



Congress of the  
Philippines

## Parliament and the budgetary process, including from a gender perspective

Regional seminar for ASEAN+3 Parliaments  
Manila (Philippines) 23-25 July 2002



Inter-Parliamentary  
Union

### GENERAL REPORT

#### **Rapporteur: Senator Ramon B. Magsaysay, Jr. (Philippines)**

The regional seminar for Parliaments of the ASEAN+3 region, on "Parliament and the budgetary process, including from a gender perspective" was held in Manila, from 23 to 25 July 2002. The seminar was jointly organised by the Congress of the Philippines and the Inter-Parliamentary Union, with the support of the United Nations Development Programme and the World Bank Institute.

The three-day meeting provided Members of parliament and parliamentary staff from eleven countries (Cambodia, China, East Timor, Indonesia, Lao People's Democratic Republic, Malaysia, Philippines, Russian Federation, Sri Lanka, Thailand and Vietnam) with an opportunity to enhance their understanding of the budgetary process and the tools at their disposal when handling the national budget. It also paid particular attention to the need to ensure that national budgets are gender sensitive and the ways and means of taking into account the particular situation and interests of both men and women in society.

The meeting thus discussed: the budget: purpose, composition and terminology; the respective roles of government and parliament in the budgetary process; accountability and transparency in the budgetary process: parliamentary oversight of the budget – reading, analysing and questioning; parliamentary tools and mechanisms: the national audit; gender impact analysis of the budget; mechanisms and methods for developing a gender-sensitive budget.

The seminar benefited from the inputs of the following resource persons:

- Ms. Emilia Boncodin, Secretary of the Department of Budget and Management of the Philippines
- Ms. Winnie Byanyima, M.P., Uganda
- Mr. Paul East, former MP, New Zealand
- Mr. Rick Stapenhurst, Senior Public Management Specialist, Governance Regulation and Finance Division, World Bank
- Ms. Aurora Javate De Dios, Chair, National Commission for the Role of Filipino Women (NCRFW)
- Ms. Remedios Rikken, Operations Director, CAPWIP
- Dr. Amelou Benitez Reyes, Commissioner, National Commission for the Role of Filipino Women (NCRFW)
- Mr. Paul Sinnapan, Secretary General, Credit Union Centre, Malaysia

The seminar was opened by Hon. Franklin M. Drilon, President of the Senate of the Philippines, in the presence of the Speaker of the House of Representatives of the Philippines, Hon. José de Venecia, Jr., the UNDP Administrator, Mr. Mark Malloch Brown, the representative of the World Bank Institute, Mr. Rick Stapenhurst, and the representative of the Secretary General of the Inter-Parliamentary Union, Mr. Martin Chungong.

## **Summary of the proceedings: Issues and Guidelines**

*Hereinafter are some of the major issues that emerged from the discussions as well as points of consensus on the budget and the involvement of parliament, including from a gender perspective.*

### **THE NATIONAL BUDGET**

#### ***Definitions***

- The national budget is the most important political statement that any government has to make. Far from being a mere compilation of income and expenditure, it is the blueprint for a nation's socio-economic policies for each fiscal year.
- It defines, in the most concrete terms, the direction of national policy, the plan of action, and the cost implications of government programmes and projects during the fiscal year and identifies the resources required to implement them.
- The national budget is thus the fundamental indicator of what government is doing and what objectives it is pursuing.
- Beyond the numbers lie the real essence of budgets: a plan, and a concrete programme of action, determining the activities that governments will spend funds on in the pursuit of development goals; which sectors of the economy will be expected to pay for said activities; how government will respond to economic disturbances in the short term; and who will be the direct and indirect beneficiaries of public services.

#### ***Functions of the budget***

- National budgets fulfil critical functions in a country's development and progress.
- These functions include:
  - The allocation of resources: (public goods and services by government) to priority sectors;
  - the distribution of wealth and incomes (reducing inequalities between and within households and socio-economic groups);
  - the stabilisation of the economy (achieving growth rates; reducing fiscal deficits, stabilising prices: i.e. aiming to fulfil macro economic targets).In fulfilling these functions, a budget can affect women and men, girls and boys differently.
- The economic stabilisation of the budget should be balanced against the need to ensure that there are adequate resources (including from external sources) to ensure the delivery and development of essential services especially in the social sectors.
- The budget is also an excellent tool for ensuring social order and harmony. It provides a sense of direction and of discipline in government action.
- It is also a measure of government performance and accountability and serves as a benchmark against which accountabilities and performances can be measured. Though the concept of budgets as indicators of performance is relatively new in many developing countries, it is steadily gaining ground with the advent of an increasing demand for transparent and accountable government.

### ***The budgetary process***

- The budgetary cycle comprises the following main stages:
  - Planning/Formulation;
  - Enactment;
  - Implementation;
  - Monitoring and Audit.

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### **NATURE AND COMPOSITION OF THE BUDGET**

*While the form national budgets take differs from country to country and from system to system, they generally include a Policy Statement, an inventory of priorities and programmes, distribution/allocation of the corresponding resources as well as budget implementation/evaluation reports for the previous budget cycle.*

*Increasingly, annual budget documents are accompanied by multiyear expenditure frameworks.*

#### **A. Budget resources**

##### **a) Taxation**

- The taxation systems need to be designed in such a way to ensure adequate budget revenue.
- In order to reduce the tax burden on the whole of the population, the tax base could be expanded.
- Tax collection agencies should also be taxpayer friendly bureaucracies.

##### **b) Loans**

- Loans often constitute an important budgetary resource. While they may be vital in providing essential additional resources for the socio-economic development of the country, there is a need to ensure that the proportion of such loans in the budget is manageable and does not jeopardize future development. It is up to each country to assess the appropriate levels of its debt burden.
- There is a need for greater parliamentary involvement in public loan management. In this context, it has been generally agreed that Parliament should have the authority to approve loans prior to their being contracted. Accordingly, Parliament should be provided with detailed information on:
  - the volume of the loans;
  - the purpose of the loans;
  - an assessment of the impact on the direct beneficiaries, men and women, boys and girls alike, and society as a whole;
  - possible constraints;
  - conditionalities imposed by the lending institutions.

#### **B. Budgetary allocations**

- While the budgetary resources should be allocated to specific priority sectors identified by the government, flexibility should be exercised so as to allow for the mobilisation of resources to meet contingencies, including emergencies and disasters, for example.

- Furthermore, flexibility should be allowed in the reallocation of resources within given budgetary allocations and the implementation of expenditure provided that parliament has due authority and oversight over such reallocations.
- The seminar discussed interesting experiences in countries where parliament increasingly wields the authority to increase or reduce budgetary allocations under various portfolios.

### **C. Decentralisation of the budget**

- Decentralisation and the devolution of centrally managed functions to lower level government units has been, in the recent years, recognized as an important element of public sector reform and a means of achieving budget efficiency. This evolution has brought about a series of changes in the preparation of central government budgets.
- A greater revenue allocation to local government institutions has promoted and encouraged local innovation and dynamism, and greater efficiency and more cost-effective delivery of essential services where central government management has been ineffective.
- Decentralisation of budget management generally allows for more equitable distribution of resources and makes it possible to respond more equitably to the needs of minority and underprivileged groups.
- Private sector and NGO execution of government funded projects has often resulted in greater efficiency and more cost-effective delivery of services, especially in social sectors. However, increased and equitable access to social services can only be guaranteed when there are effective regulatory systems.
- The development of decentralised budgetary units should be accompanied by the creation of adequate oversight and accountability mechanisms.

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## **ACTORS AND THEIR RESPECTIVE ROLES IN THE BUDGETARY PROCESS**

*The respective roles of parliament and government in the budgetary process are based on the traditional division of powers between the executive, the legislature and the judiciary. An efficient interaction between the first two branches of government in the budget process allows for better governance and the strengthening of democracy. Increasingly, the critical role that civil society plays in the budget process is being recognized and promoted.*

### ***Role of government***

- The executive branch of government is primarily responsible for:
  - planning and formulating the budget (identification of priorities; designing programmes to respond to these priorities and allocating resources to these programmes);
  - implementing the budget;
  - monitoring the implementation of the budget and ensuring internal controls and budget discipline as well as accountability;
  - reporting on the implementation of the budget.

### ***Role of parliament***

- Generally, parliament plays an authorisation, oversight and supervisory role in the budget process, thereby ensuring transparency and accountability. It thus scrutinizes and approves budget proposals and authorizes the expenditures necessary to respond to these proposals, and holds government to account for the implementation of these proposals and the utilisation of the corresponding resources.
- As the representative body of the people, parliament is the appropriate institution in which to ensure that the budget best matches the nation's needs with the available resources
- Greater parliamentary input into the budget process contributes to better national economic policy. It leads to greater government accountability and transparency; substantial national consensus regarding macro-economic policies; and greater possibilities for community-level input.
- Where the government informs the parliament of its intentions, it allows the latter to engage in healthy debate which helps to ensure that the policies subsequently adopted and implemented by the government adequately reflect the wishes of the people. Involving the parliament only in the final stage of the process tends to foster sterile confrontation.
- In some systems, parliament is given the opportunity to provide inputs at the budget formulation stage in order to ensure that national and local priorities are fully incorporated.
- In that regard and in terms of national consensus building and building linkages at the community level, parliaments and parliamentarians again can play a major role. Individual MPs can work at both the national and constituency level to draw in many civil society groups --- including those which represent the poor and the underprivileged --- and thus counter traditional privileged access to public influence by the wealthy.
- The organization of National Economic Forums and parliamentary committee hearings at the community and district levels can also contribute to building public consensus around the budget.
- In some cases, parliaments even have access to alternative information and analysis and to information and views from community groups and civil society organizations. Close work with various business and labour groups also helps build consensus and obtain public input on key policy and budget issues.

### ***Role of civil society in the context of an enhanced democratic approach to the budgetary process***

- The wave of democratisation of recent years has strengthened the need and demand for broader and deeper participation of all sectors of society in the affairs of the State.
- Civil society's role in some stages of the budgetary process is increasing worldwide. This has also offered the opportunity for certain gender-equality advocates to make their voices heard.
- Civil society's involvement should be encouraged and promoted by both the executive branch of government and parliament.
- At the formulation stage of the budget, the Government can benefit from civil society inputs (including from women's associations and groups) that ensure that the

government's identified priorities are consonant with the interests of the different segments of society and are implemented in a manner beneficial to these segments. In that regard, cooperation with governmental departments should be enhanced: attending hearings of governmental departments organized during the budget formulation stage is one possibility of strengthening cooperation.

- As representatives of the people, parliamentarians should regularly consult civil society and relay its concerns to the government for inclusion in the debate on the formulation of the budget. Members of Parliament should therefore set up fora, at national and local level, wherein civil society, men and women alike, can be consulted extensively on priorities to be addressed within the budget.
- Parliament's own research and analytical capacities, including the collection of gender disaggregated data, can be enhanced by input from NGOs, academia and professional bodies.
- In some countries, parliaments have developed personal petition systems, that are treated seriously by MPs, and which allow ordinary citizens to provide significant input to policy determination.
- There is a strong need to promote and enhance the economic literacy of all actors of society to facilitate their understanding of and involvement in the budgetary process.

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## TRANSPARENCY AND ACCOUNTABILITY

*As discussed above, responsibility for ensuring transparency and accountability in the budgetary process lies primarily with the parliament.*

- Accountability and transparency in the budgetary process are prerequisites for a democratic budgetary process.
- In this context, accountability is the obligation on the part of the government to answer for its actions, coupled with its ability to respond to queries from the parliament. More specifically, financial accountability is the relationship between the executive and the legislature based on the government's fiduciary obligation to demonstrate and take responsibility for performance in the light of agreed expectations regarding the management and use of public funds.
- Parliament confers responsibility on the executive, and, at the same time, requires accountability reporting from the executive. At the same time, watchdog agencies --- principally national audit offices --- examine the performance of the Executive and in turn report to parliament.
- A transparent process requires that:
  - The form and content of the budget and estimates be both informative and understandable;
  - Government reports be timely and give a fair presentation of the facts; It has been generally observed that when budgets are accompanied by multi-year frameworks, this allows for a greater understanding by parliament of the government's long term economic strategy and vision and thus promotes transparency in terms of its intentions.
  - Public audit reports be relevant and useful;

- Parliamentary oversight is open (in that it encourages public participation), conclusive and makes a difference.
- The bedrock of this system is the right to information. Access to and disclosure of information by government is crucial in the budgetary process for efficient budgetary management and monitoring of governmental action. The tradition of secrecy sometimes observed by the government in budget matters should be discouraged by guaranteeing the right to information in the constitution and laws.

### ***The National Audit***

- The national audit is a key instrument for ensuring accountability and transparency in the budget process. It is intended to ensure that all budget expenditure has been duly authorised, effected for the purpose for which it has been authorised and accounted for. It also ensures that the information provided by the government thereon is accurate.
- In most countries, a supreme audit institution performs this function; it is desirable that it be independent of the executive branch of government.
- For the supreme audit institution to function in an independent and efficient manner, it should be headed by a competent professional who is appointed independently (in many cases, he or she is appointed by the parliament and can not be removed from office except with the authority of the parliament). The institution should be adequately staffed (both in terms of ability and sufficient numbers), should ensure quality control and should be able to report to parliament in a timely manner.
- Greater efficiency in the audit function is further achieved when the audit report is publicised. There is therefore a need for the audit institution to forge an alliance with the media to ensure adequate media coverage of the auditor's report.
- It is crucial that the parliament be empowered to scrutinise, in a timely fashion, the audit report and propose appropriate measures to arrest improprieties in budget management, including sanctions against officials guilty of such practices.

### ***Other tools and mechanisms available to the parliament for ensuring accountability and transparency.***

*The means available to parliaments to ensure accountability and transparency are generally enshrined in the constitution, in laws and in the rules (standing orders, rules of procedure) under which the parliament operates. These tools and mechanisms include:*

- Parliamentary committees (especially finance/budget committees, public accounts committees and other sector/department/portfolio committees) are an essential instrument for ensuring parliamentary oversight of the budget. These committees are important for coordinating the parliament's response to proposed government priorities.
- Committee and plenary sessions of parliament provide a useful and effective forum for holding government to account through questions to the government and other public officials on their performance.
- In many countries, committees are open to the public and parliament encourages public inputs through public hearings, outreach to civil society and other groups, strategic partnerships with non-governmental advocacy and think-tank organisations, etc.

- Much of the analytical and information resources crucial to the proper scrutiny of the budget are provided by a parliamentary budget office (staffed with economists, social scientists and other experts) and/or by properly equipped research services.
- As discussed above, civil society organisations, academic institutions, professional groups, trade unions and other society-based groups are an important source of information on government performance at grassroots level and can help promote public awareness essential for transparency.

### ***Particular role of the opposition***

- Ensuring accountability requires an effective opposition that has the opportunity to participate in the budgetary process. Indeed, in many parliaments, the main responsibility for holding government to account is performed by the opposition.
- It is therefore important that the regulatory framework within which parliament operates allows for adequate expression and participation of the opposition in the decision-making process. Therefore, parliamentary rules should be reviewed regularly with the involvement of the opposition.
- In many parliaments, key oversight committees such as the budget and/or public accounts committees are chaired by the opposition.

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## **GENDER-SENSITIVE BUDGETS AS A MEANS OF ACHIEVING EQUITABLE DEVELOPMENT AND ECONOMIC EFFICIENCY**

*There is an increasing recognition that gender sensitive budgeting not only responds to human rights concerns but also promotes efficient and equitable economic development.*

### ***General concepts***

- Sex and gender do not mean the same thing. While sex refers to biological differences, which are difficult to change, gender refers to social differences, which can be modified since gender identity, roles and relations are determined by society.
- Policies framed in gender-neutral terms impact differently on women and men as both women and men play different roles in the economy and in society. Good policy-making therefore requires understanding both the likely differential gender impacts and how policies might generally be better designed to achieve outcomes which meet the needs of women and men and girls and boys of different economic categories equitably. Ignoring the specific roles played by women in the economy and in society and their needs, undermines the efficiency of certain public policies.
- Gender issues pervade the lives of women and men and have economic and social implications as gender shapes our opportunities, access to resources and needs.
- Apart from being unfair, gender inequalities are also costly, not only to women but also to men, children and society as a whole. The cost can be measured in lower economic efficiency, lower output, lower development of people's capacities and lower societal well-being. A gender impact analysis of a proposed budget is thus a precondition for budgetary efficiency.



- Gender neutrality of budgets does not imply that budgets will not have significantly different impacts on women and men of different economic/social groups. A gender-neutral approach means ignoring the gender impact of policy because it does not take into account the different positions women and men occupy in the economy and in society. This approach is more correctly referred to as gender-blindness.
- Gender sensitive budgets do not mean separate budgets for women.
- Gender sensitive budgets seek to reduce gender gaps and inequalities. They are intended to break down, or disaggregate, the government's entire budget according to its impact on different groups of women and men with cognisance being taken of the society's underpinning gender relations, roles and opportunities to access and control resources.
- Gender sensitive budgets are therefore fundamentally about mainstreaming gender issues and ensuring that these issues are integrated into all national policies, plans and programmes rather than regarding women as a special "interest group" to be catered for separately.

### ***Mechanisms and tools for developing a gender sensitive budget***

- Many countries are now allocating a certain percentage of their budget resources to gender related programmes. The case of the Philippines which since 1994 has required every government agency to allocate at least 5% of its budget to gender-related programs was debated by the seminar.
- However, discussions at the seminar highlighted the fact that there was a need to go further and ensure that gender issues are taken into consideration by every government department in all programmes and the allocation of corresponding resources.
- To conduct a gender impact analysis of the budget, it is important to first do a gender analysis of the policy documents. A gender analysis of budgets focuses on the different roles women and men play in the economy including unpaid care work; gender relations in households and public institutions; and differences in access to and control of resources by women and men, girls and boys.
- To that end, gender disaggregated statistics are needed to demystify the apparent gender neutrality of budgets. Gender disaggregated data makes it possible for analysts, for instance, to expose how policies such as those on industrialisation, taxation, education, employment or trade impact on women due to their different location in the family and in the economy.

### ***Parliament's role in developing a gender sensitive budget***

- Parliaments should ensure that oversight committees receive and use recommendations resulting from gender budget research in the budget debate. In that connection, parliamentary staff should be encouraged to collect such data and make it available to MPs.
- Parliament and government should establish collaboration and partnership with civil society. Gender budget advocates may assist them in developing a gender approach to their budgetary analysis and work. In some cases, gender budget advocates have been invited by the Ministries of Finance to take part, on a permanent basis, in their sector working groups on the budget. Such groups can also share their information and skills with committees and staff.

- Institutionalising the inclusion of a gender approach to the budget should be an objective of both parliaments and governments.
- In order to ensure the development of a gender perspective to policies and budgets, the establishment of gender parliamentary committees should be promoted. Parliamentary sub-committees of budget committees can also be efficient tools for the development of gender sensitive budgets.

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## **WHAT PARLIAMENT NEEDS TO PERFORM ITS BUDGET FUNCTION**

*In order for parliament to play an efficient role in the budget process a number of conditions need to be fulfilled.*

- An appropriate constitutional and legal framework (constitution; laws; rules of procedure; standing orders) should be established that enables Parliament to operate in an unhindered and independent fashion.
- Such provisions should guarantee that parliament receives from the executive branch of government as well as other public entities the accurate information that enables it to take the right decisions. This entails, among other things, access to comprehensive and independent sources of information, (including gender disaggregated data).
- Parliaments should have access to the necessary material, human (professional support staff, experts, analysts from the civil society, and academia) and financial resources. In this context it is desirable that the parliament determine, vote and implement its own budget.
- Furthermore there is the need to strengthen the capacity of parliamentarians and parliamentary staff to analyse the budget, scrutinize relevant reports and understand general economic issues, including from a gender perspective, the knowledge of which is crucial for efficient scrutiny of the budget. Capacity-building initiatives such as training and professional development activities may be required. Seminars such as the present one are very useful in this regard and should therefore be encouraged.
- Training parliamentary staff and Chairs of committees in gender analysis of policies and budgets is essential. This can be done at regional level using the available expertise and the services of a global institution such as the IPU