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REPORT

of the

Regional Seminar for Latin American Parliaments on "Parliament and the budgetary process, including from a gender perspective" (San Salvador, 19 to 21 September 2005)

The regional seminar *Parliament and the budgetary process, including from a gender perspective* took place in San Salvador, El Salvador, from 19 to 21 September 2005. It was organized by the National Legislative Assembly of El Salvador, in cooperation with the Inter-Parliamentary Union (IPU) and the United Nations Development Fund for Women (UNIFEM).

Participants included members of the parliaments of Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay and Uruguay.

The seminar was inaugurated by the Speaker of the Legislative Assembly of El Salvador, Mr. *Ciro Cruz Zepeda Peña*; the inauguration was attended by the Secretary General of the IPU, Mr. *Anders B. Johnsson*; the Head of UNIFEM for Latin America and the Caribbean, Ms. *Marijke Velzeboer-Salcedo*; the President of the Group of Latin American and Caribbean Countries (GRULAC), Ms. *Zury Rios-Montt*, and Mr. *Rafael Machuca Zelaya*, a member of parliament from El Salvador.

The speakers included:

- Ms. *Ileana Argentina Rogel*, MP, (El Salvador);
- Mr. *Julio Gamero Quintanilla*, MP, (El Salvador);
- Ms. *Myriam Garces*, MP, (Ecuador);
- Ms. *Lucia Pérez Fragoso*, Project Manager, Gender Equity: Citizenship, Labour and Family (Mexico);
- Ms. *Helena Hofbauer*, FUNDAR Centre for Research and Analysis (Mexico),
- Ms. *María Teresa Flores*, General Audit Office (Argentina);
- Ms. *Mirna Montenegro*, Women's Health and Development Agency, Guatemala,
- Mr. *Solana*, former Senator and Minister, Mexico
- Mr. *John K. Johnson*, World Bank Institute (WBI).

The Speaker of the National Legislative Assembly of El Salvador, Mr. *Ciro Cruz Zepeda Peña*, was elected to preside over the seminar. Deputy *Ileana Argentina Rogel* of El Salvador, Senator *Margarita Percovich* of Uruguay and Deputy *Julio Gamero Quintanilla* of El Salvador were elected rapporteurs of the seminar.

This report sets forth the salient points of the statements and the discussions held throughout the three days of the seminar

Concepts and definitions

- ❖ **The budget** is a major tool of any government's economic and social policy; it is a definition, in numerical terms, of the direction taken by national policy; it is the best indicator of a government's real objectives; it is the key lever for achieving growth and gender equality; and it is a tool for assessing the government's performance.
- ❖ **Budgets are not neutral:** they may have a different impact on men and women.
- ❖ **A gender-sensitive budget** consists of governmental revenue and spending policies that take into account, when they are drawn up, a set of cultural ideas, perceptions and assessments on what it means to be a woman or a man. It recognizes the different needs, privileges, rights and obligations that women and men have in society and their different contributions not only in the production of goods and services, but also in the mobilization and distribution of resources.
- ❖ **Gender and sex are not synonymous:** **sex** refers to the biological differences between men and women, while **gender** refers to the socially constructed differences attributed to men and women.

The role of parliaments in the budgetary process

The budgetary process includes the stages of: formulation, adoption, implementation, follow-up and assessment of the budget: these stages take place in the previous and current fiscal year.

Around the world, parliaments have three basic functions: representation, legislation and oversight.

Parliaments **represent** the diversity of groups and individuals in society. As the leading legislative institution in any nation, parliaments are entrusted with **establishing the rules** to govern society. Parliaments are also entrusted with **overseeing** the expenditure and performance of the executive. Oversight refers to the legislature's function of checks and balance, by means of which it ensures that programmes are implemented legally and effectively, for the purposes for which they were intended.

The role played by parliaments in the budgetary process may vary. Nevertheless, there are three main types of legislature in this regard:

1. Legislatures that *contribute to the drafting of the budget*: they may amend, reject and reformulate the executive's budget, making it their own.
2. Legislatures that *influence the budget*: they may only amend sections or parts of the original budget proposed by the executive and/or reject it.
3. Legislatures *with no effect on the budget*: they may not amend the budget.

In general, the role played by parliaments in the budgetary process is in keeping with their three basic functions:

(A) *In its function of representation:*

The legislature considers and includes specific criteria and interests in the budget presented by the executive – regional and group interests in particular. The plans and programmes of the central government – produced by experts in the capital – may sometimes be amended in order to be more efficient in given regions of the country. Parliamentarians may act as go-betweens for that information. As the “sensors of the political system”, parliaments may receive and process the information needed to adjust the national budget. In some systems, parliaments receive such information at public budget hearings.

(B) In the adoption of the budget:

Parliaments carry out the legislative function. When amending and adopting the budget, the legislature declares practically and symbolically that the nation agrees with the government's programme and budget.

(C) In its oversight function:

The legislature has responsibility for monitoring the implementation of the budget, to ensure that programmes are legally and effectively implemented for the purposes for which it intended them to be implemented.

In the performance of their functions in the budgetary process, parliaments must also take into account the impact of the international context on the national state of affairs. The world economic context, characterized by globalization and the development of a flexible, open market, must be taken into account in parliaments' analysis of the budget and in the monitoring of its implementation. For example, in the case of national debt, it is important to know the size of the debt and the use of resources, in other words, to determine whether they were really used for programmes that had a use and made an impact, or whether they were used to burden future generations with debt.

Challenges

In the performance of their functions, parliaments face a set of challenges, including the following:

In their relationship with the executive, parliaments may find their formal budgetary powers limited. In many systems (especially parliamentary systems) the consequences of rejecting the executive's draft budget may be serious, leading parliaments to waive their function of making a critical reading of the budget. Parliaments may also find themselves limited in their "political space". While parliaments may have considerable formal powers in the budgetary process, their ability to exercise them may be limited by the existence of a strong executive or by political parties that adopt budgetary decisions outside the legislature.

The decentralization of resources may present national parliaments with a challenge in the exercise of their functions, since it limits their room for manoeuvre, as decisions are transferred to local authorities.

The presentation of budgets tends to be complex, making the task of parliamentarians a difficult one. Budgets should be presented simply and clearly, in a form that is easy to read. It is equally important that budgets be presented in good time, to allow parliaments to analyse them properly.

To facilitate parliaments' work it is important to establish specialized budget offices with qualified advisory staff. It is also crucial that the staff be qualified in gender matters.

A continuous turnover of civil servants poses a challenge, since it results in the loss of accumulated experience and the knowledge of budgetary matters. It is also essential to ensure that there is some continuity in the technical staff of committees.

A lack of information in general, and of gender-related information in particular, hampers proper budget analysis. It is therefore important to promote access to information via independent sources, and the production of statistics incorporating a gender perspective. Interaction with civil society and cooperation with national statistical offices may prove extremely useful.

The implementation of public expenditure is often hampered by a high level of concentration of decision-making, a lack of transparency, rigour or controls, and a tendency to rely on preconceived ideas. It is therefore important to increase transparency and reduce discriminatory practices. Cooperation with civil society and public awareness-raising may address such factors.

Budget-sensitive initiatives

The various initiatives to introduce a gender perspective in state budgets have, at the first stage, taken the form of a tool for analysing and assessing policy and the corresponding budgets with a view to incorporating gender.

At the second stage, they became a tool for framing policy and elaborating state budgets with a focus on equality.

Gender-sensitive budgets:

- are not separate budgets for women, but take into consideration the particular needs of both sexes and the different impact budgets may have on either sex;
- do not involve increased public spending, but an examination and reordering, so that public expenditure can be better targeted.

Gender-sensitive budgets foster:

- ❖ **Equality**: when there is a human rights focus, equality may become an aim and indicator of economic management;
- ❖ **Accountability**, as a practical instrument for boosting the obligation of governments towards citizens regarding national and international commitments to reduce gender inequalities (for example, the Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform for Action, the Millennium Development Goals);
- ❖ **Efficiency**, through improved focus of actions, and the allocation of resources for actions that have a greater impact on the expected results;
- ❖ **Transparency**, by involving civil society in the political and economic debate, which strengthens economic governance and democracy;
- ❖ **Growth and development**, fighting poverty, cutting losses in economic management, reducing corruption, increasing human capital;
- ❖ **Linkages**, generally speaking, between macroeconomic policies and social policies.

The fundamental aim of gender-sensitive budgets is to call into question the gender neutrality of programmes and budgetary allocations. (Considering the budget as a statement of values).

Budgets are not neutral. Cutting expenditure may have different impacts. For example, if spending on hospitals is cut, homecare increases, which mainly affects women and girls. This involves a clear transfer of costs from the public and private sectors to households. It also has a knock-on effect on the kind of employment (lower quality) that women can accept if they must carry out their duties in the home, which in turn affects the pensions they will receive later in their lives.

Mainstreaming the gender perspective means:

- ✓ Pinpointing the different impacts on women and men of policies, programmes and budgets;
- ✓ Recognizing the existence of power struggles among individuals, implicit or explicit in each culture;
- ✓ Valuing the contribution women make to the economy through the care they offer;
- ✓ Encouraging a cross-cutting mainstreaming of the gender perspective in national policies, programmes, projects and strategies at all stages.

Approaches to analysing and elaborating gender-sensitive budgets

Below are the main components for the analysis and elaboration of gender-sensitive budgets:

1. **Gender analysis:** Power structure and gender roles in social development, enhancement of women's productive and reproductive labour and the different impacts of policies;
2. **Macroeconomic analysis:** Economic and social context, fiscal policy;
3. **Budget analysis technique:** Timeframes, structure, forms of presentation, actors and legal framework;
4. **Specific knowledge of a sector or issue:** Diagnosis and policy.

For the analysis and elaboration of gender-sensitive budgets to take place, those with knowledge in this field (experts involved in government programmes) must engage in a process of reflection with decision-makers.

Gender-sensitive budgets are the ultimate stage of gender-sensitive policies. Their design and implementation are integral and interrelated processes.

How can initiatives be taken to introduce a gender-sensitive budget?

1. By assessing the gender-sensitivity of policies, posing the question: How do policies and their respective budget allocations help to reduce or increase gender inequalities?
2. By asking beneficiary groups to what extent they think their shares of expenditure meet their needs;
3. By analysing the impact of public spending: breaking down the distribution of budgetary resources by sex. This involves determining net spending on families and distribution among family members;
4. By analysing the impact of the budget on the use of time, according to sex: calculating the link between budgetary allocations and their effects on the distribution of time use among household members.
5. By carrying out a medium-term gender-based assessment of economic policies, focusing on instruments designed to promote globalization and combat poverty;
6. By issuing reports and/or statements on the response of budgets to gender gaps, by means of indicators such as those mentioned earlier.

Audit/transparency and accounting with a gender focus

Those in government have a legal and moral obligation to inform citizens about how state resources have been and are being used ('accountability'). Parliaments in particular have a responsibility to analyse investments. Technical bodies exist for that purpose, such as auditors, comptrollers or national audit offices, and they must present parliaments with an analytical report on investments.

These high auditing bodies should:

1. be functionally and financially independent (key to avoiding exposure to pressure);
2. be regulated or recognized by the Constitution;
3. include participation by the opposition.

The audit bodies are expected to help fight corruption and to promote civic participation and a culture of decency.

The establishment of procedures enabling citizens to file complaints fosters cooperation between auditing bodies and society. The dissemination of audits over the Internet, for example, facilitates transparency. It is also important to educate the public in budgetary oversight by carrying out joint actions with academic

institutions, the media and non-governmental organizations (NGOs), to publicize the importance of audits in modern democracies. Public audits are undermined if they are not disseminated.

Participation by civil society is important to safeguard transparency and accountability on the part of civil servants and the audit bodies themselves (auditing the auditors). Two forms of civil society participation are **social audit**, or a process of overseeing public administration through surveillance of the use of national resources and prosecution in the case of misuse, and **public surveillance**, a process whereby public actions or services are controlled and monitored.

Incorporating a gender perspective in the work of audit bodies could help to generate mechanisms that would facilitate assessment of the impact that budgets may have on men and women, and highlight existing inequalities.

Some tools for incorporating gender in audits may include:

- ✓ Analysis of total spending per programme or per area, noting how much is spent on women's issues, and how much is spent to ensure equality between the sexes;
- ✓ Broken down analysis of the impact of public spending;
- ✓ A gender-sensitive assessment of policies;
- ✓ Analysis and disaggregated assessment of taxes;
- ✓ Study and assessment of the budget's impact on the use of time (non- remunerated work, care, etc.).

The needs of parliaments in order to help draw up a gender-sensitive budget

To help draw up a gender-sensitive budget, parliaments need access to complete and sex-disaggregated information. They also need brief and clear data for use in the budget debate.

This data should include information taken from time-use surveys and the creation of satellite accounts by national statistical offices. This will make it possible to determine the size of the non-remunerated contribution made by women to the economy, and also to render it visible and give it a quantifiable value.

The capacities of parliamentarians and parliamentary staff should be strengthened in terms of gender-equality issues. Training should be organized for this purpose.

Parliamentarians must develop cooperation and contacts with civil society and women's movements in order to obtain information on gender inequalities. By means of public hearings, civil society may also participate in the development of a gender-sensitive budget.

Seminar follow-up

Hereunder are some proposals for following up on what was discussed at the seminar.

Participants are requested to present the debates and the outcome of the seminar to their national parliaments, and disseminate them in civil society. They are called upon to launch the handbook on this subject in their parliaments or in civil society. Participants are called upon to try to implement the suggestions made in this report.

Parliaments, the IPU and UNIFEM are called upon to consider organizing seminar follow-up events for this seminar, such as regional and national seminars on this subject in Latin America.

Participants are called upon to strengthen the exchange of experience and best practices among the national parliaments of Latin America.