



INTERNATIONAL BUDGET PARTNERSHIP
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Snapshots of Group Activities

The Centre for Budget and Policy Studies (CBPS), India

On 20-21 July CBPS organized a national workshop with the assistance of the Human Development Resource Center of the United Nations Development Program. The workshop was designed to help State Human Development Report (SHDR) teams develop a common methodology for calculating district income and poverty levels and to share SHDR experiences in the states of Madhya Pradesh and Karnataka.

State governments view local governments as agencies intended only to supervise state spending. States have not, however, embraced the notion of involving localities in budget decision-making. In reaction to this view, local governments have refused to collect taxes and decided to leave that responsibility to the states. Hence, the workshop followed on a national debate and struggle to promote decentralization and to get the state governments in India to establish a workable budget system for local governments.

The workshop included participants from non-profit organizations, international agencies, and key government sectors identified important areas for capacity building to promote decentralization, which will serve as the basis for a technical manual. The final report, which is expected to be released soon, will include recommendations for local governments.

For more information on this publication, contact Vinod Vyasulu at cbps@vsnl.com.

Consumer Unity and Trust Society (CUTS), India

CUTS has undertaken a project entitled "Promoting State Accountability and Citizens'

Empowerment through Budget Analysis" in the state of Rajasthan. The project aims to inform average citizens about how the funds allocated for them are misutilized, or remain unutilized, at the various levels of government hierarchy. As part of this project, CUTS has completed a study on the Comptroller and Auditor's General (CAG) reports published by the government. The study, which covered 1991-2000, looked at the financial management, fiscal deficit, and revenue and expenditure approaches implemented by different government departments to help groups like women, marginal farmers, and landless laborers.

For more information, contact Archana Saxena at cutsjpr@sancharnet.in.

Institute of Public Finance, Croatia

The Institute of Public Finance has undertaken a research project to address the problems of local government budgeting in Croatia. It examined the number and size of local government units to understand the difficulties of an oversized bureaucracy and conducted a survey to identify changes that the Finance Ministry could implement to address local administrative needs more efficiently. The Institute's report, which outlines recommendations on the revenue and expenditure sides of budget planning and includes a glossary of budget terms, is now linked to the IBP Library.

For more information, go to the report *Local Government Budgeting in Croatia*, or contact Katarina Ott at kott@ijf.hr.

Poder Ciudadano, Argentina

On August 28, the legislature of the City of Buenos Aires and Poder Ciudadano organized the session "Participative Legislators: Budget in the Hands of Citizens." Its goal was to create a forum in which members of the legislative branch, authors of law proposals, and civil society could discuss the formulation of a law that would outline mechanisms for civil participation in the budget-making process. The Constitution of Buenos Aires mentions the possibility of citizen participation in the budget process, no formal mechanism exists to implement it.

For more information, contact Virginia Lencina at virginia@poderciudadano.org.ar.

Polis, Brazil

In coordination with civil organizations like the Regional Economy Council/Consejo Regional de Economía (Corecon), Polis participated in the Municipal Forum on the São Paulo Budget. Polis also is collecting information on budget revenues, budget expenditures, and public municipal debt since 1989. These activities are the basis of an analysis Polis is preparing of the present budget, the Plurianual Plan, and the Budget Guideline Law. The resulting publication will present a brief history of the public budget and key budget principles, as well as a description of the budget cycle and system-including deadlines, the importance and interaction of budget tools, and the role of civil society and the executive, legislative and judicial branches in the budget process. Further, the publication will analyze the main revenue and expenditure items over different time periods and examine differences between the approved and executed budget.

The forthcoming publication is aimed at organized sectors of civil society, members of the Municipal Budget Forum of São Paulo, and popular movement union leaders, and is designed to promote further analysis and debate. Similar efforts may be carried out in other municipalities of the São Paulo metropolitan region and elsewhere within the state.

For more information, contact polis@polis.org.br

Case Study of Budget Work Impact: Adva Center

On July 9, 2001, the Knesset (the Israeli parliament) rejected an amendment to the "Basic Law: State Finances" that would have decreased the Knesset's already-limited role in budget-making. The amendment was originally proposed in 2000, towards the end of the Barak administration, in order to prevent legislators from passing bills that would only favor their own constituents. Legislators had pushed through several private bills with budgetary implications while the government coalition was in disarray, including an amendment to the National Insurance Law that significantly increased child allowances for large families and a bill that gave tax breaks to residents of the southern part of the country. These and others laws were criticized by the Israel Ministry of Finance and by daily newspapers. The influential newspaper *Ha'aretz*, for example, waged a systematic campaign against the new laws, which its editorial staff continually referred to as "populist legislation."

The proposed amendment was revived in the spring of 2001. When the Adva Center learned of the plan to restrict the Knesset's power to influence budgetary priorities, it sent a letter to all legislators recommending that they reject the bill. Adva felt that even though some of the legislative actions were questionable, it was important to maintain some legislative power over the budget. Two Adva staff members also published an op-ed about the limited powers of the Israeli legislature in *Ha'aretz*.

The final version of the amendment placed a ceiling on the cost of any bill proposed by legislators at one-thousandth of one percent of the state budget, a very restrictive proportion. Any bill whose cost exceeded the cap would automatically be postponed for a year unless a plurality of legislators voted for it.

At the beginning of June 2001, the Knesset approved the proposed amendment upon first reading. On June 25, the Knesset Law, Constitution and Justice Committee held a hearing on the amendment prior to its tabling for second and third readings. At the hearing, Adva Center Budget Reform Campaign coordinator Ami Fraenkel called upon committee members to reject the amendment. However, they chose to approve the bill and prepare it for the plenary.

The amendment was rushed to the full Knesset on July 9th. Fraenkel spent the day of the vote in parliament, speaking with more than 30 legislators about the upcoming vote. Adva also prepared a short position paper on the negative implications of the amendment. Adva's efforts played a key role in the Knesset's decision to reject the proposal.

Adva's effort to defeat the amendment was the outgrowth of its two-year Budget Reform Campaign, motivated by the IBP's work, to raise awareness both inside and outside parliament of the need for budget process reforms in Israel.

For more information, go to the paper [*Improving Israel's Budget Process by Strengthening the Role of the Legislature and Adding a Knesset Budget Office*](#), or contact Barbara Swirski at advainfo@netvision.net.il.

Three New Papers on Budget Transparency

OECD Best Practices for Budget Transparency

By Jon Blondal, OECD

Reference tool for budget transparency as an element for good governance. Describes the content of budget reports governments should produce, and ways of ensuring their quality and integrity.

The Challenge of a Participative Budget Process in Peru

By Claudia Gonzales del Valle and Eduardo Morón

Pacific University, Department of Economics

Highlights the absence of effective budget transparency mechanisms in Peru and the role of and challenges to local governments and Congress in creating feedback mechanisms.

Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards

By Wojciech Misiąg and Adam Niedzielski

The Gdansk Institute for Market Economics (IBnGR)

The four chapters of this report define openness and transparency, examine the Polish system of public finance, evaluate Poland's compliance with the IMF transparency standards (and to some degree, with the standards found in the Idasa/IBP scorecard developed for South Africa), and offer recommendations.

New Module and Papers on Civil Society in the Budget Process

The IBP recently designed and presented a module on civil society budget work as part of a 12-module World Bank video course, "Public Resource Policies to Benefit the Poor." The module was presented in two videoconferences, each drawing more than 80 people from civil society, government, and World Bank staff. The African session included Ethiopia, Ghana, Kenya, and Zambia, while the Latin American session reached Bolivia, Guatemala, Honduras, and Nicaragua. The module provided an international overview of civil society budget work at each stage of the budget process and a country case study on civil society budget work in Uganda and Mexico.

For more information, go to the report: *Can Civil Society add Value to Budget Decision-Making? A Description of Civil Society Budget Work* , or contact Warren Krafchik at krafchik@cbpp.org

Also see:

The Budget Process in Peru: Is a Participative Budget too Risky?

By Claudia Gonzales del Valle and Eduardo Morón

Pacific University, Department of Economics

Description of the budget process in Peru with particular focus on the role of Congress and civil society.

New Resources on the IBP Website

- The IBP Sitemap has been updated to include links to all the different sections and resources offered on the IBP website. Go to: <http://www.internationalbudget.org/sitemap.htm>
 - The online version of the IBP publication "A Taste of Success. Examples of the Budget Work of NGOs" has been organized so that each case study can be downloaded separately. (The entire report may be downloaded as well.) Go to: <http://www.internationalbudget.org/resources/success.htm>
 - Background information on the IBP, formerly available only in English and Spanish, has also been translated into Bengali. Go to: <http://www.internationalbudget.org/about/Bengali.pdf>
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Regional Workshop on Participation and Empowerment for Inclusive Development

On 9-11 July the World Bank Latin America and Caribbean Region Civil Society team, in collaboration with the United Kingdom Department for International Development (UK DFID) and the Dutch government, organized a three-day regional workshop on "Empowerment and Inclusive Development" in Lima, Peru. The more than 100 participants came from 15 countries in the region and beyond, and represented civil society, academia, governments, and international cooperation agencies (both bilateral and multilateral).

The workshop's main objectives were to improve regional and global understanding about what promotes empowerment and inclusive development (including the role that greater international understanding can play) and to distill policy implications for governments and other actors in the development process. The workshop also discussed the potential role of civil society in budget work. For example, Warren Krafchik of the IBP presented a paper on inclusive national budgeting that used the work of the Idasa Budget Information Service as a case study, focusing on methods of analysis and dissemination as well as the contribution of this work on alleviating poverty. Since state and legislative capacity is often less than desirable, the paper argued, budget groups offer a new form of public-private partnership that may, over time, enhance domestic budget management. The workshop also included discussions on inclusive macroeconomic processes, including the budget.

The workshop produced a fair number of lessons and reflected upon the understanding of the multidimensional character of empowerment; the importance of bi-directional dynamics of empowerment processes; the design and implementation of, and access to, legal services; local governance; and macro or economic-wide choices. The highly participatory methodology of the workshop, based on the use of case studies, promoted a frank interaction among participants.

For more information, go to the report *[World Bank Workshop on Participation and Empowerment for Inclusive Development/Taller Internacional sobre Participación y Empoderamiento para un Desarrollo Inclusivo/ \(in Spanish/en Español\)](#)*, contact Roby Senderovitsch at rsenderovitsch@worldbank.org, or go to Warren Krafchik's presentation *[Inclusive National Development: A South African Case Study](#)*.

Announcements

A Guide to Budget Work, forthcoming

The International Budget Partnership is updating and significantly revising its publication "A Guide to Budget Work." A special announcement of the publication's release, with highlights of new sections and examples of budget work will be distributed through e-mail. The guide will be printed as a hard copy, posted on the IBP website, and made available as a CD-ROM.

Public PRSP Review

The IMF and the World Bank are inviting public participation in a comprehensive review of the Poverty Reduction Strategy Papers (PRSP) approach, which was adopted in 1999 to help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction.

For more information click [here](#), or contact: Maria Ionta at Mionata@worldbank.org, or Andrew Kircher at Akircher@worldbank.org to submit your contributions.