



CONCEPT NOTE

ROUND TABLE DISCUSSION ON BUDGETS AND POVERTY REDUCTION IN THE SADC REGION

2nd June 2006

SARPN Seminar Room, Pretoria, South Africa

1.1 Introduction and Context

SARPN^[1] is in the process of commissioning a research paper on “*Budgets and Poverty Reduction in SADC*”.

The importance of budgets as an instrument of poverty reduction cannot be overstated. Since the 1980s, most countries in Sub-Saharan Africa have focused on fiscal reform as a way of easing up public spending via economic adjustment programs. This has been accomplished primarily through reductions in total government spending and internal borrowing to reduce budget deficits.

But more importantly, the budget has been used as government’s key planning mechanism, instrument for allocating resources to programmes and processes that would alleviate poverty.

In addition, budgets have also been used for many other purposes such as restructuring state enterprises, transforming the economy, including through socio-economic empowerment, determining the size and pay levels of the public service and to create a progressive tax environment.

It is clear that although these measures are useful in the short-run, they have shortcomings when it comes to addressing poverty issues in the region. According to Dr. Subramaniam Ramakrishnan (*Budgeting in Africa: Focus on Reform, 1989*), he reiterates that the experience of sub-Saharan Africa in the process of economic reform has underscored the importance of fiscal reform in the success of other policy reforms. Until structural problems in their countries' economies are addressed through disciplined expenditures and reduced deficits, these governments cannot expect budgeting to be a useful tool for economic policy reform, let alone poverty reduction.

In terms of fiscal transparency the right of citizens to know how their government spends money underpins an important element of good governance. Access and availability of good information on budgets is important for better governments as this enables public debate which may improve resource allocation leading to better decision-making and reduced

corruption; and it also may enhance social consensus on difficult trade-offs in the context of limited resources and multiple demands.

In reality, the benefits of greater transparency have often remained illusive as there is always limited participation of the citizenry on budget decisions in most of these countries although IDASA(2002) believes that increasing transparency of budget and expenditure information is necessarily but not sufficient. What is needed is ensuring a greater realisation for increased participation in the budget process.

These assertions, among others, provide a useful basis to further deepen understanding on how the budget can effectively be used as an instrument for poverty reduction in SADC.

SARPN proposes to hold a half day Round Table Discussion to explore effective ways and means of how the budget can effectively be used as an instrument for poverty reduction in SADC. This is a brainstorming session that will help shape the framework for the research. The following outlines some key questions for further discussion:

1. How do we ensure that voices of the marginalised groups of society have a voice in the Budget Process?
2. How can we strengthen the weakening revenue base of most Southern African Countries?
3. How do we deal with the challenges around access to and transparency of information that pertains to revenue sources, monitoring of the revenue base, adherence to budget items etc?
4. How do we increase the level of expenditure control and make the budget pro-poor?
5. And also, issues around challenges of CSO engagement at all levels of the budget process including approval phase of the budget process/monitoring and evaluation of expenditures.

2.0 Objectives of Round Table Discussion

The main objective of the Round Table is to create a platform that will allow for open discussion on how budgets are formulated, implemented across the SADC region (drawing commonalities and divergences) and whether they are a useful tool for poverty reduction.

The expected outcome of the meeting will be information that will help inform SARPN's upcoming Research paper *Budgets and Poverty Reduction in SADC*. This report will be one of the key documents that will form part of a CD on Regional Budgets, which will be launched later this year. We expect that this work will help strengthen the work of our partners in the region and beyond in influencing the adoption of pro-poor policies.

3.0 Expected Outcomes

Key issues on budget and poverty reduction in the region
Clear outline of framework for the paper

Action plan on next steps (timelines, budget etc)

4.0 Participation

SARPN will invite a small number of 10-15 people/institutions working on budget issues in the region to participate. These will be groups/individuals representing either one or all of the following: CSOs, researchers, academia, private sector, government and faith-based organisations.

5.0 Dates and Venue: 2nd June 2006, SARPN Seminar Room, Pretoria, South Africa

6.0 Contact Person(s):

Barbara Kalima-Phiri
Manager - Economic Dimensions Programme on Poverty
Southern African Regional Poverty Network (SARPN)
Directline: +27 (0)12 423 0234 OR (0)12 342 9499
Email: bkalima-phiri@sarpn.org

Lebohang Ncume
Media, Communications and Linkages
Southern African Regional Poverty Network (SARPN)
Directline: +27 (0)12 423 0226 OR (0)12 342 9499
Email: lnume@sarpn.org

Website: www.sarpn.org.za

References

IDASA, *How transparent is the budget process in South Africa?*, Budget Brief no.109, October 2002

Ramakrishnan S, *Budgeting in Africa: Focus on Reform*, Paper 1st presented in July 1989 at a conference sponsored by the Centre for Research on Economic Development of the University of Michigan, USA.

ERSC-NET, *Budget Analysis: a powerful tool to strengthen Economic, Social and Cultural Rights work*, <http://www.escr-et.org/EngGeneral/>

IDASA, *Transparency and Participation in Budgets in Africa*, Adapted from Report Introduction by *Marritt Claassens*, 28th October 2005.

[1] The Southern African Regional Poverty Network is a non-profit organisation that promotes debate and knowledge sharing on poverty reduction processes and experiences in Southern Africa. SARPN aims to contribute towards effective reduction of poverty in the countries of the Southern African Development Community (SADC) through creating platforms for effective pro-poor policy, strategy and practice.