, and ineffective audits. Many countries also exclude the legislature and/or civil society from the dialogue on budget issues.

Several institutions have recently developed methods to assess transparency and participation standards in budgeting and fiscal performance. Idasa, with support from the International Budget Project, was the first independent group we know of to carry out a comprehensive transparency and participation study on the budget system in a country. The Idasa report, which is briefly discussed below, will soon be followed by other versions of such a report that are being prepared by NGOs in Africa (including a cross-country effort involving the groups Isodec in Ghana, Transparency International in Kenya, Integrity in Nigeria, Idasa in South Africa, and the University of Zambia, Women for Change, and Catholic Commission for Justice and Peace in Zambia) and by NGOs in Russia and Latin America (see the IBP’s May 2001 newsletter for an update on a five-country effort in Latin America that involves Poder Ciudadano in Argentina; IBASE in Brazil; the Department of Economics at the University of Chile; the Center for Teaching and Research (CIDE), Fundar, and Gender Equity in Mexico; and the Research Center of the Universidad del Pacífico in Peru.

<http://www.internationalbudget.org/resources/newsletterIII.htm>). A session at the third conference of the IBP described the ongoing efforts in these other countries (<http://www.internationalbudget.org/cdrom/sessions/advocacy/networking.htm>).

### **Idasa/IBP Transparency and Participation Study**

The basic rationale for the Idasa/IBP study was the recognition that a transparent and effective budget system is essential for achieving sound public finances and budgetary practices that assist the poor. The work draws on the IMF transparency code described below, but the focus is somewhat different, emphasizing participation in the budget process to a larger degree. The methodology developed for the study is designed to help legislatures and civil society assess

whether the government undertook what it planned in the budget, to discuss checks and balances in fiscal policy and budget processes, and to measure the availability of independently audited actual expenditure data and internal checks that prevent over-expenditure or illegal expenditure. Another goal of the report is to assess whether both the legislature and civil society have input into the decision-making process.

The questionnaire developed for the study covers five basic areas of transparency and participation in the budget system.

- ***A legal framework for transparency:*** The legal framework typically dictates the nature of the budget system; to the degree that governments advance transparency only in an informal fashion, such advances are more likely to prove transitory.
- ***Clarity of the roles and responsibilities of the national and provincial governments:*** The clarity of roles and responsibilities in the management of public finances is essential to the electorate's capacity to hold specific parts of government accountable for budget policy and decisions.
- ***Public availability of budget information:*** A fundamental requirement of fiscal transparency is that comprehensive, reliable, and useful budget information is made available.
- ***Independent checks and balances of budget execution and government data:*** A critical requirement of fiscal transparency in the context of democracy is the opportunity for legislatures and civil society to influence the budget and assess whether government undertook what it planned. Another fundamental issue is to establish checks and balances on the data used in the budget process.
- ***Budget decision-making process:*** A key issue is whether the legislature and civil society are able to participate effectively in the budget process. By effective participation the study refers to the opportunities for the legislature and civil society to make their viewpoints known and to have these views taken seriously.

**Example:** *Transparency and Participation in the Budget Process. South Africa: A Country Report*, Idasa/IBP, 2000.

<http://www.internationalbudget.org/resources/library/transparencyfinal.pdf>

The link here is to a generic version of the study that was specifically written to be of use to those interested in undertaking transparency work in their own countries.

## The IMF Code of Good Fiscal Practices and Other Transparency Studies

International financial institutions and bilateral donors are placing an increased emphasis on the need to engage civil society in the debate on public expenditure to ensure good governance. One example of a coherent framework for an analysis of a country's fiscal and budgetary situation is the IMF's "Code of Good Practices on Fiscal Transparency," which deals with fiscal issues in broad terms, but has particular relevance for the budget process and system. The Code's principles are based on the experiences of the Fund's member countries, but are intended to be generally applicable. Since the Code is in the public domain, country authorities, civil society, financial markets, and international institutions can access and use it for a variety of purposes. The IMF has used the code to assess the fiscal transparency of a growing number of countries; these reports are available on the IMF's website. See <http://www.imf.org/external/np/fad/trans/index.htm> for the IMF's website on fiscal transparency, which includes the code — translated into seven languages — and substantial other information on transparency issues.

Noted below are the IMF studies for Brazil and India. These are followed by an example of a study of fiscal transparency in Poland by a Polish NGO, using the IMF code as well as the Idasa/IBP approach.

**Example:** "Brazil: Report on Observance of Standards and Codes (ROSC)—Fiscal Transparency Module," IMF, 2001.  
<http://www.imf.org/external/pubs/ft/scr/2001/cr01217.pdf>  
"Fiscal transparency in India," IMF, 2001.  
<http://www.imf.org/external/np/rosc/ind/fiscal.htm>

These are recent examples of studies of how countries fared according to the IMF's Code of Good Practices on Fiscal Transparency. The studies were prepared by staff of the IMF on the basis of information provided by governmental authorities.

**Example:** "Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards," Gdansk Institute for Market Economics, Poland, 2001.  
<http://www.internationalbudget.org/resources/library/Poland.pdf>

This report provides an assessment of fiscal transparency in a country undergoing a sharp economic and political transition. It relies mainly on the IMF Code, but also on the Idasa/IBP approach; its investigation was conducted through a detailed questionnaire to government officials.

The OECD has also released a publication on "Best Practices for Budget Transparency" that identifies the key budget reports that governments should release, what should be included in

these reports, and approaches to ensuring the quality control of these reports. See [http://www.oalis.oecd.org/oalis/2000doc.nsf/c5ce8ffa41835d64c125685d005300b0/c125692700623b74c1256a4d005c23be/\\$FILE/JT00107731.PDF](http://www.oalis.oecd.org/oalis/2000doc.nsf/c5ce8ffa41835d64c125685d005300b0/c125692700623b74c1256a4d005c23be/$FILE/JT00107731.PDF)

### 7.3 Participatory Budgeting

Participatory budgeting is an innovative approach to budget decision-making that began at the municipal level in Brazil in 1989 and has generated widespread interest. In participatory budgeting, the general public is directly involved in making policy decisions. Open forums are held throughout the budget process that permit the public the opportunity to allocate resources, prioritize broad social policies, and monitor public spending. Participatory budgeting breaks decidedly with the tradition that the budget process should occur exclusively in the executive, with the input only of budget technicians and a few politicians.

Where participatory budgeting is in place, budget NGOs have been actively engaged in analyzing the approach and in providing information to citizens engaged in the process. Where participatory budgeting is not in place, several NGOs have expressed interest in installing this approach, and current experiments with this method are occurring in places such as Buenos Aires, Argentina and Cape Town, South Africa.

There is no single model for participatory budgeting, though there are similarities between programs. The models are influenced by the political, economic, and social context of the particular city or state. As the paper below notes, the main objectives of participatory budgeting are:

- To promote public learning and active citizenship;
- To achieve social justice through improved policies and resources allocation; and
- To reform the administrative apparatus.

**Example:** “A Guide to Participatory Budgeting,” Brian Wampler, consultant to the IBP, 2000. <http://www.internationalbudget.org/resources/library/GPB.pdf>

This paper examines participatory budgeting programs, with an emphasis on Brazil, designed to incorporate citizens into the policymaking process, spur administrative reform, and distribute public resources to low-income neighborhoods. The guide explores the mechanisms of participatory budgeting, the results of this approach, and its potential applicability elsewhere.

**Example:** Discussion on Participatory Budgeting from the Third Conference of the IBP, Presentation by CIDADE, Porto Alegre, Brazil.  
<http://www.internationalbudget.org/cdrom/papers/systems/ParticipatoryBudgets/Cidade/CIDADEbudgetsEn.htm>

The speaker from CIDADE observed: “Participatory budgeting programs confront Brazilian political legacies of clientelism, social exclusion, and corruption by making the budgetary process transparent, open, and public.” Since 1994 CIDADE has been actively involved in the Participatory Budgeting process in Porto Alegre.

**Example:** “The Participatory Budget in Brazil,” Brazilian Institute for Social and Economic Analysis (IBASE), 1999.  
<http://internationalbudget.org/conference/2nd/brazil.htm>

This is a general talk on participatory budgeting in Brazil by researchers for an NGO (based in Rio de Janeiro) that supports those involved in such efforts. Among other helpful aspects of this presentation is that it places the participatory budgeting movement into the context of overall political developments in Brazil.

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## 8. ANALYZING BUDGET POLICIES

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Policy analysis is what might first come to mind when the concept of “budget work” is mentioned. This chapter discusses six different, albeit interrelated, ways of examining the implications of budgets, beginning with arguably the most high-profile activity for a group engaged in budget and policy work — analysis of the executive’s budget proposal. The chapter then describes how a budget can be analyzed based on the allocations it makes to particular sectors, its impact on various groups, its relationship to fundamental rights, and its general effects on the economy. The chapter concludes with an important type of budget analysis that is, unfortunately, somewhat neglected by NGOs: the analysis of the tax policies contained in a budget.

### **A Taste of Success in Influencing the Discussion of the Executive’s Budget**

The Budget Information Service of the Institute for Democracy in South Africa’s experience with executive budget analysis highlights the evolution of the impact of the organization. When BIS first started producing information and analysis during the release of the budget, its efforts received almost no attention from the media or the public. Only after several years of continuing to provide a high quality product and educational outreach, and working to establish important media contacts, did interest develop. After the release of the 2000 executive budget, BIS was inundated with requests for information and statements from print, radio, and TV media. Print journalists wanted quick-response pieces as well as more considered, in-depth op ed articles. Radio journalists wanted telephone interviews and promised — through community radio channels — exposure to large numbers of people throughout the country. Even the major public TV stations requested interviews in several languages.

The six types of analyses described here are among the most important approaches that can be taken in examining budgets, but they do not exhaust the various alternatives. As one example, “impact analyses” that attempt to measure the actual effects of various budget policies are not considered as a separate section here. Yet these analyses — whether they reflect approaches such as the report card surveys pioneered by the Public Affairs Centre in India (<http://www.pacindia.org/>) or specific studies of the effects of budget decisions on reducing HIV/AIDS — represent an important field of research for any policy group.

### **8.1 Analysis of Executive Budget Proposals**

In most countries, budget issues receive the most attention when the executive branch releases its proposed budget to the legislature and the public. Frequently, it is at this point in the year that the key issues in the debate over the budget are established, and that judgments on a budget’s merits are made. Thus assessing the government’s proposed budget when it is released is a

common activity among budget researchers. Such an analysis can establish a group as a source of expertise, and can help a group define the issues upon which it wants to focus. This type of analysis also has the advantage of providing information when it is in high demand. At other times of the year, budget analysis, however important, might not be of interest to a broad audience.

Since the budget cycle has many stages, effective budget work requires analysis and activities that continue throughout the year. In this context, a thorough and broad assessment of the budget when it is released by the executive can help groups identify particularly important areas that might require more work later in the budget cycle.

**Example:** Collection of publications on the 2000 budget, Idasa, South Africa, 2000.  
<http://www.internationalbudget.org/resources/library/budgetresponses.pdf>

BIS's comprehensive analyses of the executive's 2000 budget included separate reports on its effects on the poor, on the public service, on children, on the disabled, and on the budget process. BIS also produced a general overview report of the national budget and a series of reports on provincial budgets. BIS was not able to generate such an array of reports when it first began to examine the executive's budget, but has refined its approach over a five-year period. See Appendix V of this guide for a case study of work done by Idasa's Budget Information Service around the release of the executive's budget; the case study summarizes BIS's preparation in advance of the budget as well as its dissemination strategy.

**Example:** Case study of Kenya's Institute of Economic Affairs' work around the release of the budget. <http://www.internationalbudget.org/resources/Kenya.pdf>

The Budget Information Programme of the Institute begins its work on the executive's budget months before its release by conducting public hearings. Since Parliament only has seven days to debate and approve the budget, BIP assembled in advance a team of experts to analyze the 2000/2001 budget and develop a guide for Members of Parliament to assist them in the debate. The BIP team spent the weekend after the budget's introduction combing through the budget speech, the financial statements, and the finance bill in order to draw out the key points and make the information easily comprehensible for Members of Parliament in a timely fashion.

## 8.2 Sector Analysis

A common type of analysis undertaken by budget groups, advocacy organizations, and others focuses on an important area or sector of the economy or the government to which the budget allocates substantial resources. These analyses can review a sector — such as health, education,

and defense — in relation to other sectors, the entire economy, or its historic levels of support. Military budget analyses, for instance, can focus attention on how much is spent on the military in comparison to how much is spent on social sectors. Analyses of sectors like health and education often include cross-country comparisons, or comparisons between the states of a country.

The budget and related public documents frequently provide comprehensive information on sectors. In many countries, obtaining information on sectors is facilitated by the structure of ministries (or departments) that cover over the whole sector, such as a Ministry of Education. This permits organizations with a focus on particular sectors to obtain much of the information they need relatively easily.

**Example:** “Welfare Policy and Social Transfers in Croatia,” Institute of Public Finance, Croatia, 1999.  
<http://www.ijf.hr/ocpapers/op-8.htm>

The paper reviews the range of social policies adopted in Croatia since independence together with those that have been retained from the socialist past, and examines whether these policies could be improved. The paper focuses on the issues of social welfare expenditures and employment.

**Example:** “Highlights of Proposed Medicaid Funding in the House and Senate Budget Bills,” Center on Public Policy Priorities, Texas, United States, 2001.  
<http://www.cppp.org/products/policypages/111-130/111-130html/PP126.html>

This report examines how a health insurance program for low-income people fared in bills moving through the state legislature. The U.S. state-level group that wrote this paper conducts a wide range of work in the health sector, and all its health policy work can be found at  
<http://www.cppp.org/policy/healthpolicy/index.html>.

**Example:** “Do Budgets Really Matter? Evidence from Public Spending on Education and Health in Uganda,” The World Bank, 1998.  
[http://wbln0018.worldbank.org/research/workpapers.nsf/\(allworkingpapers/7b711dd282486ea6852567e0004b3bf1?opendocument](http://wbln0018.worldbank.org/research/workpapers.nsf/(allworkingpapers/7b711dd282486ea6852567e0004b3bf1?opendocument)

The study demonstrates that when institutions are weak, budget allocations alone can be misleading in explaining outcomes and making policy decisions. The study used empirical evidence from primary education and health care in Uganda. Since adequate public accounts are not available, the study conducted a field survey of schools and clinics to collect data on spending. The report contributed to improvements in the budgetary system in Uganda.

This tracking study shows the important interaction between budget systems and budget policies, and the sometimes close connection between budget systems analysis and budget issue analysis.

### 8.3 Analysis of Effects on Different Population Groups

There are typically two types of analyses that examine the effects of budgets on particular groups. One kind examines the effects of spending proposals on different income groups. Such analyses might examine the proportion of total government spending devoted to programs and projects that assist the segments of the population living in poverty. These types of analyses also include the tax distributional reports described in Section 8.6.

A second kind of group analysis is to examine the effects of a government's budget on a particular group defined by characteristics other than income. Such analyses might look at the effects of the budget on the elderly population, or on a racial or ethnic minority.

In recent years budgets have increasingly been assessed in terms of their effects on children or women. In most cases budgets do not include any particular reference to their effects on women and children, nor do they show separate allocations for women's and children's programs. Thus the effects of budget decisions on women and children must be derived from various sources of information within the budget, and from other sources outside the budget.

Several NGOs in different parts of the world have worked on gender budget issues. For example, the Women's Budget Initiative in South Africa is a research and training project which aims to facilitate effective lobbying and advocacy around gender equity. Each year since 1996 it has produced a South African Women's Budget. An additional example is the Tanzanian Gender Networking Program (TGNP). Since 1993, its Gender Budget Initiative has been working to facilitate the process of gender equality, equity, and women's empowerment at different levels of society. The budget is one of the many projects through which the program is placing gender issues in the public debate (see <http://www.tgnp.co.tz/>). Other efforts in this area have been the work of two groups in Mexico, as mentioned below.

Work on children's budgets has advanced during the last few years. Several initiatives related to public expenditure and children have been launched, and this work shows significant potential (see the Swedish chapter of Save the Children's website <http://www.rb.se/economics/> for information on children and economics, such as a recent study from Vietnam on budgets for the education of children with disabilities).

**Example:** "Review of Gender Budget Initiatives," Community Agency for Social Enquiry, South Africa, 2000.  
<http://www.internationalbudget.org/resources/library/GenderBudget.pdf>  
This paper reviews gender budget activities in 42 countries, discusses the general issues raised by these activities, and provides a typology of different strategies that

can be employed. In Mexico, the NGOs Fundar and Equidad de Género (Gender Equity) have translated and summarized the strategic section of this paper. This Spanish version of the paper can be found at

<http://www.internationalbudget.org/cdrom/papers/analysis/gender/Manualg.doc>

**Example:** “Introduction to the Fifth Women’s Budget,” Idasa, South Africa, 2000.  
<http://www.internationalbudget.org/resources/library/5thwomenbudget.pdf>

The Women’s Budget Initiative was developed in 1995 to track and advance the interests of women during the South African political and economic transition. The initiative is a research, training, and advocacy project that produces the annual South African Women’s Budget and related products.

**Example:** The Children’s Budget Initiative of Idasa, South Africa.  
[http://www.idasa.org.za/m\\_main.php?view=10&project\\_id=2100&webzone\\_id=2000&project\\_name=Children's Budget](http://www.idasa.org.za/m_main.php?view=10&project_id=2100&webzone_id=2000&project_name=Children's Budget)

The Children’s Budget was developed by Idasa’s Budget Information Service in 1997 to evaluate the impact of the South African budget on children. The project takes the United Nations Declaration on the Rights of the Child as a departure point and tracks government spending on children relative to the Declaration’s commitments. The first two Children’s Budget studies are *First Call* (1997) and *Where poverty hits hardest* (1999). The most recent study is *Are children being put first? An evaluation of the child poverty and the 2000 South African budget* (2000). The project concentrates on four key sectors — health and nutrition, education, welfare and justice, and policing. It also draws together existing data on child poverty and assesses the impact of current macro-economic policy on South African children.

**Example:** “Recent Changes in the Impact of the Social Safety Net on Child Poverty,” Center on Budget and Policy Priorities, United States, 1999.  
<http://www.cbpp.org/12-23-99wel.pdf>

This study examines how many children are classified as poor in the United States before and after the effects of government programs (labeled as the “social safety net”) are considered. It also examines child poverty trends in recent years. This study illustrates the type of analysis that can be done if sufficient data on the impact of government programs are available.

## 8.4 Budgets and Economic and Social Rights

While the focus on human rights began with an emphasis on civil and political rights, there has been increased international attention on the issues of economic and social rights. According to

the International Covenant on Economic, Social and Cultural Rights, these include fair wages and remuneration, safe and healthy work conditions, social insurance, food, clothing, housing, physical and mental health, and education. Human rights advocates do not believe that all economic and social rights can be achieved immediately and all at once, but that they can and should be realized progressively over time.

There are several possible linkages between economic and social rights work and budget work. The achievement of these rights can depend directly on budgetary decisions. Budget analysis also can be used to estimate the cost of advancing particular rights and to sharpen advocacy arguments. Budget analysis examines how to operationalize rights by turning policy rhetoric or legal commitments to certain rights into budget allocations. Further, as noted in the previous section in the discussion of Children's Budget work in South Africa, budgets can be examined to see if they are consistent with rights conventions.

More generally, in some countries anti-poverty work is increasingly being understood from a human rights perspective. Some argue, in fact, that a human rights perspective is a helpful and necessary anchor of values for budget analysis. The IBP's third conference provides examples from different areas of work that have focused on the link between rights and budgets. A plenary discussion (<http://www.internationalbudget.org/cdrom/sessions/expenditure/humanrights.htm>) included the following presentations:

- DISHA, India introduced the work of a grassroots rights-based advocacy organization working with laborers to secure their rights to work and food, and its approach to estimating the costs of providing food security for everyone in the state.
- Centre for Public Interest Law in Ghana presented its work to defend the rights of poor people displaced from mining areas in northern Ghana through confiscation of land, pollution of drinking water, and other rights violations.
- The Women's Centre for Legal Aid and Counseling, West Bank/Palestine spoke about its work to address women's rights as human rights, through counseling, legal aid, and advocacy.

## **8.5 General Economic Analysis**

The budget is the primary fiscal policy instrument of government, and one important way to assess the budget is to examine its fiscal and economic assumptions and effects. These include the impact of the budget on the government's annual deficit and national debt, as well as the budget's expected effects on economic outcomes such as inflation, growth, and employment. Fiscal analysis is a fundamental part of budget analysis since fiscal issues will affect the size and composition of allocations to sectors and programs.

Studies that examine fiscal issues in the budget typically involve an analysis of budget goals and targets. Are the estimates of revenue and expenditure reasonable and accurate? What is the likely government deficit or surplus resulting from a budget proposal? What is the distribution of funds among the main economic sectors? These analyses can also critically examine the underlying assumptions in a budget that concern key economic variables such as inflation and unemployment.

**Example:** “Is the House Tax Bill Needed to Avert a Recession?” Center on Budget and Policy Priorities, United States, 2001.  
<http://www.cbpp.org/2-22-01tax.htm>

This paper examines one of the main arguments used in favor of a tax cut proposed by President Bush. Its findings include that the “backloaded” design of the tax cut — in which most of the proposed tax cuts would not occur until many years after it would be adopted — is not well-suited to combat a recession.

**Example:** Idasa reaction to Budget 2000, Press Statement: “The Poor Remain Vulnerable,” Idasa, South Africa, 2000.  
<http://www.internationalbudget.org/resources/library/poor2000.pdf>

This “quick reaction statement” discusses the macroeconomic effects of the spending and tax policies contained in the 2000/01 budget and the effects of these policies on the poor, concluding that the proposed tax cuts to middle- and upper-income earners would not stimulate greater growth or equity in the South African economy. While growth may improve in the medium term, in the short run poverty would deepen. As an alternative, the statement argues for a set of immediate, targeted interventions to marry short-term poverty alleviation with growth-enhancing skill formation.

## 8.6 Revenue Analysis

The two examples above, in part or in whole, examine the macroeconomic effects of tax decisions. But many NGOs with an anti-poverty focus, unfortunately, ignore the revenue side of the budget. Groups that are engaged in issues affecting poverty, women, or children tend to focus on expenditure allocations in the budget. Tax policy, on the other hand, is more often examined by groups that traditionally do not have a poverty focus. Business organizations frequently focus their analysis and advocacy on tax breaks for businesses or those with high incomes. Independent research on the effects of revenue proposals on low- and moderate-income families tends to be scarce. Since tax issues are often neglected, we devote somewhat more space here to discussing the possibilities for applied work in this area.

In addition to assessing the macroeconomic effects of tax cuts, one of the most important types of revenue analysis is the examination of the distributional effects of the tax system. Would

proposed tax reforms be of more help to the rich or the poor? Does the tax system take a larger share of the income of low-income people or of high-income people? In the words of a tax analyst, is the system regressive or progressive? Answering these types of questions requires an understanding of the various sources of revenue and the details of how taxes are levied.

A second important task for budget groups is to connect expenditure and revenue analysis. Expenditure and revenue are two sides of the budgetary coin; groups need to make sure that the tax base is large enough to sustain support for key government programs. In addition, when governments advocate tax cuts, they sometimes make them appear more attractive by understating associated revenue losses and exaggerating their impact on economic growth. So an important area of tax analysis is to provide a realistic assessment of revenue trends under a tax proposal and compare it to a projection of expenditures in order to determine if the mixture can be sustained.

A third area of tax work relates to compliance and administration. Particularly in developing countries, tax administration is likely to be an integral part of the tax policy debate, as it is frequently a constraining factor in the search for new and equitable sources of revenue. Low compliance means that all the taxes that could be collected are not being collected — the so-called tax gap. This means that either less revenue is available to finance expenditure needs, or higher tax rates must be imposed on those who do pay their taxes to ensure the desired level of revenue and expenditure. Weak administration can reflect a range of problems, from a lack of computer systems and skilled employees to corruption. Addressing these problems can provide benefits beyond raising more revenue, as widespread tax evasion both undermines the integrity of the tax system and reduces the credibility of the government as a whole, potentially undermining its ability to carry out policies in other areas. Improved transparency can be part of the reforms that help boost compliance and improve the effectiveness of tax administration.

These three areas of tax work were the subject of a plenary session and workshops at the IBP's third conference (<http://www.internationalbudget.org/cdrom/sessions/4revenue.htm>). Speakers from the Institute for Public Finance in Croatia, the Centre for Budget Studies in India, CIDE in Mexico, and several groups in the United States shared case studies of their work at the national and sub-national level. The summary of this conference also includes a number of papers and reports on tax issues (<http://www.internationalbudget.org/cdrom/papers/home.htm#Tax>). Some examples of tax work are:

**Example:** “Tax administration reform in transition: The case of Croatia,” Institute for Public Finance, Croatia, 2000.  
<http://www.ijf.hr/ocpapers/op-5.htm>

The Republic of Croatia is currently reforming its overall fiscal system, including tax administration. This paper analyzes the extent to which reform in Croatian tax administration is in line with the theory and practice of tax administration in developed countries and countries in transition.

**Example:** “Overview Assessment of President Bush’s Tax Proposal,” Center on Budget and Policy Priorities, United States, 2001.  
<http://www.cbpp.org/2-8-01tax.htm>

This paper provides a thorough analysis of the effects of the President’s tax cut plan on different income groups and the long-term fiscal situation.

**Example:** “Women and Tax in South Africa,” Idasa, South Africa, 2000.  
<http://www.internationalbudget.org/resources/library/WomenSA.pdf>

According to this paper, “Most analyses of government budgets and their differential impacts on women and men usually assume that government expenditure has a greater direct impact than revenue in addressing issues such as poverty and inequality. However, the revenue side of the budget, and specifically taxation policy, can also have direct redistributive effects, through impacts on disposable income, which can either benefit or disadvantage certain sectors in society, such as women and the poor.”

Of further interest, the World Bank has also developed a toolkit to provide a comprehensive framework for diagnosis of the institutional and organizational deficiencies of revenue administration. It can be found at:

[http://wbIn0018.worldbank.org/prem/ps/iaamarketplace.nsf/075c69a32615405f8525689c0051fb88/4cdd74a05fd3506b8525689c005333bc/\\$FILE/DIAGFRMWK-5-2000.doc](http://wbIn0018.worldbank.org/prem/ps/iaamarketplace.nsf/075c69a32615405f8525689c0051fb88/4cdd74a05fd3506b8525689c005333bc/$FILE/DIAGFRMWK-5-2000.doc)

## **Part IV. For Further Information**

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## 9. IBP RESOURCES

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In addition to this guide, the International Budget Project has a variety of other activities and resources designed to be of use to groups and researchers interested in learning more about applied budget work. These include the IBP and Center on Budget and Policy Priorities websites; other publications (including the IBP newsletter); trainings and workshops; and conferences and other meetings. Groups from Africa might also be interested in contacting our regional partner, the Africa Budget Project. As noted in Chapter 1, to contact the IBP about any of these activities or resources, write, call, or e-mail us at the following addresses:

The International Budget Project  
Center on Budget and Policy Priorities  
820 First St., NE Suite 510  
Washington, D.C. 20002  
USA  
1-(202) 408-1080 - Phone  
1-(202) 408-1056 - Fax  
info@internationalbudget.org - E-mail

### 9.1 The IBP and CBPP Websites

The IBP website — <http://www.internationalbudget.org/> — contains a number of features that can help you become familiar with budget issues and budget work around the world, such as:

- A comprehensive *Library* of downloadable budget-related documents organized by subject. These documents are selected from a variety of sources for clarity, relevance, and usefulness;
- A *Groups Section* that includes information and contact details for many of the budget groups the IBP works with;
- An extensive *Resource Section* with a list of other websites of relevance to applied budget work, organized by subject and region;
- *Search engines* that can search the site directly as well as all other sites (such as the World Bank and IMF libraries) that are linked to the IBP site; and

- Considerable information about the activities of the International Budget Project, including its three international *conferences*.

A map of the IBP website is located in Appendix VI.

The website of the Center on Budget and Policy Priorities (the IBP is part of this organization) also is of use. It contains a wide range of reports in areas such as federal and state budget and tax issues; food, housing, and health policies; and poverty and income distribution. See <http://www.cbpp.org/>.

## 9.2 Publications

There are a few key IBP publications of interest in learning about budget work. Parts of these publications have already been referenced in this guide. Four publications, in particular, contain a wide range of examples of NGO budget work and other activities.

- ***A Taste of Success.*** This report consists of a dozen relatively short case studies divided into two broad categories: organizational development and training, and analyzing and affecting budget policies. The NGOs examined in the case studies are from the countries of Croatia, India, Israel, Kenya, Mexico, Russia, South Africa, and Tanzania. The case studies that cover specific analyses contain background context, a summary of the issue, the action taken by the NGO, the results obtained, and the lessons learned — lessons from which other NGOs can benefit. This document might be helpful for developing a framework for what a new budget group can accomplish; for selecting applied budget studies; and for figuring out how to implement these efforts. See <http://www.internationalbudget.org/resources/success.htm>.
- ***Budget Analysis for Anti-Poverty and Rights Work.*** This in-depth report on the third conference of the IBP, held in Mumbai (Bombay), India, in November 2000, includes a wealth of information on applied budget work, such as the papers presented at the conference, supplementary materials, the list of participants, and summaries of all the workshops. The conference topics were budget analysis to address the problems of the poor; the link between budget and human rights work; and tax and poverty work. The report is available as a CD-ROM and can also be found on our website at <http://www.internationalbudget.org/cdrom/home.htm>.
- ***The IBP Newsletter.*** Since January 2001 the IBP has published a free bi-monthly newsletter. Available in both English and Spanish, the newsletter contains ongoing updates about the work of the IBP, the work of budget NGOs around the world, and new resources on budget issues. To sign up for the newsletter visit

<http://www.internationalbudget.org/nlsignup.htm>. Previous issues of the newsletter can be found on the newsletter archive at <http://www.internationalbudget.org/resources/newsletter.htm>.

- ***Can civil society add value to budget decision-making?*** This August, 2001 IBP paper provides a detailed discussion of the role that civil society has played and could play in each stage of the budget cycle. It provides an overview of the activities of applied budget groups in the developing world. See <http://www.internationalbudget.org/resources/library/civilsociety.pdf>.

As noted in Chapter 7, the IBP and its colleagues at other organizations have also begun to publish reports on budget transparency and participation that are specifically designed for general usage. The key publication to date has been the report on *Transparency and Participation in South Africa's Budget Process*, a joint publication of Idasa's Budget Information Service and the IBP. Though the report is specifically focused on the South African budget system, it also attempts to lay out some basic principles that are valuable in understanding budget systems of other countries. See <http://www.internationalbudget.org/resources/library/transparencyfinal.pdf>. Additional publications in this area will soon be posted on the IBP website.

### **9.3 Training and Technical Assistance**

Our current courses include basic workshops taking place at the Center on Budget and Policy Priorities in the United States and at Idasa in South Africa. These workshops provide a comprehensive overview of these budget organizations as well as an introduction to analytical methods and budget advocacy. The courses may be particularly useful for managers of new budget organizations and new staff in existing organizations. The IBP has also provided an introductory course on public expenditure management with the World Bank and regularly contributes to other trainings offered by international development institutions. In the future, the IBP is exploring an expansion in its training activities, such as providing an intermediate-level course on budget analysis methods, budget systems, and advocacy that would draw on the experience of practitioners in our partner organizations.

The IBP, on a limited basis, and subject to the availability of our own resources, also provides technical assistance and training to specific groups. This can come in the form of e-mail exchanges; short visits to the IBP; visits by IBP staff to organizations; and IBP review of proposed reports and work plans.

### **9.4 Conferences and Regional Meetings**

Periodically, the IBP holds international conferences and regional meetings. These sessions tend to focus on particular topics — such as transparency in the budget process, budget and poverty work, or developing a regional agenda — but also include training in applied budget work. New

researchers and groups have tended to find participation in these conferences and meetings to be an excellent mechanism for moving their own budget work forward, and for making contacts with other groups throughout the world with which they might want to exchange information.

The IBP has now held three international conferences. The first occurred in Washington, D.C. in December 1997 and the IBP was the sole host. The second was co-hosted with Idasa, and was located in Cape Town, South Africa in February 1999; the theme of this conference was “Transparency and Participation in the Budget Process.” The third conference took place in Mumbai, India in November 2000; its theme was “Budget Analysis for Anti-Poverty and Rights Work” and it was co-hosted by the Ford Foundation (New Delhi), the Centre for Budget and Policy Studies (Bangalore), Development Initiative for Social and Human Action (Ahmedabad), National Centre for Advocacy Studies (Pune), Vidhayak Sansad’s Centre for Budget Studies (Mumbai), and Youth for Unity and Voluntary Action (Mumbai).

The proceedings of these conferences and certain regional meetings have been written up in detail. These include the CD-ROM on the third conference discussed in Section 9.2. In addition, the agenda, participants, and transcripts of most of the presentations from the second conference can be found on the IBP website. These presentations cover the conference theme of transparency and participation in the budget process, as well as case studies of organizational development and budget trainings. Go to <http://www.internationalbudget.org/conference/2nd/>.

A regional workshop on the growing use of budget analysis in India also produced an informative report. This publication, prepared by staff of the Ford Foundation in New Delhi, summarizes the presentations and discussions at the workshop, which covered examples of budget analysis at the state, local, and district level; explores the use of budget information and the role of budget advocacy; and examines the implications of budget work in addressing poverty. See <http://www.internationalbudget.org/resources/library/goaworks.pdf>.

## **9.5 The Africa Budget Project**

The IBP’s regional base for Africa, the Africa Budget Project, can be of assistance to researchers and NGOs in that continent. The Africa Budget Project is part of the budget project of the Institute for Democracy in South Africa. The project works with other African organizations to build the capacity of civil society, legislatures, and the media to engage in budget issues. Activities include joint research projects (including a cross-country budget transparency effort), training, information collection, and dissemination (including a data base on participating organizations, African budget issues, technical assistance, and networking activities). Its website is:

[http://www.idasa.org.za/main.php?view=10&project\\_id=2200&webzone\\_id=2000&project\\_name=AfricaBudgetProject](http://www.idasa.org.za/main.php?view=10&project_id=2200&webzone_id=2000&project_name=AfricaBudgetProject), or email [juliana@idasact.org.za](mailto:juliana@idasact.org.za).

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## 10. OTHER RESOURCES

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This chapter describes four types of resources that contain additional information on budget issues. First, a thorough examination of whatever information is available about your national or sub-national budget is, of course, essential. Section 10.1 briefly describes where to start searching for this information.

An overall, up-to-date assessment of a country's budget system and budget issues might be available from the international sources described in Section 10.2, as the effort to diagnose and improve budget systems continues to progress around the world. In gathering information about a country, there may also be regional information that is of use, or it might be useful to examine the budget information available about countries comparable to your own.

There is a growing body of international budget literature, much of which is collected on the websites of certain international institutions. The main websites that provide a broad range of these resources are discussed in Section 10.3.

There are also a few essential documents on budget issues and budget systems that can be accessed on the web. These documents, which are mostly general in nature, are listed and briefly described in Section 10.4.

Of further note, the websites of the international institutions and the documents collected there frequently are available in a variety of languages.

### 10.1 Where to Find Information on Budget Issues in a Country

In the attempt to gather information about your country's budget, you will likely encounter the same obstacle that other new groups have faced: inadequate information and data. Some countries have a history of confidentiality on matters concerning the budget and related issues. Other nations have reasonably well-structured legislation that provides a framework for release of budget information, but the information might be of low relevance and the underlying data can be poor. Still other countries could be in a transition period where budget systems are undergoing reform, and processes, legislation, and financial reporting are difficult to access and interpret.

Nevertheless, there is likely to be at least some useful information at hand. The starting point is typically the basic budget documentation or books issued by the national or state Ministry of Finance, or by the local budget office. The Finance Ministry, in theory, is responsible for providing the legislature and the public with information about budgets in a comprehensive and readily accessible format. But there are other sources that could provide useful information: the President's Office, individual ministries, Central Bank, Central Statistical Office, Revenue Board, legislative committees, Auditor General, Comptroller General, Ombudsman, research institutions, Chamber of Commerce, private auditors, universities, and bi-lateral and multi-lateral donors. (In addition, your country might have finished a Poverty Reduction Strategy Paper which, as noted in the next section, can be found on the World Bank website.)

Ingenuity can also pay off. The Indian organization DISHA, for instance, began to acquire budget information that was not readily available to the public by going directly to members of the state legislature, who typically discarded the large budget books that were given to them by the executive branch of government. The budgets were incomprehensible to these legislators. DISHA was given these unused copies and soon was explaining the documents to the legislators themselves.

## 10.2 Country Reports by International Institutions

Particularly if your work focuses on the national level, international institutions such as the World Bank or the IMF — or regional institutions such as the Inter-American Development Bank or the Asian Development Bank — may have produced reports about budget issues in your country. These websites often organize all the information they have with respect to individual countries into separate sections; so as a first step, it is worth taking a look at the “country page” contained on the websites of various international institutions. The country pages for the Asian Development Bank, the IMF, and the World Bank are:

- <http://www.adb.org/Countries/default.asp>
- <http://www.imf.org/external/country/index.htm>
- <http://www.worldbank.org/html/extdr/regions.htm>

Several kinds of comprehensive World Bank and IMF reports that might provide helpful background materials are listed below, as are the websites in which these reports are collected. These websites, too, often include specific country listings.

- ***Public Expenditure Reviews (PERs)*** — A PER is a country report on public sector issues in general and public expenditure issues in particular. One of the core objectives of a PER is to help a country establish effective and transparent mechanisms to allocate available public resources in a manner that promotes

economic growth and reduces poverty. Common topics in a PER include: analysis and projection of revenue, determination of the level and composition of public spending, inter- and intra-sectoral analysis, financial and non-financial public sector enterprises, structure of governance, and the functioning of public institutions. (See <http://www1.worldbank.org/publicsector/pe/plpers.htm>.)

- ***Poverty Reduction Strategy Papers (PRSPs)*** — Recently interim PRSPs have been developed for many low-income countries. The ambition has been to develop a process in which a country develops its own poverty reduction strategy with the participation of civil society and the private sector, and that the resulting PRSPs provide the basis for all World Bank and IMF concessional lending, as well as additional debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. A PRSP outlines the country's plans to foster growth and reduce poverty through three-year programs that include macroeconomic, structural, and social policies, and it is in this context that the document includes useful information on budgets. Moreover, it is likely that future PRSPs will include an increased focus on budget-related issues. (See <http://www.imf.org/external/np/prsp/prsp.asp>).
- ***IMF Reports on Observance of Standards and Codes (ROSC)*** — A ROSC represents a comprehensive report on topics, including internationally accepted standards on fiscal, monetary, and financial policy; banking regulation; data dissemination; and securities and insurance markets — all issues directly or indirectly related to public finances. The number of countries undertaking ROSCs is increasing, and ROSCs are likely to continue to grow in importance, though they are not mandatory for countries that have an agreement with the IMF. The reports provide useful information for country analysis and cross-country comparisons. A large number of experimental ROSCs are available on-line at <http://www.imf.org/external/np/rosc/rosc.asp>, including reports for developing countries like Uganda.

Groups that operate in countries where little budget research has been undertaken also might be able to learn lessons from countries with similar backgrounds. It is, for instance, likely that groups in countries in the Commonwealth would find analyses of systems and processes in other Commonwealth countries more relevant than analyses from non-Commonwealth countries. Similarly, countries in the former East Bloc would benefit from work that has been undertaken on particular parts of budget systems in other former East Bloc countries. It is also likely that groups that operate in countries with parliamentary systems would want to turn to information about other parliamentary systems, with the same principle applying to groups in presidential systems.

### 10.3 International Websites and Training Courses

Several international websites contain general budget resources that are of use. The sites each have their own focus related to the mandate of the organization that is hosting the site, but some sections of these sites are clearly relevant to the work of budget groups. The sites are frequently updated and often include country-specific information in addition to more generic presentations on issues related to budgets.

**Example:** “Public Expenditure On-line” of the World Bank  
<http://www1.worldbank.org/publicsector/pe/index.htm>

This site includes information on various topics related to budgets and public expenditure. It is a good starting point for anyone who is interested in reading about how these issues are viewed at the World Bank. It includes numerous links to general documents and country-specific reports.

**Example:** Governance and Public Expenditure Management Cluster of the Asian Development Bank  
<http://www.adb.org/Governance/govpub.asp>

The main purpose of the ADB’s Governance Cluster is to enhance the ADB’s capacity for effective assistance in the areas of governance and public sector management (including anti-corruption). The site includes a number of articles and reports on public finance.

**Example:** Standards and Codes of the IMF  
<http://www.imf.org/external/standards/index.htm>

The IMF has developed internationally recognized standards, or “codes of good practices,” in various areas. The objectives of these standards are to help improve economic policy making and strengthen the international financial system. Some of the codes cover areas of direct relevance to budget work, such as the Code of Good Practices on Fiscal Transparency. Others cover issues that are more related to the IMF’s operational mandate. The site includes a substantial number of country reports.

**Example:** OECD Programme on Public Management and Governance (PUMA)  
<http://webnet1.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-home-notheme-9-no-no-no-0,00.html>

The OECD PUMA site covers a wide range of issues related to governance and budgeting. Topics include: budgeting in the public sector; ethics and corruption; public sector statistics; and information by country. The site also has a special section on Central and Eastern European countries.

**Example:** OECD Committee on Fiscal Affairs (good website for tax issues)  
[http://www.oecd.org/daf/fa/first\\_en.htm](http://www.oecd.org/daf/fa/first_en.htm)

The mission of this OECD committee is to “provide an open forum for the tax policymakers and administrators from Member countries and non-member countries to discuss current policy issues; to assist its Member countries to improve the design and operation of their tax systems; to promote co-operation and co-ordination among these countries in the area of taxation; to encourage non-member countries to adopt taxation practices which promote economic growth through the development of international trade and investment.”

**Example:** Key Instruments for Institutional and Governance Analysis, The World Bank.  
<http://www1.worldbank.org/publicsector/keyinstruments.htm>

This site includes the major analytic instruments used by the World Bank in its work on issues related to public budgets.

**Example:** Standards and Codes Homepage, U.S. Department of Treasury.  
<http://www.ustreas.gov/standards/>

This website provides links to 12 standards identified by the Financial Stability Forum as important to promoting financial stability, including data and accounting standards. (The Forum is a new international effort to promote financial stability, drawing its membership from national governments, international institutions, and central banks.)

Chapter 6 of this guide mentioned three comprehensive courses on budgeting and public expenditure management by the World Bank which can serve as “model agendas” for NGOs designing their own training courses. They are mentioned again here because the courses might be helpful for you to go through yourself. The courses are described in some detail in Section 6.2; briefly they are:

**Example:** “Intergovernmental Fiscal Relations and Local Financial Management,” World Bank Institute <http://www1.worldbank.org/wbiep/decentralization/Course%20Topics.htm>

This is a comprehensive course on Intergovernmental Fiscal Relations and Local Financial Management.

**Example:** “Budgetary Processes and Public Expenditure Management,” World Bank Institute, 2000 <http://www1.worldbank.org/publicsector/pe/budgetprocess.htm>

This is a comprehensive training program for senior policymakers in the World Bank’s client countries.

**Example:** “Public Expenditure Analysis and Management Training Course,” World Bank, May 22-24, 2001 <http://www1.worldbank.org/publicsector/pe/pemtraining.htm>

This is the World Bank Thematic Group’s main course on Public Expenditure Analysis and Management.

## 10.4 Selected Readings

Within the above websites, there are a number of documents worth highlighting that discuss budget issues generally.

**Example:** *Managing Government Expenditure*, Asian Development Bank, 1999. [http://www.adb.org/documents/manuals/govt\\_expenditure/](http://www.adb.org/documents/manuals/govt_expenditure/)

This is a comprehensive, well-written guide to contemporary budgeting systems and issues. It is about 500 pages in length, with the introductory chapter providing a useful overview of the rest of the guide. The next-to-last chapter provides a summary of recent budget reform movements in OECD countries, and the final chapter tackles the difficult issue of sequencing budget reform. Other chapters cover the issues raised in standard texts, such as classifications, execution, cash management, accounting standards, programming, and performance, as well as the role of various parts of the government — such as the legislature — in preparing and approving the budget.

**Example:** *A Contemporary Approach to Public Expenditure Management*, World Bank Institute, 1999. <http://www1.worldbank.org/publicsector/pe/contemporary.htm>

This paper, written by one of the foremost experts on international budget issues, provides a relatively concise, clearly written introduction to contemporary public expenditure management. The first chapter provides the overall context, describing the pressures for financial reform as well as the primary tools of change. The remainder of the text takes the reader step by step through the “three level” model — aggregate fiscal discipline, allocative efficiency, and operational efficiency — of public expenditure management.

**Example:** *The Public Expenditure Management Handbook*, The World Bank, 1998. <http://www1.worldbank.org/publicsector/pe/english.htm>

This is the standard World Bank text on new public expenditure management techniques. It covers similar topics as the reading immediately above, but draws on a broader set of global experiences; the handbook’s content was coordinated by one of the leading developers of the three level model. An appendix provides a diagnostic for improving budgetary and financial management.

**Example:** “Does Budgeting have a Future?,” OECD, 2001.  
<http://www1.worldbank.org/publicsector/pe/schickpaper.doc>

This paper covers the major recent shifts in budgetary conventions and methods in developing and developed countries. It is a clear and accessible historical text and concludes with a set of possible future trends in international budgeting.

**Example:** *Managing Public Expenditure: A Reference Book for Transition Countries*, OECD, 2001. <http://www1.worldbank.org/publicsector/pe/oecdpehandbook.pdf>

This broad text is designed for practitioners but is written in accessible language. The first set of chapters provide a detailed definition of core budgetary issues, such as alternative classifications, budgetary reform programs, accounting standards, the role of different parts of the government in the budget, and implementation issues. The latter part of the text is devoted to an in-depth description of budgeting procedures in the European Union.

**Example:** *Public Spending for Poverty Reduction*, The World Bank, April 2001, Draft for Comments.  
<http://www.worldbank.org/poverty/strategies/chapters/pubspend/ps0525.pdf>

This chapter of a World Bank source-book describes good budgeting practices in implementing pro-poor policies through PRSPs. The chapter is organized around three practical issues: understanding the budget system, assessing alternative spending options, and improving the quality of spending and resource management. The last of these sections includes a set of best practices on medium term budgets, performance budgeting, transparency, and participation. A set of useful technical notes are appended, covering expenditure tracking and impact assessment methodologies. Two case studies also are appended on the implementation of the MTEF in Ghana and Uganda.

**Example:** *Budgeting and Policymaking*, OECD, 1996.  
[http://appli1.oecd.org/olis/1996doc.nsf/62f30f71be4ed8a24125669e003b5f73/49bc701efe3f7029c125635e003453b1/\\$FILE/07E69267.ENG](http://appli1.oecd.org/olis/1996doc.nsf/62f30f71be4ed8a24125669e003b5f73/49bc701efe3f7029c125635e003453b1/$FILE/07E69267.ENG)

This document, produced by the Public Management arm of the OECD, is intended as a resource on budgeting for finance officials and practitioners in transition countries. It draws together a set of technical papers on budget formulation and implementation, using current best-practice examples drawn from OECD countries. The sections cover policy and budgeting disharmony, systems for policy decisions and budgeting, implementation, monitoring and evaluation, and the problem areas of public enterprises and transfer payments.

## **Part V. Appendices**

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## **Appendix I: The Evolution of the Center on Budget and Policy Priorities and Lessons Learned**

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Robert Greenstein, Executive Director, Center on Budget and Policy Priorities  
“Presentation at the First Conference of the International Budget Project,” Washington, D.C.,  
December 3, 1997.

It is really a pleasure to talk to all of you today, and to see people from so many places around the world. I have been asked to talk a little about how our Center here in Washington developed and any implications that might have for the kind of work that some of you do. Today the Center on Budget and Policy Priorities has about 50 staff. About half of our work is on issues at the national government level and about half at the state or province level. We work on budget and tax issues at both the national level and the state level. We also work on such matters as trends in poverty, and whether it is getting more widespread or less so; trends in the gaps in income between rich and poor, whether they are getting bigger or smaller; and we work on a number of specific areas where the government gets involved in issues that affect low-income people: cash assistance, food assistance, health care, employment programs, and others.

But this wasn't always the case. We started in December 1981 with just three people. The origins of our organization were rooted in some developments in this country during 1981. At the beginning of that year, a new President, Ronald Reagan, took office. And he quickly proposed a bold program that included reductions of unprecedented depth in some programs focused on poor families, and some large tax cuts that disproportionately benefitted wealthy individuals.

Early on, his government very effectively put out material for the media and others that said that they were protecting the poor. The Reagan Administration used a phrase that it was maintaining what it called a “safety net” for what it called the “truly needy.” It did have a set of social programs it was protecting from any cuts, but those were primarily programs for elderly people at all income levels, not for poor families.

But because the Reagan Administration was the main source of information for the several months in which the proposals were debated and then made into law, the presentation that poor families were being protected was largely accepted by the media and many policymakers. There was little alternative source of analysis and information on the impacts of these proposals other than some more academic analysis that wouldn't come out until one or two years later, after the decisions had been made.

The second important development that happened that year was that the government of President Reagan was able to pioneer new uses of the process through which these budget decisions were

made. Most of the United States NGOs that were concerned about programs for the poor were used to the “old” budget procedures and had difficulty adapting to and understanding how the “new” procedures worked, and they were less effective as a result.

## **Growth in Center Work**

This led to a general view that there was a gap in the NGO world. Our Center was started to help fill that gap. When we started, our initial focus was on the budget for the national government in broad terms. For example, each year when the national budget was released, we would look on the same day in which it was released, to see whether budget cuts were hitting programs for low-income people harder than other constituents. A typical piece we would put out at that point in our early years would say “15 percent of the national budget is in programs for the poor, but those programs would bear 30 percent of the cuts in the new budget proposal — twice their share.”

That was the kind of work we initially did. We also placed particular emphasis on helping other NGOs understand the new budget procedures so they could be more effective in their work on these decisions. And we worked in more depth in these very early years in one area of programs for low-income people — food assistance programs — and that was because that was my background and we knew those well.

As the years went on, we gradually began to get into other areas. In 1984, our third year, we found that while taxes had been going down for high-income people, they had been going up for working poor families — people working but earning low wages. This hadn’t been a conscious policy decision by policymakers but had been an unintended effect of some of the policies they had put in place, and it was not well known that this was occurring.

We found a table that a Congressional committee had put together which showed that for a family that was at the poverty line and was working, the share of income paid in taxes had more than doubled at the same time that the taxes for the people with the highest incomes had gone down. And we put out a little report on that, and to our surprise it was covered in several hundred newspapers. So we began to work on tax issues from the standpoint of lower-income people. We also began to analyze the effects of various budget policies, not just on low-income people, but on African-Americans, Hispanics, and women, and that also got particular attention.

By the mid-1980s, our national government had developed a large budget deficit, and there was movement to try to shrink that deficit. A law was put together in Congress that would set a maximum amount of deficit the government could run in any year and would require across-the-board cuts in nearly everything if the deficit was going to be exceeded. Here we found that programs targeted on low-income groups had already been cut more than anything else. This analysis led to efforts taken by a coalition of nearly a hundred NGOs that normally didn’t work together to seek an exemption for low-income programs so they would not be cut if the deficit target was exceeded. And that exemption covering virtually all major low-income benefit programs became law.

By the late 1980s we began to look at some other areas, in part because some new people with different areas of expertise had joined our staff. One new staff member, Isaac Shapiro, put together a series of reports which covered every state in the country and looked at how each state compared to other states in its treatment and its help for lower-income families. We released all these reports — for each of the fifty states — on the same day. The reports received massive media coverage. But we released the reports by ourselves, and six months later it was as though we hadn't issued the reports, because we did not issue them in conjunction with NGOs in the individual states. And we learned that as an organization located in the capital city, if we wanted to work on issues affecting poor families in the states, the best way to do that was in conjunction with NGOs in those states and to help them have the capacity to do more of this themselves rather than our trying to do it directly out of the capital city.

Our ability to do that was enhanced when Iris Lav came in and began to build a program for us of work on state issues. Initially we focused on helping NGOs in various states work on budget and tax issues in their states. That work was of interest to a number of those NGOs. A number of them had been doing excellent work to highlight problems facing, for example, poor children in their states, and getting sympathetic response for their work only to have the policymakers then say, "But we have no money to do anything about it." This situation led increasingly to the conclusion by many of the NGOs in the states that they needed to begin doing analysis on the budget and tax issues and the tax structures in their states. We began to work with them.

## **Recent Developments in Center Work**

Recently here in the United States a very major piece of legislation became law that also shifted from the national government to the states authority over a number of key issues in low-income programs that used to be national. We, in turn, began to work on a number of the specific low-income program areas with groups in the states as well. Today, as mentioned earlier, about half of the Center's work is at the state level and about half at the national level — a major change from where we were a decade ago. We help researchers and NGOs in some states learn of things going on in other states that would be of use. In some cases, we are working with a number of NGOs in different states on a joint project. For example, today NGOs in ten states are working with our assistance to put together reports on the conditions facing working poor families in their state. The fact that there are ten groups acting in concert to generate interest in a particular issue frequently makes it easier to attract attention to the issue in each individual state.

The most recent development for our Center is that the same law that transferred authority over a number of low-income issues from the national government to the states also made very major changes — and in our view very disturbing changes — in the role and responsibility of government in this country toward people who are immigrants in our country. There are a number of fine organizations in Washington that work on immigration, but up until now those organizations did not have to respond to such questions as whether immigrants could get the same assistance as citizens if they were poor — up until now legal immigrants could get the same assistance.

So, given our expertise on budget issues and on specific low-income programs, a number of those immigration groups sought the Center's assistance in working with them to do a great deal of analysis on issues affecting immigrants in these programs. We've been fortunate to have two staff members with expertise in that area, and so that is a new area for us.

As this history may suggest, this is a 16-year story. The expansions of our work have been slow and deliberate. There have been almost as many cases where we were asked, sometimes by another NGO, sometimes by a foundation offering money, to move into another area where we said "No," because we did not feel we had the expertise to jump into that area, and we have always felt that the foundation of all of our work is the quality and the credibility of our work.

## **Center Guidelines for Effectiveness**

We try to do something at the Center that some people, who don't know about us, say "You can't do it." We try to do analysis and to put out information that is credible and trusted and gets attention from people who disagree with us and our policy recommendations, as well as from those who agree and look for guidance to see what we're recommending.

At the same time that we attempt to do that analysis to illuminate the debate, to help other NGOs and to help inform the public and policymakers about some of the issues particularly affecting low-income people that otherwise aren't being given enough attention, we clearly do have an agenda, a mission. We are trying to move public policy in this country in ways that will reduce poverty and will lessen rather than widen the gaps between the richest and the poorest. And some people have said "Well, you cannot be seen as doing credible, trusted analyses and have a point of view." We have been able to do it, but the reason is because we only work in areas we really know, and we make sure that in those areas our work is very solid and credible. We don't simply put forward pieces of information or analysis that would support where we would like to see the policy go. We try to cover all of the relevant pieces of information in our analyses.

So we have learned from this not to jump into areas we don't know, to make the foundation of all our work the credibility of our work and the accuracy of the work. We have found that the more we have built recognition and trust for the quality of our work, the more effective we are in making recommendations and advancing specific policy changes.

We also place a great deal of emphasis on how we present the work we do. From the beginning, we have seen our three primary audiences as being policymakers, the media, and the public (through the media and other NGOs). We also maintain close ties with many academics, and they are another one of our audiences, but not one of our primary audiences. This being the case, we have found that what we need to do is to present our material not as an academic would present it in an academic journal, but in simpler, more accessible form.

We find that to do this, we do most of the work of writing analyses in-house. On those occasions where we work with someone who may be in a university to produce a piece that we put out, we

then work with that person to translate his or her work into a form that is accessible for people who are not academic researchers. We do this since most policymakers and their staffs aren't trained as academic researchers, nor are most of the people in other NGOs or most journalists. We work with people in universities to translate their material into a form that our audiences can understand and be engaged by.

We also have found it important to consider the timeliness of our reports. Some of them are aimed at a longer-term debate and timeliness is not that critical; others are aimed at debates and processes that are current-time sensitive. In deciding whether to do something we often consider, when does it need to be put out? And can we put out something in that time frame?

We have a few reports that we do each year on the same day that an event occurs. Each year our national government puts out new figures on poverty. They get media coverage that night and the next morning. We issue a short analysis of the new data the same day the data are released so our analysis can affect the media coverage.

For all of those reasons, we have an internal process where before deciding to do any particular piece of work, we think of who is the audience for this work. There always are more possible pieces of work we can do than we have time to do, so we try to think strategically and to establish priorities. When I mentioned that our audiences are primarily policymakers, the public and other NGOs, and the media, not every piece we do is aimed at all three audiences. Some are designed for all three, some are designed for one or two of them.

## **Distribution**

Finally, we place a lot of attention on how we distribute our work when it's done: through the mail, through faxes, and increasingly these days through the Internet, which in the last couple of years we have found to expand greatly the audience that we can reach with our work. We're constantly looking for new mechanisms to reach broader audiences. We found that distribution is a place where you can never just sit still; you always have to be looking for new avenues.

One new approach this year has been that we have begun to convene about once a month telephone conference calls of editorial writers or newspapers across the country, and syndicated columnists who write in these newspapers. We will get anywhere from six to ten of them on the phone for an hour, we will send them a new analysis in advance, we will offer a ten- or twelve-minute presentation, and then they will ask us questions. Each conference call will focus on an issue on which we have worked and that is a matter of current debate. We have been finding that a substantial portion of those on the call then write editorials on the issue discussed on the conference call.

## Conclusion

When we began this work in 1981 I certainly didn't expect that our Center would develop as it has or be fortunate enough to have some of the effects on policies that it did. When we began earlier in this decade to work with NGOs at the state level, I think none of us, including people at the Ford Foundation, who helped fund it, probably expected that as many of the state NGOs would develop to the point that they have in just a few years and become significant factors in the debates in their states to the extent that they have.

Now it seems to us that these trends in the United States actually may be part of a worldwide trend. NGOs have begun to take on more importance throughout the world, something shown by the presence of all of you here today. Having said that, I think we at our Center had a much easier task than almost all of you have in your countries. We have more budget information readily available to us, we have more NGOs to work with that are established than many of you do. In many cases your challenges are greater than those we face.

But by the same token, if we were formed to fill a certain vacuum that was felt to be present here in 1981, the vacuums are probably greater in most of your countries. As a result, your work in your countries over time, is probably of greater importance than our work has been here in Washington, D.C. So it is our privilege at the Center to be able to work with you to help put together this conference and to look at the expectation that many of you in the years ahead could have important effects in promoting debates that could benefit tens of millions of people all across the world, many of whom are in fact poorer and in greater need than people who are poor here in the United States. So we look forward to what I hope will be a conference that you find valuable today and tomorrow. Also I have to express my admiration to all of you for the work that you're taking on, often in tough circumstances, in your countries. Thank you.

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## Appendix II: The Story of Budget Work at DISHA in India

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Founded in 1985, the Development Initiative for Social and Human Action (DISHA) is a membership organization devoted to organizing forest laborers and building capacity in local organizations working on issues that affect people in the tribal areas. Since 1992, DISHA has also been working on state-level policy issues through budget analysis and policy advocacy.

This appendix consists of the following story of DISHA's budget work and was written by the director of DISHA, M. D. Mistry. (This description was originally composed for the Advocacy Learning Initiative, a project of the Advocacy Institute and Oxfam America. The essay was first published in the June 1999 issue of *Change Exchange*, an advocacy journal for and by Advocacy Institute alumni. Our thanks to the Advocacy Institute for permitting us to reprint this essay here.)

*“The budget is prepared by a very small group of people in the bureaucracy. Knowing the process breaks this monopoly.”*

- M.D. Mistry, DISHA

DISHA began to see the need for budget analysis when we lobbied the government to raise the collection rate for 1 million tribal Tendu leaf-plucker women, to regularize land rights for tribal forest land cultivators, and on other issues relating to the general welfare of communities living in the tribal areas of Gujarat state in western India. With each struggle, a realization grew: unless we had information on the money spent by the national and state governments, it would be difficult to fairly represent the issues of tribal development. Eventually, this realization forced us to learn how to analyze the state budget.

The word “budget” is enough to turn off most social activists. Our group was no exception. Reaction, debate, and studies on national and the state budgets are traditionally the domain of academics and researchers. This has always been alien territory for social activists. We discovered, however, that budget analysis can be a powerful tool for grassroots groups to use in negotiation or confrontation with the government.

### Our Experience with Budget Analysis

Our first task was to get a copy of the budget document. This took some time because we did not know where to look. First, we inquired at the finance department of the state government. Even

though it is a public document, they refused to give it to us. Next, we learned that the government book depot sells it. However, this sale takes place when the budget discussion is almost over. Eventually, we found the easiest way to get a copy of the proposed budget was from the elected representatives when it is tabled (presented) in the state assembly. This is what we did.

To my surprise, I found the state and district budget documents fascinating. These documents are not just numbers. They speak about the expressed intention of the government, its policies, and its allocation of financial resources, which create the rich and poor regions and groups within the state.

Budget numbers express an enormous volume of information. With eyes trained in budget analysis, one can discover the government's hidden priorities. They may be interested in decreasing poverty, or providing elementary education to children of the poor, drinking water facilities to the villages, or health services in remote areas.

This knowledge, however, takes some time to acquire. When we first saw the budget documents, we were puzzled and overwhelmed. First, we had to classify the data. This was a laborious task. To obtain the kind of information we were seeking, however, we had no alternative. Next, we had to understand the government's accounting system. Then, we had to build our own self-confidence, making certain we were correct in our analysis of the figures. It took some time to eliminate human error, and to create a foolproof system so that we would not repeat our initial mistakes. Finally, we were ready to publish our analysis, "Injustices to the Tribals."

Because ours was the first attempt by any public group to disseminate such an analysis, we thought a lot about what it should contain. We decided to outline the strategy of development, emphasizing how poor people are left out of the budget policies, and how these policies adversely affect the poor. We used the budget figures extensively, showing that we had discovered 172 mathematical errors in the 22 budget documents. We also highlighted issues affecting dalits (untouchables), tribals, women, and agricultural laborers.

We gave some thought to how we could make our notes stand out from the piles of the papers that elected members get from the government every day during the budget session. We decided to prepare notes that were short — six pages long at the most. We sent our notes to government ministers and bureaucrats, and to the press, academic institutions, and voluntary agencies, and waited for a response.

## **Reactions to Our Budget Analysis**

"Injustices to the Tribals" created a great deal of interest. The newspaper carried box items of our findings that the government had made errors in totaling the figures. This created a very embarrassing situation for the finance minister. The under-secretary came rushing to our office to ask how we found the errors. The ruling party and the bureaucrats were caught unaware; they

realized that somebody else was taking keen interest in the budget documents. The opposition parties took full advantage of our notes to press their own causes.

Before each day's discussion, we prepared more notes and handed them out to assembly members. Many of them became addicted to our notes. They were eager to receive them as early as possible to help them formulate their own arguments to create pressure on the government.

Every member in the state assembly found our notes useful in a number of ways:

- Our notes shaped the budget discussions in the assembly. Since we prepared them in the local language, keeping the educational background of the members in mind, they dominated the budget proceedings.
- Government officials became more alert to queries and questions raised in the assembly.
- Budget discussion became sharper and more factual, forcing the ministers to reply to the facts and making the government officials work.
- For the first time, the issues of the poor were discussed, questions were answered, and the debate became precise.
- Our organization's name became familiar in the "corridors of power." Our access to officials, ministers, elected representatives, and the press became easier. We received a warm welcome, and their attitude toward us became less arrogant, sometimes even sympathetic.

This has helped us a great deal in resolving people's problems. Our notes became so popular that a number of Members of the Legislative Assembly (MLAs) asked us to conduct budget-analysis training programs for them. Some began to contact us personally in our office. Many tried to look for new information, interpretation, and hidden truths in the budget books.

Our notes stirred discussion on tribal issues. They also created strong positive impressions about us among the various political parties and the people active in public life:

- We were not merely a struggle-oriented and slogan-shouting organization. We had the intellectual abilities to put our case across solidly in the government's own sacred terminology.
- The government bureaucracy had no alternative but to accept our conclusions, since they were based on the government's facts and figures.
- Academics and intellectuals accepted us in their circles.

## The Value of Budget Analysis to Grassroots Groups

I have found budget analysis to be a very powerful tool. Of course, there are differences between academic analysis and the situation-based analysis of a grassroots group:

- Our analysis is more confrontational in nature, designed to create a demand for explanations from the ruling government during the budget discussion on the provisions relating to issues affecting the poor.
- Our analysis also looked at regional development. We specifically highlighted money allocated by various heads to benefit the poor, as well as any attempt to create imbalance through allocation of financial resources and other fiscal policies.

Budget analysis has taught us several important lessons:

- Money goes to those who hold power. If non-governmental organizations (NGOs) raise questions and demand the people's share, those who possess the money get worried.
- Our analysis shifted the balance of power. In general, NGOs and voluntary agencies have rarely addressed the whole field of "governance." Until recently, their role had been limited to receiving either "finance" or "information" from the government. By doing a budget analysis, the group acts as a partner in formulating the budget and pushes the state to collect information and provide it to the people.
- The budget is prepared by a very small group of people in the bureaucracy. In order to maintain their monopoly, they don't want others to know its intricacies. Knowing the process of making the budget documents breaks this monopoly. NGOs must know the process. The more one knows about the finance of the state, the more one becomes confident and powerful.
- Before the budget analysis, we looked to the elected representatives to raise our issues for us. Many times, they tried to evade us, making us feel ignored and unwanted by the people in power. Now, however, we were suddenly "most wanted," especially during the budget session. We felt that we were shaping the discussion on the budget in the assembly, if not the budget itself.
- Since we are a people's organization, criticism leveled against the government on the budget can affect our chances of getting the work done by the ruling party MLAs or bureaucrats. If we praise the government for good action, our credibility may be affected in the eyes of the public. For this reason, we always had to keep

the members of our organization in mind while writing budget notes for the elected representatives.

- Using factual information to discuss the issues of tribal development sharpened our arguments. The budget analysis also widened our vision and gave us ways to pick up certain issues and focus on them.

Budget analysis does have its limitations. We can't find the answers to all the actions of the state by analyzing its budget analysis. Nonetheless, this process can certainly help us understand most of the issues that people are facing.

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## Appendix III: Glossary of Key Budget Terms

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Many governments include information about basic budget concepts in the national budget, and in some countries this information is available online. Budget terminology can differ considerably between countries, and it is not possible to compile a common glossary for all systems. Nevertheless, we have compiled a small glossary of frequently used terms, and we have chosen to point to some on-line glossaries that we find particularly useful.

We recommend the following sample glossaries:

1. Manual on Fiscal Transparency, IMF (Some of our definitions drew directly from this glossary.)  
<http://www.imf.org/external/np/fad/trans/manual/gloss.htm>
2. Budget Dictionary, Budget Information Service of Idasa  
<http://www.internationalbudget.org/resources/library/budgetdictionary.pdf>
3. The Congressional Budget Process — An Explanation, The United States Senate, Committee on the Budget  
[http://www.senate.gov/~budget/republican/reference/cliff\\_notes/cliffc1.htm](http://www.senate.gov/~budget/republican/reference/cliff_notes/cliffc1.htm)

### Glossary

**Accounting Systems** — Accounting systems record financial transactions. The two major accounting systems are *cash accounting* and *accrual accounting*. Cash accounting systems recognize transactions and events when cash is received or paid; they do not recognize non-cash events. Accrual accounting systems, on the other hand, record payments and receipts when parties enter into a commitment, not when cash changes hands. For instance, an accrual accounting system would record the purchase of naval helicopters when the government signs a contract to buy the helicopters, not when the helicopters are actually delivered and paid for (which would be the case in a cash accounting system). An accrual accounting system views the commitment, rather than the exchange of cash for goods or services, as the event that has economic significance. Most governments rely on cash accounting systems.

**Appropriation** — Appropriation refers to the legal authority granted to the executive by the legislature to spend public funds. Appropriation legislation varies in terms of its detail —

some provide funds for an entire department, while others provide funds for specific programs. Appropriations typically provide spending authority for a single fiscal year. However, *permanent appropriations* or *standing appropriations* provide spending authority over a series of years. *Supplemental appropriations* are sometimes granted subsequent to the annual appropriation law if the amounts provided in that appropriation prove to be insufficient to meet the intended purpose.

**Asset** — Government assets are things that the government owns or controls that are of value. Assets can include *physical assets* (such as land, buildings, and machinery) and *financial assets* (such as cash, bonds, or equities). Unlike private sector businesses, few governments maintain balance sheets that take into account the value of their assets and liabilities; however, many governments keep asset registries that list physical assets. Financial assets are usually tracked as part of the debt management process.

**Balanced Budget** — A balanced budget occurs when the government’s total revenues equal its total expenditures for a given fiscal year. When the budget is not in balance, then it is either in *deficit* or *surplus*. A deficit occurs when expenditures exceed revenues, while a surplus is when revenues exceed expenditures.

**Baseline** — A baseline is the benchmark against which proposed fiscal policy changes are measured. There is no universally accepted approach for measuring proposed budget changes. One approach is to use the actual spending and revenue levels from the preceding fiscal year as the benchmark. Another approach is to construct a *current services* baseline that attempts to capture the cost of continuing current policies, taking into account the impact of inflation, changes in the number of program beneficiaries, and other factors.

**Budget** — A budget is a comprehensive statement of government finances, including spending, revenues, deficit or surplus, and debt. The budget is usually the government’s main economic policy document, indicating how the government plans to use public resources to meet policy goals. As a statement of fiscal policy, the budget shows the nature and extent of the government’s impact on the economy. The budget is prepared by the executive and then generally is submitted to the legislature to be reviewed, amended, and adopted as law. The budget preparation process begins many months before the start of the fiscal year covered by the budget, so that it can be enacted into law before the fiscal year begins.

**Contingency Reserves** — Contingency reserves are funds set aside to meet unforeseen and unavoidable requirements (such as the costs arising from a natural disaster) that may occur during the budget year. Contingency funds can be a prudent approach to dealing with costs that are likely to arise during a fiscal year but the specifics of which are

unknowable at the time the budget is being prepared. On the other hand, such funds can be subject to abuse if they are not accompanied by strict accountability mechanisms.

**Debt** — Government debt is the outstanding amount that the government owes to private lenders at any given point in time. Governments borrow when they run deficits, but reduce outstanding debt when they run surpluses. Thus debt essentially represents the total of all annual deficits, minus any annual surpluses, over the years. Governments can borrow by taking out a loan directly from a financial institution, such as a bank. Governments can also issue bonds that are purchased by domestic and foreign businesses and individuals. Purchasers of government bonds are essentially lending money to the government with an agreement that the amounts will be repaid on a certain date and that interest will be paid periodically. The interest payments, also known as *debt service costs*, are a line-item in government budgets. Particularly in developing countries, debt service costs can consume a large share of total spending, reflecting the significant debt accumulated by these countries as well as the high interest rates they must pay to borrow.

**Earmark** — When funds have been earmarked, it means that they have been dedicated to a specific program or purpose. In some cases, a particular stream of revenue is earmarked for a specific purpose. For instance, revenues resulting from taxes on fuel are frequently dedicated to transportation-related expenses, such as road construction or mass-transit subsidies.

**Expenditure** — This refers to government spending (or outlays). Expenditures are made to fulfill a government obligation, generally by issuing a check or disbursing cash. Expenditures may pay for obligations incurred in previous fiscal years or in the current year. Expenditures are sometimes distinguished between capital and current. *Capital expenditures* are investments in physical assets, such as roads and buildings, that can be used for a number of years. *Current expenditures* reflect spending on wages, benefit payments, and other goods or services that are consumed immediately. Actual expenditure may differ from the amounts established by the budget. Significant and persistent differences between actual expenditure and budgeted amounts are a sign of weakness in a country's budget and expenditure management systems.

**Extrabudgetary** — The term generally refers to government transactions that are not included in the annual budget presentation. A wide variety of extrabudgetary arrangements are used, including funds set up under separate legislation that are financed by revenue earmarked specifically for that purpose. In other cases, state-sponsored businesses such as utilities or airlines have independence in certain respects, but the government may ultimately be responsible for bailing out these businesses when they run into financial trouble. Extrabudgetary activities may not be subject to the same level of scrutiny or accounting standards as programs in the annual budget (though they should be).

**Fiscal Policy** — Fiscal policy refers to government actions with respect to aggregate levels of revenue and spending, and the resulting surpluses or deficits. Fiscal policy is the primary means by which the government influences the economy. An “easy” fiscal policy is intended to stimulate short-term economic growth by increasing government spending or reducing revenues. A “tight” fiscal policy restrains short-term demand by reducing spending or increasing taxes, and is often intended to restrain inflation. The government sets and implements fiscal policy through the budget.

**Fiscal Year** — The fiscal year is the government’s 12-month accounting period; it frequently does not coincide with the calendar year. The fiscal year is named after the calendar year in which it ends.

**Function** (as in functional classification) — International standards (such as the IMF’s Government Finance Statistics) exist for classifying government expenditures and revenue according to the broad purposes for which transactions are undertaken. A functional classification organizes government expenditure according to its various activities and policy objectives — such as health, education, and transportation.

**GDP (Gross Domestic Product)** — This is the total value of final goods and services produced in a country during a calendar year. Economic growth is measured by the change in GDP from year to year.

**Grants** — Grants are funds that the national government disburses directly to lower levels of government, corporations, non-profit organizations, and individuals. Some grants are given for specific purposes, requiring the recipients to meet certain conditions or requirements. In other cases, the grants may be used for whatever purpose the recipient deems important. For instance, a national government may make general-purpose grants to state and local governments to support their operations or may provide grants targeted at specific programs, such as the construction of a road or the purchase of school textbooks.

**Incremental Budgeting** — Incremental budgeting typically refers to a budget formulation process that focuses only on one year and how the budget for each program differs from the levels adopted in the previous year. Incremental budgeting is often criticized as having a narrow focus, concentrating on funding changes to existing programs rather than having the flexibility to address the implementation of new policy priorities, or eliminating low-priority programs.

**Inputs** — This term refers to the goods or services that go into providing government services. For instance, typical inputs funded by a health budget would be the salaries of doctors and nurses, the construction of clinics and hospitals, and the purchase of medical supplies and drugs. All are used to provide government health care services.

**Liability** — A liability is a debt owed to someone else. For governments, their outstanding public debt is their primary liability, reflecting amounts borrowed from the public that must be repaid at some future date. A *contingent liability* is one that depends on the occurrence of a specific event. For instance, if government provides crop insurance to farmers, it faces a liability only in the event of a drought or other weather conditions that reduce crop yields.

**Multi-year Budgeting** — This term generally refers to budgets that take into account more than one year. In some cases, this means governments enact into law budgets that specify spending and revenue amounts for more than a single year. For instance, many U.S. states enact budgets that specify spending and revenue amounts for two years, and are known as biennial budgets. In other multi-year budgets, only spending and revenue amounts for one year are adopted, but the budget includes estimates for subsequent years that reflect the multi-year impact of its policies and plans; these estimates are not binding on future budgets. In some countries that enact a one-year budget, however, the forward estimates associated with the enacted budget do serve as the starting point for preparing the budget in the next year. This approach is typical in countries that employ a *Medium-term Expenditure Framework (MTEF)*.

**Outputs/Outcomes** — The performance of government programs is assessed by examining whether they have delivered the desired outputs and outcomes. Outputs are defined as the goods or services provided by government agencies. Some examples include: teaching hours delivered, immunizations provided, or welfare benefits paid. Outcomes are a broader concept and include the impact of the program on social, economic, or other indicators, such as whether an increase in hours taught improved student test scores, whether more immunizations reduced sickness, or whether higher welfare benefits increased social equity. Outputs tend to be easier to measure than outcomes. Further, factors beyond the control of a government program can affect outcomes, making it difficult to assess the impact of the program. For instance, even at a time when welfare benefits are increased, the number of people in poverty could increase as a result of a slowdown in the economy.

**Performance Budgeting** — As a general concept, performance budgeting refers to a budget process that integrates information about the impact of government spending. In its simplest form, performance budgeting places more emphasis on the outputs and outcomes associated with government expenditure and takes this information into account when setting future funding levels. Performance budgeting is often associated with giving managers of government programs more flexibility to achieve specific policy goals within a set budget. Efficiency of expenditure therefore is an important goal. Developing countries (as well as many developed countries), however, often lack the data and other information necessary to fully assess performance objectives; gathering such information is a difficult task.

**Revenues** — Revenues or taxes are funds that the government, as a result of its sovereign powers, collects from the public. Typical revenues include individual and corporate income taxes, payroll taxes, value-added taxes, sales taxes, levies, and excise taxes. In contrast, *user fees* are paid voluntarily by the public in return for a government-provided service or good. Because the purchaser receives a direct benefit (the good or service) in return for paying the fee, the payment is not considered a tax. A tax that increases as a percentage of income as one’s income increases is known as a *progressive* tax; while a *regressive* tax is one where a taxpayer pays a smaller percentage of income in tax as income increases.

**Spending** — See **Expenditures**

**Tax Expenditures** — These are concessions or exemptions from a “normal” tax structure that reduce government revenue collections. These tax breaks are typically granted in order to achieve some government policy objective, though they also can result from targeted political pressure. Because the policy objective could also have been achieved through a subsidy or other expenditures, the tax concession is essentially regarded as equivalent to a budget expenditure — hence the term tax expenditure. Estimating tax expenditures, however, can be somewhat more complex than estimating budget expenditures, in part because it requires a precise definition and estimation of revenues under the “normal” tax structure and subsequently the revenues lost as a result of the tax break.

**Transparency** — Fiscal and budget transparency refers to the public availability of comprehensive, accurate, timely, and useful information on a government’s financial activities. Transparency is, in part, an end in itself: taxpayers have the right to know what the government does with their money. Efforts to increase transparency can also help improve accountability and reduce corruption. One international standard for transparency is contained in the IMF Code on Fiscal Transparency. The code is built around the following standards: roles and responsibilities in government should be clear; information on government activities should be provided to the public; budget preparation, execution, and reporting should be undertaken in an open manner; and fiscal information should be subjected to independent assurances of integrity. In addition, the International Budget Project maintains that transparency is more meaningful if it is accompanied by participation in the budget process by civil society and legislatures. The IBP, Idasa, and other NGOs have been developing standards that integrate the objectives of transparency *and* participation.

**Unified Budget** — The unified budget is the presentation of the budget in which revenues from all sources and spending for all activities are consolidated.

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## **Appendix IV: Budget Training for Journalists: A Two Day Workshop in Zambia**

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This program was prepared for a budget workshop for journalists held in Lusaka, Zambia in February 2000. The workshop was hosted by the Swedish Embassy in Lusaka, and technical assistance was provided by the Economics Association of Zambia, the Institute for Democracy in South Africa, and the International Budget Project.

### **Objectives of the Workshop**

Participants should leave the workshop with a greater understanding of:

- the importance of the budget for governance and all major policy areas;
- the importance of the budget process for public expenditure management; and
- the importance of active involvement by outside parties (civil society and the media) in the budget process.

### **Programme for Day 1**

- 09.00 Welcoming remarks by H.E. Kristina Svensson, Ambassador for Sweden
- 09.10 Welcoming remarks and introduction to the workshop by Dr. Moses Banda, Economics Association of Zambia
- 09.20 Brief presentation of participants
- 09.30 **The role of the budget in the Zambian economy**
- 10.00 Tea
- 10.30 **The budget process from A to Z**  
This session will highlight the main components of the budget cycle and how they relate to each other, from the preparatory phase to the presentation, enactment and execution phases.

- 11.30 **Preparing the budget – the revenue side**  
This session will look at how the budget’s economic framework is determined. How are the underlying assumptions about economic growth, inflation and revenue collection established? What are the principal sources of tax? What is the tax incidence for various population groups and sectors of the economy? What are the trends in revenue collection? What are the main impediments to increasing revenue collection?
- 12.30 Lunch
- 13.30 **Preparing the budget – the expenditure side**  
This session will look at how much and how government funds are spent. How much can the government afford to spend? What are the deficit and surplus trends over the last five years? What has the Zambian government done with its money over the last five years? What are the expenditure trends for key sectors? What are the trends as regards current costs vs. capital expenditure? Who (persons and institutions) are the key decision makers when it comes to making decisions on expenditure?
- 14.30 **Presenting, enacting, executing and monitoring the budget**  
This session will look at how the budget is presented; i.e., do the Yellow Book and the Budget Statement include all the necessary information to critically analyse the budget? What is the role of Parliament in relation to the Budget? What are the possibilities for Parliament to make changes to the budget once presented? The session will also look at budget execution and monitoring – what is the correlation between allocations and actual expenditure? What are the mechanisms that trigger any alterations?
- 15.30 Tea
- 16.00 **Issues to look at when analysing the budget**
- How to analyse the impact of the budget on the macro- and micro- economic environment: What is the impact of the budget on GDP growth, taxation, disposable incomes, investments, and the employment rate?
  - How to analyse the fiscal and monetary implications of the budget.
  - How to analyse the impact on business.
  - How to analyse the impact on social indicators.

## **Programme for Day 2**

### **08.00 Why are budgets important?**

A discussion of the functions of public sector budgets.

- To determine affordable levels of spending and tax.
- To allocate resources to national priorities.
- To ensure that every Kwacha spent is spent optimally.

This session will emphasise the importance of public sector budgets for good governance, including the implementation of policies in accordance with national priorities. Although the role of budgets in macro-economic management will be noted, emphasis will be placed on the role of budgets in public expenditure and public policy management.

### **09.00 The budget system: key to effective budgets**

In this session the link between public expenditure management, policy implementation, and better budgetary outcomes will be explored. The central role of budgets and the budget process in managing public expenditures will be unpacked in accordance with the different functions of public sector budgets. The institutional arrangements that support good budgetary outcomes will be identified.

10.30 Tea

### **11.00 The role of parliament and civil society in the budgetary process**

This session will look at the role of “outsiders” — i.e., those outside the executive — in public expenditure management. The session will look at the importance of input and participation by parliament and civil society in:

- Drafting the budget
- Approving the budget
- Monitoring the budget

12.30 Lunch

### **13.30 What is needed for effective participation in the budget process**

This session will draw on fiscal transparency principles for better budget management. The need for useful and timely information on the budget and access to the budget process will be emphasised. Participants will be presented with a list of fiscal information that should be available within the framework of optimal budget management.

15.00 Tea

- 15.30 **The role of the press in ensuring better budgetary outcomes**
- 16.30 **Evaluation of the workshop and discussion of possible follow-up activities**

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## **Appendix V: Case Study of an Analysis of the Executive's Budget: Budget Information Service, Idasa, South Africa**

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### **Introduction**

In 1994, South Africa faced two enormous economic challenges: an extremely poor record of growth over the previous two decades, and a depth of socioeconomic inequality unparalleled in the world. Both were related, in no small part, to the economic and social distortions created by the apartheid regime. The difficulty facing South Africa in 1994, and facing many developing countries still, was how to meet the goals of economic growth and increased equity while strengthening the foundations of the country's new democracy.

The Institute for Democracy in South Africa (Idasa) is a South African public interest organization committed to consolidating the country's democratic institutions. In response to South Africa's first democratic elections in 1994, Idasa established the Budget Information Service (BIS) to analyze the allocation and use of public resources and to understand the impact of the budget on the poor. Since then the organization has played an increasingly important role in the analysis of the national and provincial budgets. BIS's role has evolved as its expertise has deepened and its reputation has solidified. Once dedicated almost entirely to training legislators to understand and analyze the budget, BIS has become an important source of independent, critical analysis of the budget.

BIS is dedicated to the analysis and dissemination of critical, timely, and accessible information about the budget and its impact on low-income people. Equally important, it aims to enhance and facilitate the participation of civil society and legislatures in the budget process. BIS's mission is premised on the idea that increased participation in the budget decision making processes increases consensus and commitment to difficult social trade-offs, and results in higher quality policy decisions. Moreover, greater transparency in the budget system increases government accountability. All are important components of democratic consolidation.

BIS has four different target groups: the executive branch of government, legislators, civil society, and the media. BIS's role with regard to the executive branch is that of a "critical ally." Its role is to support the process of transition that the government is attempting to carry out, while continuing to provide critical analysis of its policies and processes. Although maintaining this balance is often difficult, BIS believes such activities are central to a well-functioning democracy.

Legislators have been targeted largely because, after decades in which their political participation was confined to the liberation struggle, many have recognized the need for more training to confront the new challenges of participating in parliament. One of the first activities carried out by BIS was training seminars for the legislative committees in order to familiarize them with the budget and help prepare questions for the hearings and debates.

The third target group, civil society organizations, are similar to legislatures in that they often have very little experience engaging in parliamentary advocacy and influencing policy. BIS works with public policy organizations that are already engaged or have the potential to engage in public policy work, as well as community-based organization (CBO) networks that work directly with poor communities throughout the country. Cooperating with CBOs helps ground BIS's orientation towards improving programs for the poor and provides BIS with valuable information about provincial government activities.

Finally, the media is an obvious but often overlooked target group. Because journalists typically lack budget expertise, spending the time necessary to educate them on the important elements of the budget can vastly improve the quality of media coverage. Improved coverage, in turn, can translate into improved public understanding and debate. Moreover, working closely with the media to increase journalists' budget expertise can generate further interest in budget-related topics and provide BIS with opportunities to leverage media attention to all of BIS's budget work.

## **Budget Week**

Although BIS conducts important budget analysis, training, and advocacy work throughout the year, the days surrounding the release of the national budget are particularly important. At no other time do budget policies and processes receive so much public attention, and there is therefore tremendous opportunity to advance the debate and heighten the public's understanding of the budget and what it means for them. Moreover, in South Africa legislators have very limited time and resources to analyze the budget themselves, and therefore tend to rely heavily on the timely, high-quality analysis provided by groups like BIS.

### **Preparation**

In the weeks leading up to the budget's introduction, BIS identifies which staff members will be responsible for the different aspects of the budget, based on their areas of specialization. Teams are set up, each taking responsibility for reporting on a sector or set of departments' budgets (e.g., Social Expenditures - health, welfare, education, and housing; or Protection Sectors - police, defense, prisons, and justice). Staff also, when possible, prepare the basic articles and editorials they will be sending to the media, so that much of the writing is already complete and only the specifics from the budget need to be added. This is also a natural time for staff to share the information they have collected, and begin discussing likely trends that seem to be emerging.

In addition, preparing the media before the budget is released has been a critical element of BIS's strategy for maximizing coverage of the event. BIS briefs journalists on the budget process and the implications of various policy trends in order to increase awareness of budget issues within the media and provide journalists with the necessary background to effectively report on key issues and debates. In past years, BIS has also found that the media is interested in reporting background information in the days leading up to budget week. BIS has also written its own articles for various newspapers in the days before the budget is released in order to highlight important issues that will need to be addressed in the upcoming days.

In past years, BIS also has planned training sessions with members of parliament to assist them in analyzing the budget and designing questions to raise during the upcoming budget debate. Because South Africa recently transitioned from a budget that focused on only one year to a Medium Term Expenditure Framework that also includes projections for expenditures in future years, BIS produced a guide book on multi-year budgets and an update of the data in each medium-term budget to assist the national and provincial legislatures in adapting to the new system. A popular book on the same topic aimed at community based organizations was also produced and distributed before the budget was released, along with flyers that went out to radio stations and NGOs explaining the issue.

### **Day One: Budget Release**

BIS starts budget day by sending an advisory e-mail or fax to a wide range of print journalists and radio stations that produce current affairs programs. The note states that BIS staff will be available for comment and interviews two hours after the budget is released. Also included in the advisory is a list of the titles and dates of release for each of the articles the organization intends to produce over the upcoming two weeks, along with contact information for each author. This strategy has worked well in the frenzy for critical information after the budget is released. Because South Africa has eleven official languages, BIS recently began to offer interviews in several different languages. This has generated requests from the largest community radio stations in the country, which had never before been able to provide analysis and review of the budget because they broadcast in a language other than English.

The budget is presented in the afternoon. Immediately after the Minister of Finance's presentation, BIS staff divide into their sector teams and review their specific portion of the budget for a little over an hour. Once this preliminary assessment is completed, the entire staff convene to discuss three key questions:

- What is the overarching political/economic theme of the budget?
- What sectors were given preference, particularly when evaluating each sector over a three-year period?

- Who wins and who loses as a result of the policies contained in the budget?

This internal discussion helps to develop a common set of talking points for the different staff that will be conducting print and radio interviews that afternoon.

Once the first round of media interviews is complete, BIS staff reconvene to write several pieces for the media based on the discussions from earlier in the day. Examples of articles generated for the 2000 budget include three simple publications in the form of Budget Briefs, “What is a Budget?”, “Who Draws up the Budget?”, and “What is in the Budget?”, as well as a several-page press statement on the impact of the budget on the poor. The Budget Briefs proved to be widely popular because they provided a basic, easily understood primer for those who were new to the budget debate.

In years prior to 2000, BIS had limited its budget day media interaction to radio interviews. This is effective in South Africa since many more people have access to radio, particularly community radio, than access to the print media. Also, because radio interviews are relatively quick, BIS can complete seven to ten interviews that first night. This seemed like the best way to use BIS’s limited resources to reach the greatest number of people. BIS also preferred this strategy because it wished to maintain its reputation as an analytical think tank producing high-quality, balanced views of the debates, and therefore chose to forgo immediate press statements in favor of longer, more in-depth analysis for the weekend newspapers.

However, as the project has gained a reputation as an independent and intelligent source of budget analysis, and as staff have developed more media contacts, new and more varied media outlets have sought BIS’s input. During the release of the 2000 budget, for example, print journalists sought BIS’s input at an unprecedented level and television journalists expressed interest in talking to BIS for the first time. Staff appeared in a live panel discussion on a current affairs television show, as well as in multiple television news interviews. This dramatically increased the number of quick-response pieces BIS was asked to complete.

## **Day Two**

BIS typically produces several articles for different newspapers on various aspects of the budget. The articles cover both poverty issues, such as the budget’s impact on women, children or the aged, or system issues such as public sector reform, intergovernmental relations, and the budget process. In order to manage this enormous workload, BIS has at times prepared by drafting parts of the articles beforehand and inserting the necessary budget analysis when it becomes available. The second day is also a time to reflect on issues that are being overlooked or misrepresented in the media and begin to fill in the gaps, including following up with journalists who have presented BIS information incorrectly. BIS staff read the coverage of the budget in the papers and then meet to discuss what remains to be addressed and how BIS can best contribute. Of particular importance are articles that will help prepare civil society and the legislators for the

parliamentary hearings on the national budget and for the presentation of the provincial budgets, which occurs the following week.

### **Day Three**

The next step is to prepare for the parliamentary hearings that start a few days after the budget is released. BIS prepares a detailed statement on the budget and its likely impact on poverty, which it presents at the finance committee hearing. That statement is normally an expansion of the work BIS has already done and becomes the basis for the more in-depth pieces for the weekend newspapers, as well as for a short (10 to 15 minute) radio program for community radio stations that BIS produces.

As the work on the national budget begins to wind down, the same process begins for the provincial budgets. The nine provincial budgets are released a week after the national budget. As in the national parliament, once the budget has been presented, the bill is referred to the finance and sector committees for hearings. Once the provincial budgets are tabled BIS collects and analyzes them by social sector and produces inter-provincial comparative analyses of each of these sectors. This is generally done before the budgets are discussed in provincial legislatures so that provincial parliamentarians can use the analysis in their deliberations. The Budget Briefs also are used to get these analyses to local NGOs as quickly as possible. On occasion, BIS has made submissions directly to provincial budget committees, but the preferred strategy is to encourage and support submissions from NGOs within each province in order to help foster local capacity in budget analysis.

### **Dissemination Tools and Best Practices**

Over the years, BIS has developed several dissemination tools which have proven very effective, all of which have been drawn on during budget week. The first is a magazine called Budget Watch, which is published every six weeks and targets people in the executive branch and the legislature. It's a technical publication that concentrates on system issues such as budget documentation, effective legislative oversight, and a budget review process, and is particularly useful because it provides a respected vehicle through which to communicate civil society issues to the executive. Typically, an issue of Budget Watch appears a couple of weeks after the budget and provides an in-depth discussion of the budget and poverty.

More recently, BIS developed the Budget Briefs mentioned above, which are simpler, shorter analyses of many of the articles that are produced in Budget Watch, as well as more general issues being addressed by BIS. The Budget Briefs are disseminated to a broad range of NGOs and Community-based Organizations that BIS keeps on a main database. They are useful not only in keeping people informed of important issues in the budget debate, but also in increasing understanding of ongoing issues throughout the year.

Except for BIS's submission to parliament, all of its articles, which typically are no longer than three pages, are distributed by email to individuals and organizations inside and outside of government who have an interest in the issue. Because it is such a cost-effective method to publish materials, BIS has been utilizing the internet more and more each year. Most of the project's work is immediately posted on Idasa's website.

BIS also uses its weekly current affairs radio program, called Democracy Radio, to enhance understanding and participation among civil society by highlighting the budget's implications for different groups and providing "advocacy tips" and "advocacy stories of the week" on the national and provincial budget debates. The program is aired on community radio stations throughout the country. Because of the popularity of community radio, which often provides the only source of information in remote areas, BIS can expose a large number of people to budget policy issues for the first time. After the budget is finalized, the program is used to underscore the budget's implications for the poor and provide continuing opportunities to participate in the budget dialogue.

## **Issues to Consider**

BIS's experience with executive budget analysis highlights the organization's evolution over the past six years. When BIS first started producing information and analysis during the release of the budget, it received almost no attention from the media or the public. Only after several years of continuing to provide a high-quality product and educational outreach, and working to establish important media contacts, did interest slowly develop. As attention to BIS's work increased, BIS has had to adapt some of its procedures to meet the evolving demand for information. In particular it has struggled to maintain a balance between the demand for immediate commentary on the budget debate and the desire to produce more in-depth, careful analysis.

BIS places a high premium on producing independent, credible work. For this reason, it has traditionally avoided quick-response media coverage in favor of more in-depth, analytical work published a few days after the budget's release. After the release of the 2000 executive budget, however, BIS was inundated with requests for information and statements. The positive side was that BIS's materials were used widely in the media and the group's profile was greatly enhanced.

However, by their nature quick responses require stronger statements, and BIS was identified with the criticism of the budget rather than its normal balanced view. While this may have won over parts of civil society that support a strong, independent line, it may have also jeopardized the project's neutrality and positive working relationship with government. Equally important, quick responses can ultimately constrain the more in-depth work BIS would normally engage in by establishing its position very early in the debate. Time for more reflection allows for a more balanced, nuanced review of the budget that can raise the level of debate.

The increasing interest in BIS's work regarding the executive budget has helped place the organization on the map and drawn attention to its other ongoing projects, most notably its work with the women and children's budgets. Education and outreach surrounding the executive budget also have, over time, helped establish trust in its work, which has carried over to other projects. In particular, establishing solid media contacts during the executive budget analysis has resulted in increased coverage of other budget-related issues throughout the year.

This should serve as a reminder that budget work is an ongoing effort. The executive budget is a critical component and its release provides an important opportunity to engage the public in a dialogue with government about the policy priorities of the country. The importance of budgetary issues does not end when the executive budget is finalized, however. BIS produces a much larger number of budget reports — on a wider range of topics — during the rest of the year than when the budget is released. Still, leveraging the natural interest in such a big national event into continued interest in the year-round budget issues is an effective strategy for maximizing an organization's impact.

## **Conclusion**

The contribution of a program such as BIS to the initial budget analysis is a critical component of the larger debate. Providing solid, accessible analysis on the relevant issues vastly expands the number of people who are exposed to the important role the budget plays in determining the priorities and direction of the country. It also provides an important avenue for highlighting the additional budget work being carried out by the organization and sets up a dialogue on ongoing issues related to budgetary impact. While there are several different ways for an organization to approach this work, in the end its role will largely be defined by the status of democratic transition, the needs of its various constituencies, and the reputation it has cultivated through careful work and effective outreach.

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## Appendix VI: IBP Website Map

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See <http://www.internationalbudget.org/sitemap.htm>.

### About the IBP

- Mission
- Activities
- Rationale
- About the CBPP
- Staff and Funding
- in Spanish | in Bengali

### Tools

- Subscribe to Bimonthly Newsletter
- Send us your Suggestions
- View the Text-Only version of the site
- Search the Site
- Use our Targeted Web Search

### Groups

Argentina	Mexico
Bangladesh	Mozambique
Bolivia	Namibia
Brazil	Nepal
Chile	Nigeria
Croatia	Peru
Egypt	Philippines
Germany	Poland
Ghana	Russia
India	South Africa
Indonesia	Sweden
Israel	Tanzania
Kenya	Uganda
Lebanon	US State Groups
Malawi	West Bank/Palestine

## Resources

- Use our Targeted Web Search
- A Guide to Budget Work
- A Taste of Success
- Transparency and Participation in the Budget Process
- Third Conference CD-ROM
- Newsletter Archive

## Related Websites, By Topic

- General Resources
- Banks and Financial Systems
- Budget Analysis
- Budget Data
- Budget Transparency
- Development Economics
- Environmental Issues
- Gender, Youth, & Development
- Health
- Military and Defense Issues
- Municipal Budgeting
- NGO Capacity Building
- Poverty and Economic Conditions
- Privatization
- Public and Financial Management
- Related NGOs
- Taxation and Revenue Issues
- Transition Economies

## Related Websites, By Region

- Africa
- Asia & Oceania
- Europe
- Latin America & Caribbean
- Middle East
- North America

## Library

- Budget Analysis
- Budget Guides & Training Materials
- Budget Process
- Budget Transparency
- Development Economics
- Fiscal Decentralization

- Health
- Macroeconomic Analysis
- Military and Defense Issues
- Municipal and State Budgets
- Poverty and Economic Conditions
- Public Expenditure Management
- Taxation and Revenue Issues
- Transition Economies

#### “How To”

- Capacity Building Resources
- Model Materials & Sample
- Reports
- Getting Started
- Fundraising
- The Media
- Policymakers & Advocacy
- Computers & Information Technology

#### Conferences

- 1st Conference: Washington, D.C., USA, December 1997
- 2nd Conference: Cape Town, South Africa, February 1999
- 3rd Conference: Mumbai, India, November 2000

#### Frequently Asked Questions

- What is the IBP?
- What is the CBPP?
- What is Applied Budget Analysis?
- Why should I be interested in my country’s budget?
- Why budget issues?
- What kind of organizations does the IBP work with?
- Does the IBP work only with NGOs?
- What are the IBP’s activities?
- Can the IBP fund my organization?
- Is the IBP affiliated with any government?
- Who funds the IBP?
- What is the difference between the IBP and a traditional research organization?
- Is it difficult to find information about budget related issues?
- If my organization is mainly involved in policy work, can I expand our focus to include budget analysis?
- Can I copy or distribute the information on this website?
- If my group is interested in cooperating with the IBP, what should I do?
- How do I get help finding something on this site?