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Fiscal Policy, Accountability and Voice: The Example of Gender Responsive Budget Initiatives

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Introduction

The central argument of this chapter is that participatory budgeting and analysis - whether it is pro-poor, environment-sensitive or gender responsive - offers a new potentially innovative means for ensuring government accountability to international and national commitments as well as a more balanced distribution of public resources.

With this argument in mind, the chapter begins with a consideration of the relationship of accountability to fiscal policy. Accountability is explored in terms of its legal, institutional and market dimensions. This is followed by an analysis of budgets and accountability as they relate to four aspects that are of importance. These are: a. comprehensiveness; b. institutional responsiveness; c. transparency; and, d. credibility of commitments. Our next section outlines some justifications for one form of applied participatory budgeting-gender responsive budgeting. This is a preamble to explaining what gender responsive budgets are, and how such budgets relate to the four aspects of accountability sketched earlier. Our elements of accountability are then related to cases that might contribute to an inventory of best practice. These examples are drawn from a variety of countries such as India, Mauritius, Tanzania and Mexico. Also important are initiatives taken by multilateral institutions such as the Commonwealth Secretariat and entities within the UN system such as UNIFEM. The chapter ends with conclusions about lessons learned from these gender budget initiatives, how they might be applied to other participatory exercises and points to next steps.

We begin with a focus on accountability of fiscal policy - in its wider context of macroeconomic policy. Here we might initially note that there are at least two dimensions to questions of accountability with respect to macroeconomic policies in general, and budget policies in particular: those concerning existing commitments and those concerning the paradigms or frameworks for the making of economic policy.

The first concerns the degree to which governments can be held accountable for commitments that they have actually made for example, in enacting budget laws or in support of expenditures to meet international treaties or other stated commitments. For instance, many governments have committed themselves to providing a certain percentage of GDP in ODA, but in practice, rarely meet this commitment. This may have adverse consequences for international efforts to alleviate poverty. Here the issues concern how can governments be made to meet such commitments in a manner that is internationally accountable, ultimately to the needs of poor people?

The second set of issues concerning accountability go well beyond the former since they involve issues that relate to the dominant paradigm of economic development and the role of budgetary policies within that framework. For instance, there has been increasing stress in national economic policies as well as those of the international financial institutions, on maximizing the opportunities available to market participants. Smaller government and freer markets have meant that there is less justification for governments to provide direct transfers of resources to the poorer members of their societies, as well as from richer to poorer countries in the form of ODA. In this way, taxation and expenditure regimes have been linked to market-enabling initiatives, rather than being based in more socially responsive programs that directly benefit poor women and men.

There is some debate about whether more socially directed expenditures are more economically efficient than market-enabling policies. However, one of the central arguments in favour of budgets that are more sensitive to matters of poverty and gender is that, especially in the poorest countries, they are likely to lead to more optimal as well as equitable economic outcomes.

Important here is that the 1990s saw a wave of fiscal stabilization measures and laws, which signal a return to a pre-Keynesian orthodoxy. Such a shift has implications for the changing structures of accountability for fiscal policy.

With this in mind, this paper will outline the nature of the existing budgetary frameworks and how these can be made more consistent with the goals of greater equity as well as producing more economically efficient outcomes in developing countries. It will therefore place the issues of participation and accountability in this wider framework and ask the question: accountability of what and to whom?

This question will be pursued first by a discussion of dimensions of accountability within a consideration of existing budgetary frameworks. The example of gender responsive budgeting is explored as one potential instrument of accountability for tying international commitments to national resources. Gender analysis of government budgets also requires ministers and officials to look at government finances in a new way. The conclusion focuses on the lessons learned about voice, accountability and governance from these initiatives and considers their more general applicability for other groups effectively disenfranchised from participating in the macroeconomic policy process.

Issues of Accountability and Fiscal Policy

The first issue to explore at a more general level of analysis is: to who is fiscal policy accountable? Conventionally, the answer has been taxpayers but de facto, fiscal policy is accountable to all citizens who are current, former and future taxpayers (for example, seniors and children). Secondly, fiscal policy is connected to an overall macroeconomic framework within which other economic activities must take place. Hence, we have government accountability to market participants of two kinds: (a) a general and indirect form of market accountability related to sustaining an "appropriate business climate" of concern to investors, businesses, currency traders, etc; (b) a second form of more direct and specific accountability of borrowers to lenders (creditors) -in short to all of the institutions which might fund budget deficits through loans. Countries of the South for instance, are directly constrained by the second more direct form of market accountability as creditors of the International Financial Institutions.

This then raises the relationship between accountability and macroeconomic policy. Given these two layers of accountability: Who is involved in decisions about aggregate levels of spending, taxation and public debt? What are the views of the economy of those who currently make these decisions? A discussion of accountability needs to consider each of these dimensions and the degree to which they enable or constrain participatory budget initiatives such as gender responsive budgets.

1. Accountability of the legal framework

In most nations, a series of laws and rules, institutional practices and a framework of market-based expectations, connected to the mobilization of a large amount of financial resources, govern fiscal policy. These laws have been enacted with specific goals and constituencies in mind (for example balanced budget laws). Balanced budget laws and indeed, constitutional amendments, introduce a specific set of numerical targets into the budget process, limiting for instance, the standard Keynesian anti-cyclical policy prescription of tax cuts, expenditure increases and deficits in recessions with tax increases and expenditure cuts and surplus during expansionary periods. Several critical points have been raised concerning the relationship between balanced budget laws and the alleviation of poverty. First, balanced budget laws reflect a questioning of the feasibility of fiscal finetuning. These statutes and laws are meant to institutionalise an era of limited government by constraining governments in their fiscal policy decisions by establishing caps in spending and taxation. In doing so, however, they serve to discourage proactive policies to promote equality of incomes since balanced-budget legislation, in particular, is likely to generate increased pressure for regressive spending cuts whenever revenues decline. In times of recession, the political costs of spending money to eradicate poverty or to address the human impacts of restructuring may be perceived as prohibitively high by politicians. Second, balanced-budget laws undermine the crucial role that government spending plays in stabilizing the economy during private-sector recessions. Without the ability to engage in counter-cyclical spending, governments will have to meet a fall in levels of demand through spending cuts, a strategy which might well postpone recovery (Phillipps 1996). In sum, it can be argued that this aspect of balanced budget laws reveals an important political dimension, i.e., a bias in favour of limited government and against redistributive fiscal transfers.

2. Accountability of institutions

a. Domestic

At the present time, decision-making about fiscal policy is largely concentrated in the hands of finance ministries and central banks (who are said to have the requisite expertise). Usually, elected representatives (as well as the poor) are “locked out” of the policy-making process, resulting in a “democratic deficit” concerning the making of the most fundamental economic policies. Perhaps the best-known example of this is the new European Central Bank which is largely independent of parliamentary or popular influence and which has a mandate to pursue low-inflation policies. The world-wide trend towards independent central banks has been reinforced by the widespread implementation of fiscal restraint legislation as well as the balanced budget laws noted above. This means that there is no ability on the part of civil society to enforce accountability of fiscal policy, as well as monetary policy.

Box 1: The Marginalised and the Monitoring of Budgets

Unpacking of the budgetary information and analysis of budgetary allocation and performance is one of the most important steps towards making credible public argument and policy influencing. This task has become all the more crucial in the context of the increasing instances of pro poor public policy rhetoric without the corollary budgetary commitments. In the last eight years, the structural adjustment and liberalisation policies have further alienated the poor and the marginalised from the budget priorities. Hence, there is an urgent need to demystify and monitor the budget from the perspective of the rights of marginalised sections.

People’s Bias (People’s Budgetary Information and Analysis Service) Pune

b. International

Whilst price stability is a desirable goal, it should not necessarily be the only macroeconomic goal of central banks. Indeed, following the Great Depression of the 1930s, most central banks were legislatively committed to balance both price stability and employment levels as a strategy to reduce the poverty and misery of large segments of their population. In the current context, if macroeconomic policy is contingent on an agreement being negotiated with the IMF for a stabilization loan then often many members of cabinet are “locked out” of the process. Unequal representation in the policy formulation and institutional processes of economic governance gives more political weight to ‘technocrats’: that is neo-classical economists, financial administrators and central bankers, who may not be representative of broader societal interests. They are often trained within the Washington Consensus orthodoxy that emphasizes a smaller, market-supporting role for government and greater freedom of markets. Prior to 1997 and the East Asia crisis, this group of decision-makers in government and the international financial institutions consistently favoured structural adjustment programs and forms of macroeconomic stabilization that supported a greater role for private capital and private capital flows in development. Since the Asian crisis, a compensatory form of this neo-liberal orthodoxy has emerged that stresses the social impact of macroeconomic policies, social safety nets for vulnerable groups, and links excessive fiscal restraint to "knock-on effects' which may lead to greater social, economic and political insecurity. As the Commonwealth Secretariat notes, "There is also an increasing recognition that growth is a necessary but not sufficient condition for the elimination of poverty, as the distribution of resources in a society has a crucial bearing on the manner in which growth impacts on poverty."(Sept. 2001)

3. Market Accountability

Despite these concessions to social considerations, the overall framework of macroeconomic policy remains one driven by structures of accountability that reflect the needs of capital markets, the "three Cs" of credibility, consistency and confidence (Gill, 1998). Similarly, the low inflation bias emerging through liberalized financial markets (high interest rates, tight monetary polices, fiscal restraint) reflects the ability of financial institutions and investors to exercise *direct voice* over macroeconomic policies precisely because of the fear that they might decide to postpone or cancel investments or else, exercise their *exit* option of capital flight which may result in a balance of payments crisis and worsen external indebtedness. Indeed, the Third World debt crisis has been made less manageable because investors in countries such as Mexico and Argentina have been able to exercise this exit option when they perceive deterioration in the investment climate. By contrast the poor, at best, have only *voice* since they tend to be place bound and hemmed in by unresponsive domestic structures and a restrictive international migration and refugee regime. In this sense, macroeconomic decisions can constrain the room for maneuver in changing budgets in a more pro-poor and gender equitable direction (Elson, 2001).

Box 2: Democratizing Macroeconomic Decision-making

The desire to make budgets more participatory and transparent is part of a larger agenda to 'democratize' the formulation of macroeconomic policy frameworks. The design of macroeconomic frameworks and policies which take into account the voices and interests of women and poor people is critical in the fight against gender inequality and poverty. Macroeconomic policy-making often remains sheltered from broad public scrutiny and debate. This is due in part to the belief that macroeconomics is both a natural subject, devoid of social content, and a technical subject best left to experts. However, the technical content of macroeconomic policies often disguises their social content, these policies are enacted without a context of institutional structures and power relations among economically differentiated social groups. Macroeconomic policies also produce a variety of social outcomes by determining which groups get what out of the economic pie. Scrutinizing public budgets is an important step towards understanding the social content of macroeconomic policies currently in place and democratizing the process of macroeconomic policy-making.

UNDP, Budgets as if People Mattered (2000)

Budgets and Accountability

Accountability is an aspect of governance that involves power and authority relationships (of governors to governed), transparency (the ability to inspect and establish the truthfulness of claims) and the credibility of policies over time (a government's intentions and action with regard to policy must be believed by its constituents or the market players). Accountability involves issues that are both short and long-term and these can be considered with respect to their (i) comprehensiveness; (ii) issues of institutional responsiveness to, for example, the needs of different constituencies, or systems of checks and balances, public hearings; (iii) issues of transparency; and finally (iv) the ability on the part of citizens to judge the credibility of commitments in the making of fiscal policy.

1. Comprehensiveness

The issue of comprehensiveness relates to macro-economic policies of governments as a whole, the ways that they are made, and the degree to which different constituents or stakeholders are included in the making and implementation of budgetary policies.

In most OECD countries, after World War II, corporatist arrangements were made to involve representatives of the business community, as well as from trade unions in creating the broad economic frameworks in which governments would seek to operate. Since the 1970s, however, trade unions have been less and less influential in contributing to the frameworks for economic policy, not only in the OECD but world wide. More to the point, there is little evidence that for much of the last fifty years policy-making frameworks have been open to significant inputs from the poor, although this is slowly changing. So one aspect of comprehensiveness involves the degree to which the policy process is open, inclusive and transparent.

Within this context, budgetary policies must be comprehensively defined so that all aspects of government expenditures and income (including) taxation are placed on the table for consideration by the various stakeholders. This would also include off balance sheet items (for example funds for military and police expenditures that are kept from scrutiny); other income from overseas sources, including loans from the international financial institutions. For this to be possible presupposes an institutional and political framework that is responsive to popular needs, as well as transparency, so that decisions can be debated on the basis of timely, useful and accurate information. Indeed, such criteria underpin various initiatives throughout the world to mobilize support for participatory budget processes, such as those in Peru (see Box 3) .

Box 3: Information Gaps

Even if we have all the information on how much does it cost to provide free breakfast to 100 communities, if we don't have the data on how many breakfasts are being served in the community how could we pinpoint an inefficient expenditure?

The Challenges of a Participative Budget Process in Peru, Eduardo Moron and Claudia Gonzales del Valle IBP Website

Thus budgets must include all fiscal operations of government as the inaccurate measurement of the fiscal position, combined with a weak budget process, can affect poverty alleviation programs and social spending severely (Falk, 2000). This can be very important for the implementation stage of the budget. For example, the Center for Budget and Policy Studies in Bangalore, India (CBPS@vsnl.com) has produced an analysis between planned and actual expenditures. Uganda in 1998 established a Poverty Action Fund (PAF) to act as a mechanism to target, protect and monitor funds released by the HIPC initiative and donors for poverty programs (Krafchik, 2001). This PAF does not operate as an extra-budgetary fund but has been incorporated into the total budget.

2. Institutional Responsiveness

Institutional responsiveness relates to the degree to which the different organs of government that are involved in the making of budgetary policies are amenable to inputs from the various stakeholders in society.

The way this is normally understood in the economic literature is as follows. Some countries have the responsibility and authority for fiscal policy heavily concentrated in the finance ministry which dominates other ministries in the budgetary process ("hierarchical" processes). Other nations have a more "collegial" process which is led but not necessarily dominated by the Finance Ministry. All things being equal, the more collegial the framework, the more likely it will be amenable to inputs from a different constituencies, although many economists have argued that fiscal restraint becomes much more difficult under collegial systems (Alesina and Perotti, 1996).

Nevertheless, as the World Bank (1997) has pointed out, other institutional arrangements are important, for example the division of authority between the legislative and executive branches of government, and ultimately, the judiciary with policies subject to judicial review. In the United States for example, Congress has the power of the purse and enacts legislation which authorizes expenditures. The President, on the other hand, needs to sign expenditure bills into law, and it is generally the executive branch that actually spends the money to fund government operations as well as to inject resources into the economy. Moreover, the process of budgetary politics in Washington is premised upon open debates and the provision of timely and detailed information to citizens and market participants. Indeed, any provisions that are challenged in the courts can ultimately be struck down by the Supreme Court if they are found to be unconstitutional.

Moreover, the systems of checks and balances are also reinforced with accounting and audit mechanisms that buttress transparency. A range of checks and balances including the provision of impartial information and more transparent decision making are hallmarks of a strong budget process (e.g. the U.S. Congressional Budget Office and Auditor Generals in many other systems - systems that the USA and the international financial institutions have recommended for many developing nations).

Nevertheless, even if an institutional system is accountable in this way it may not result in budgetary allocations which are responsive to the needs of the poor, or indeed economically effective use of public funds, particularly if the system can be captured by "special interests". In the aftermath of the terrorist attacks upon the World Trade Center and the Pentagon on September 11th 2001 for example, there was a collapse in the US airline and tourist industry and in consumer confidence more generally. Thus in late October 2001, emergency budget legislation is being debated in Congress that would provide substantial tax cuts and tax rebates to the wealthy and to large corporations - who, it was pointed out by the *New York Times* (Sat. Oct. 27, 2001)- had little incentive to invest because of excess capacity and falling demand. Many leading economists in the United States such as Paul Krugman and Allan Blinder had argued that tax cuts should have been focused on the poor and unemployed, since they would likely have spent the funds and thus prop up sagging consumption and effective demand, mitigating the economic recession.

This is why institutional arrangements that involve partnering with civil society organisations that have expertise and adequate resources to offer monitoring and evaluation of budgets may not only be a means of increasing accountability but also perhaps a way to ensure more economically sound budgeting in an institutional arrangement that is less prone to “capture”.

In Croatia for instance, the Institute for Public Finance has recently provided the first guide to the Croatian budget and offers the first opportunity for independent oversight and participation (Krafchik, 2001). Local participatory auditing in Kerala, India offers a novel example of civil society oversight and participatory auditing techniques. In this case, the local auditor meets with village members to physically audit the outputs planned and approved through the local budget (Goetz and Jenkins cited in Krafchik). In Mexico, a pro-poor budget review by FUNDAR was instrumental in the creation of a government commission for the control and monitoring of public resources.

3. Transparency

The issue of transparency is key to discussions about budgets and this issue involves the question: transparency of what and for whom? This is because there has been an asymmetrical focus on the transparency of governments and correspondingly less attention to the need for transparency of lenders and investors as well as for private banking operations more generally. This issue has recently been the focus of considerable public attention after September 11th, 2001, with scrutiny of private banking and offshore arrangements used by terrorists. It is worth noting however that this concern has also highlighted how offshore centres and bank secrecy are a means of exit as well as tax avoidance for investors.

Thus for reasons of public interest as well as economic security, an important contribution to the discussion of enhancing voice and accountability for poor people then is to re-balance discussions of transparency to include firms, lenders and other private actors. As UNIFEM notes in its Progress of the World's Women (2000): "There is an emphasis on promoting partnerships with the private sector, but there is hardly any reference to regulating the private sector, particularly corporations, and holding them accountable to social development goals and human rights standards. Indeed the only action specified is for national and international NGOS to establish monitoring mechanisms aimed at promoting accountability of the private sector." (59) More broadly, the issue is that the logic of IMF and Wall Street transparency as outlined in the IMF's Code of Good Practices on Transparency in Monetary and Financial Policies (adopted by the Interim Committee on Septem.ber 26, 1999) puts the onus on borrowers to provide information, wants transparency of governments whilst avoiding regulation of capital and international finance. Thus much needs to be done to unravel the webs of unaccountable offshore finance and to prevent their use by those seeking to avoid taxes - in ways that go well beyond the regulation of money laundering.

In other words, a credible budget framework requires transparency not just of governments and borrowers, but also lenders. Greater budget transparency can help to identify the weaknesses and strengths of policies, can increase the legitimacy of governments and can create broader social alliances around difficult policy trade-offs - for example the trade-off between security and economic efficiency. In developing countries, a transparent budget process also facilitates monitoring and evaluation of program support by donors.

A prerequisite for transparency in budget systems is access to information. However, as the Peruvian participatory budget experience reveals, "a lot of information is not the same as transparent information."(Moron and Gonzales del Valle, 2000). In the case of Peru, the Executive of the national government has recently fostered budget transparency by setting up an Internet portal that carries very detailed daily budget activities. However, the data is very cumbersome, difficult to unpack and does not necessarily give all of the information of interest to civil society groups wishing to monitor the process.

A complementary approach is the one undertaken by the International Budget Project and Idasa in South Africa. They have designed a survey of budget transparency and participation in the budget process that is currently being applied in four African countries -Ghana, Brazil, Nigeria and Zambia- and five Latin American countries - Argentina, Brazil, Chile, Mexico and Peru (see www.international budget.org and www.idasa.org.za).

4. Towards credibility of commitments

The last decade has witnessed a renewed interest among broader sections of the population in public expenditure management, budgets and the role of the State in developed, transition and developing economies. A flurry of publications and international meetings of governmental and civil society groups have marked this process. For instance, the first international meeting of budget groups, convened by the International Budget Project in 1997 was attended by 50 representatives of budget organizations in 14 developing countries. By 2000, there were 100 participants from 25 countries (Krafchik, 2001). The OECD has recently launched a new journal (title here) reflecting the increased interest in the subject. Multilateral institutions such as the World Bank and UNDP have organized a series of workshops on public expenditure management, people-centred budgeting and good governance. And, a series of participatory budget initiatives have taken root in a variety of countries from South Africa to Peru, Tanzania, India, Croatia, Indonesia, Switzerland, Bangladesh, the United Kingdom and the Philippines.

Why this interest? The concern with public expenditure management and budgets reflects a wider concern with the role of the State both in developed and developing countries. Since the 1980s, the international community has been involved in a re-evaluation of the role of states and markets in the process of governance (see HDR 1999). Governance is a multi-faceted political process that involves both the public and the private sector in the determination of social and economic outcomes. The new context for governance is an era of greater economic liberalization than that associated with the period 1950-73 when statist development paradigms were more widespread.

The interest in independent, applied budget work is a recognition of the importance of budgets as both technical and political documents. The growth of independent budget work is also a product of international developments such as democratization in societies as diverse as South Africa, Russia and Uganda which focuses on transparency and accountability (Krafchik, 2001).. Applied budget analysis - whether it is pro-poor, environment-sensitive or gender responsive - offers a new tool for ensuring government accountability to international and national commitments as well as a balanced distribution of public resources.

Gender responsive budget initiatives have begun to focus on the relationship between accountability and macroeconomic policies. In Latin America, UNIFEM has promoted several budget reviews. For example, a regionwide network, the People's Education Network Among Women (Red de Educacion Popular entre Mujeres (REPEM) is reviewing the framework of MERCOSUR to enhance the capacity of women to make macroeconomic proposals and resolutions that will promote greater gender equality (Vargas-Valente, 2001). The Canadian Alternative Federal Budget, a collaborative project of civil society organizations, is another more developed example of linking participatory budgets to overall macroeconomic planning. The Alternative Budget produces a comprehensive parallel budget to that of the government linking it to a medium-term macroeconomic framework (see www.policyalternatives.ca)

Nonetheless, as the above indicates, there is much that needs to be done by both governments and the private sector to indicate their commitment to budgetary processes that will be viewed as credible to the full range of stakeholders in society. Rhetorical commitments to greater sensitivity to the interests of the poor and to gender equity need to be reinforced with binding commitments - for example commitments that have the force of law. This requires not only that governments actually live up to their stated commitments but also that they rethink and reallocate their budgetary priorities. As we shall see, there is a great deal of new thinking on budgetary questions that can form the basis for new initiatives.

Why Gender Responsive Budgeting?

Gender responsive budget initiatives are increasingly recognized as an important tool for analyzing the gap between expressed commitments by governments and the decision-making processes involved in how governments raise and spend money. Gender responsive budgets share with other participatory budget initiatives the goals of developing an inclusive budget process, with independent oversight and a commitment to pro-poor and equity choices within existing fiscal capabilities. In this sense, **gender responsive budgeting shares with other participatory initiatives, the goal of widening governance and accountability structures by giving voice to those previously marginalized from fiscal policy decision-making.**

The 1990s saw the emergence of an international consensus on poverty eradication and the promotion of gender equality through such policy commitments as the 1995 World Social Summit on Development (WSSD), The Fourth World Conference on Women in Beijing (FWCW) and the International Conference on Population and Development (ICPD). Signatory countries made commitments to integrate the goals of these conferences into their development plans (Box 4 here- p.51 of Progress Report). This included mobilizing resources and ensuring transparency and accountability in budget processes as well as the monitoring of progress toward these goals (see Box 5 from Progress, p.112). However, a number of significant shortfalls and inconsistencies in meeting these targets were identified in the five-year reviews in 1999 and 2000 of the UN Fourth World Conference on Women, the World Summit on Social Development and the International Conference on Population and Development.

A key weakness of such initiatives, however, has been the absence of clear targets and strategies, as well as monitoring mechanisms and accountability measures (UNDP, 2000). A related obstacle has been the inadequate allocation and, ineffective and inequitable use of public resources. In some countries, this can be linked to inadequate transparency and accountability of government to its citizens. For instance, resources may be allocated to poverty reduction but may never reach poor people. In other cases, international development targets do not emphasize the economic, political and social empowerment of women. As UNIFEM notes, these targets would be more useful if action were taken to:

- Include the objective of reducing women's poverty and economic inequality;
- Widen the range of targets for progress towards gender equality to include progress in reducing the gender gap in decision-making;
- Interpret the targets, and strategies to achieve them, in the light of human rights obligations;
- Link the process of monitoring and evaluation of progress in reaching targets to the monitoring and evaluation of progress in implementing the Platform of Action;
- Press for participatory monitoring and evaluation at the country level, making use of qualitative as well as quantitative indicators, to relay women's experiences from the village, or township or city neighborhood to national and international policy arenas (UNIFEM, 2000).

International commitments such as those outlined in Box 5 are of course valuable in recognizing structural inequalities. However, as discussed in the introduction, the concentration of macroeconomic policy in the hands of central banks, finance and multilateral or bilateral donor agreements often 'locks out' elected representatives from key aspects of macroeconomic decision-making thus rendering them ultimately, less accountable to poor people and women for these very international development commitments.

In response, women have developed an applied gender analysis of government budgets. Gender responsive budgets are seen as one mechanism for:

1. Monitoring and widening the targets for gender-equity principles and social development; and
2. Broadening notions of accountability and transparency to include the gender impacts of budget processes and macroeconomic policies.

Box 6: Why Do We Need Gender Responsive Budgets?

Budgets can impact differently on women and men, and different groups of women and men, through the provision of government goods and services, public sector employment opportunities, income transfers and the raising of taxation revenues as well as through their influence on the macroeconomic aggregates of output, employment, prices, investment and demand. By asking questions about the direct and indirect impacts and the equity and efficiency outcomes of government budgets on women and men, women's budgets force re-evaluation of a long held assumption that government budgets and economic policies generally are 'gender neutral' in their impact.

Rhonda Sharp, Associate Professor (Australia), 1999

A major shortcoming in most African countries is that the budget process is highly secretive, crafted mostly by government bureaucrats in the ministries of finance and planning the budget process is also gender blind, focusing more on the formal sector and marginalising millions of informal sector operatives who are largely female. Increasingly the clamour for good governance, transparency and accountability to the citizenry/civil society has forced many governments to search for new ways of formulating national budgets.

Thoko Ruzvidzo, Kwnanele Ona Jirira, Thresesa Moyo, Gender and Economic Reform in Africa Program/Zimbabwe team, (Zimbabwe), 1999

Many countries are currently developing and implementing comprehensive strategies with the objective of eliminating absolute poverty and reducing relative poverty. Many of these countries are also in the process of implementing public sector reforms, and improving macroeconomic management. Incorporation of gender sensitivity in the national budget would be consistent with these initiatives and could be done with marginal additional efforts and resources.

Kelvin Dalrymple, Ministry of Finance and economic Affairs (Barbados), 1999

Without gender analysis of the budget there is inefficient use of resources, poor targeting, and malinvestment, with deliberate destruction by men of women's access to land titles, credit, knowledge, extension services, appropriate technology and a wide range of services, all of which hinder a nation's development and its growth statistics. And all the above accumulatively contribute to the inter-generational costs incurred through poor nutrition, overpopulation and poverty.

Marilyn Waring, Associate Professor (New Zealand)

Mission Statements should take into account national and international law which our countries have subscribed to; each country should also have a unit to deal with implementation of a gender perspective in all policies and planning, and not just budgets. I am saying that because I am also aware that it is not in every country that there is such a unit. Martha Karua, M.P. (Kenya)

Regional Seminar for English-Speaking African Parliaments, 22-24 May, 2000, Nairobi, Kenya.

Gender responsive budget initiatives provide a means for ensuring greater consistency between economic goals and social commitments. According to the Commonwealth Secretariat - a coordinator of such initiatives in Barbados, Fiji Islands, St.Kitts and Nevis, South Africa and Sri Lanka : "Gender responsiveness is essential to the key features of **good governance**: transparency, accountability and participation.

The analysis of gender issues, the participation of women as well as men in decision-making processes at all levels, the recognition by institutions of women's rights and needs, are all central to good governance and are strong features in Gender Responsive Budget Initiatives." (2001)

A number of interlinked justifications make gender budgets compelling:

_ Gender responsive budget initiatives can improve budgetary performance and optimize the use of limited resources (**efficiency gains**). Improved targeting through gender analysis of budgets can avoid 'false economies' which refer to "attempts to reduce or contain financial costs in one sector may transfer or perpetual actual costs in terms of time-use for individuals and groups, and lower their overall productivity (Elson, 2000)." Gender budget analysis also opens the door to evaluating work beyond the paid sector of the economy to the unpaid provision of care undertaken in communities and households.

_ Gender responsive budget initiatives require accurate **information** and data that is gender-disaggregated to monitor and encourage public expenditure accountability. In this sense, GSB contribute to a more open relationship between government and civil society. Such initiatives also provide a monitoring tool and framework for comparing the developmental achievements of governments with their public resources. This is part of a broader effort to link macroeconomic policies with social policies that target social and gender equality, poverty reduction, labour standards, etc.

What are Gender Responsive Budgets?

Gender responsive budget initiatives are **not** separate budgets for women and girls; rather, they are an attempt to analyze public money through the lens of gender. Gender budgets are attempts to break down national or local budgets according to their impact on women and men, boys and girls. The key questions according to Diane Elson, a development economist and one of the pioneers of such initiatives, is: **what impact does this fiscal measure have on gender equality? Does it reduce gender inequality; increase it; or leave it unchanged** (Elson, 2001)?

Who participates in these initiatives, what is scrutinized and how results are reported varies widely across countries. Some are sponsored by governments, others by groups within civil society. Some have been supported by international institutions. For instance, the Commonwealth Secretariat has engaged in a partnership with ministries of finance and ministries of women's affairs to develop a gender budget initiative. UNIFEM has sponsored a series of workshops and provided technical support toward gender-sensitive budget initiatives in Latin America, Africa and the Indian Ocean states. A June 1999 Workshop on Pro-Poor, Gender- and Environment Sensitive Budgets - organized by UNIFEM and UNDP - brought together international practitioners and those inside and outside government interested in participatory budget initiatives (www. undp.org/poverty/events/wkshop/budgets.htm). More recently, UNIFEM has worked with IDRC, the Belgian government, the Commonwealth Secretariat and the OECD to host a two-day meeting on gender budget initiatives (see Box 7). This meeting signals a commitment to engage in gender responsive budget analysis in all countries by 2015.

Box 7: Towards Gender Responsive Budgeting – A High Level Conference

The Government of Belgium host a High Level conference in Brussels on 16-17 October 2001 sponsored by the Organization for Economic Cooperation and Development and supported by the Nordic Council of Ministers, the government of Italy, the United Nations Development Fund for Women, the Commonwealth Secretariat and the International Development Research Center-Canada. This conference brought together ministers of budget, finance, employment, industry, gender, social affairs, transport, development cooperation, and agriculture, as well as experts and other international institutions. The goal of this meeting was to mobilize political and financial support to strengthen the capacity of governments as well as civil society organizations to carry out these initiatives as well as to support the global vision of gender responsive budget initiatives in all countries by 2015. Gender responsive budgeting, according to the conference communiqué, "can enable governments, that are parties to the convention on the Elimination of Discrimination Against women, to better fulfil their obligations therein. It is a means to reduce discrimination, direct or indirect, against women in policies governing taxation and expenditure. It is also a means to ensure that the requisite resources are taken into account and made available to implement legislation that advances gender equality and the fulfillment of the human rights of women."

Conference Communiqué, Towards Gender-Responsive Budgeting: Strengthening economic and financial governance through gender responsive budgeting, 17 October 2001, Brussels. See www.unifem.org/gender_budgets/communique.html

Gender budget initiatives are largely monitoring and auditing exercises that provide feedback to governments on policies and can provide a vehicle for greater transparency and accountability for those outside government (Budlender, 2000). Most gender responsive budget initiatives focus on the spending side of local or national budgets. Some, such as the Philippines, only examine expenditures targeted specifically at women. At the moment, few initiatives have undertaken a concerted effort to analyze the revenue side of the budget. However, the 'how to' of gender budget analysis is the same for both revenues and expenditures. The goal is to categorize types of spending and revenues and then, through a series of tools that have been developed by Rhonda Sharp in Australia, Debbie Budlender in South Africa, and Diane Elson in the U.K. in conjunction with other researchers and activists, to assess these categories from a gender perspective. Box 8 (pp.116-118) from UNIFEM's Biennial Report, Progress of the World's Women (2000), provides a concise overview of both the categories and tools of analysis that have been developed to carry out gender responsive budget initiatives. Most applied gender budget initiatives begin with dividing public expenditures into three categories:

Category 1: specifically targeted expenditures by government departments and authorities to women or men in the community intended to meet their particular needs.
Category 2: equal employment opportunity expenditure by government agencies on their employees.
Category 3: general or mainstream budget expenditures by government agencies which make goods or services available to the whole community but which are assessed for the gender impact. (See Box 8)

Gender Responsive Budget Initiatives and Accountability

With over 40 initiatives underway in most regions of the globe, there is now a mounting wealth of information, innovation and lessons learned. However, the fact that each of these initiatives are embedded in different societies – with their own cultural, economic and political legacies – needs to be kept in mind. In some contexts, the goals of gender responsive budget initiatives are to influence public policies directly; in other cases, these initiatives are aimed at mobilizing and sustaining broader political movements intent on structural change. In some cases, globalization is creating a situation where the national level is the key political site for realizing participatory initiatives; in other contexts, globalization is fostering the local level as a key site for pro-poor and gender-responsive initiatives.

Accountability is a key aspect motivating such initiatives. As we noted earlier, **accountability is an important aspect of governance involving power and authority relationships of governors to the governed. Other components of accountability are the ability to inspect and establish the truthfulness of claims (transparency) as well as the credibility of government policies over time.** Women, particularly the poorest women in a society, are often at the margins of economic governance and decision-making about fiscal policy. Gender responsive budgets were developed as a tool for inserting women's voices into discussions of taxation, spending and debt to underscore that budgets are not gender neutral in their policy impact since men and women occupy different social and economic positions.

This section will offer a number of examples of gender responsive budget initiatives and link these to aspects of accountability discussed in the earlier part of the paper.

1. Comprehensiveness and Institutional Responsiveness

Comprehensiveness relates to the degree to which differently constituencies and stakeholders in a society are included in the making and implementation of budgetary policies. Applied gender budget analysis has provided an opportunity to inject women's voices at the highest levels of government decision-making such as Ministers of Finance, as well as at the level of households and local communities. However, **applied gender budget analysis is not simply a technical exercise but a more long-term process that**

requires government officials to think about the economy in new ways that include the unpaid sector where much of women's time and efforts are concentrated.

An examination of the extent to which women participate in budget decision-making is an important first step to greater accountability. For instance, the **Tanzania Gender Network Programme** (TGNP) has undertaken a gender budget initiative which noted that, "…the planning and budgeting processes were found to be top-down, non-participatory, and having male domination at the policy and decision making and technical level positions, instilled a biased outlook towards men's and largely excluding women's needs and aspirations for the development agenda." The Commonwealth Secretariat's Gender Budget Initiative, agreed upon at the 1996 meeting of Commonwealth Ministers Responsible for Women's Affairs, is one prominent example of an attempt to make governments more accountable to a wide variety of stakeholders. It strives to bring together government actors such as Ministers of Finance and Women's Affairs, who might not otherwise work together. This initiative builds on the lessons learned from the pioneering gender budget initiative launched inside the **Australian** government machinery in 1984 (see Box 9).

Box 9: Lessons Learned from the Gender Budgets Pioneer- Australia

Four core features of the Australian women's budget model can be identified. These features underpinned both its success and its limitations. Firstly, these federal and state women's budgets exercises became integral to the activities of the women's policy machinery established within government bureaucracies at the various levels from the early 1970s. Secondly, the exercises were constructed in the format of providing a comprehensive audit of the impact of government expenditure programs on women and girls. Thirdly, they were firmly linked to the mainstream budgetary process and budgetary policy and were intended to provide a means for extending women's influence over the sphere of economic policy. Finally, although introduced by social democratic governments with the intentions of advancing the status of women, they were invariably dominated by bureaucratic or 'mandarin' politics with groups outside of government only having a minor influence…

Women's budgets have generated a number of innovative ways to develop a more meaningful accountability process within agencies, which linked official policy with effective resource allocations and actual outcomes. For example, for a period the South Australian women's budget required government departments to develop their own internal indicators of progressive changes. Those women's budgets still in existence have developed other useful accountability processes in relation to particular pollicies. These include monitoring the representation of women on government boards and committees and developing indicators of government achievements in meeting women's needs as customers. .

Unfortunately, the election of reformist governments and the emergence of women's budgets in Australia both coincided with the end of the long boom and the demise of both fordism and the Keynesian welfare state. The successful contestation for state power and influence which had been possible in the period of economic growth and stability rapidly ended as the Australian economy entered a period of profound economic and political restructuring.

Rhonda Sharp and Ray Broomhill, Australia's Role in the Development of Gender-Sensitive Budgets, Presented at the UNDP/UNIFEM Workshop on Pro-Poor, Gender- and Environment-Sensitive Budgets, 28-30 June, 1999, New York.

The Australian Women's Budget clearly illustrates the limitations of such an initiative in a non-expansionary economic climate. The closure of those spaces within government where economic policies can be contested points to the importance of maintaining both inside and outside government exercises. The Australian initiative also highlights the importance of having the commitment of Ministries of Finance to such a process. The Commonwealth Secretariat's initiative aims to overcome some of the structural limitations of the Australian exercise and to bring gender-equality advocates directly in contact with key economic ministries and officials.

Box 10: The Commonwealth Secretariat Gender Budget Initiative

One of the features of the Commonwealth Secretariat's gender responsive budget initiative is the direct engagement and coordination of the programme by the Ministry of Finance (incorporating the budget department). The Commonwealth Secretariat's gender responsive budget initiatives in Barbados, the Fiji Islands, South Africa, Sri Lanka and St.Kitts and Nevis, were led by Ministers of Finance, which provided the most strategic way forward for the following reasons:

- The Ministry of Finance has the requisite technical expertise to implement this process within the government.
- For the gender responsive budget initative to be effective it has to be implemented within the context of the annual budget cycle.
- Within a framework of gender mainstreaming, the ministry/department responsible for the programme area, in this case the budget office, is encouraged to take the lead on the implementation of the programme.

…While the Ministry of Finance is best placed currently to implement the gender responsive budget initiative, its staff very often regard gender issues as the remit of social sector ministries. They also find difficulty in making the link between gender and economic policy issues. This uncertainty among finance officials is possibly the most significant factor in determining whether gender responsive budget initiatives become a sustainable process within governments.

Commonwealth Secretariat, Gender Responsive Budget Initiatives: A Report on Commonwealth Experiences, September 2001.

These conclusions are also underscored in the case of **India** where a preliminary attempt has been made to categorize the three types of expenditure – those specifically targeted to women, government equity and employment-based spending, general government expenditures – for the 2000-2001 Budget. In the end, such efforts are required, "…because the policy makers and the Finance Ministry need to realize that integration of gender in budgets is an economic issue rather than only a social issue (Senapaty, 2000)."

One strategy for gaining legitimacy with policy makers at the highest levels, has been developed by women working in the government of **Mauritius**. As a first step, they have undertaken a gender budget analysis of sectors where women have an "acceptable voice" – the Ministry of Education and the Ministry of Social Security, National Solidarity and Senior Citizen Welfare. Calls to generate gender-disaggregated data, training in gender based analysis and monitoring of results may lead to broader evaluation of economic policies in areas not traditionally associated with gender issues.

Another example of women having a voice at high levels of fiscal policy making comes from the **UK** Women's Budget Group. This group is composed of policy specialists, academics and activists representing a range of NGOs who are all outside of government. Until 1997 and the election of a Labour government, the group's role was largely one of commenting on the gender implications of the UK annual budget through press releases and background briefings for opposition parties. Since 1997, the WBG now has regular meetings with the Treasury in which they comment on both existing policies such as taxation, social security, transfers as well as raising issues of concern about future policy development. The WBG claims success in influencing policy in the area of taxation such as the decision by the government not to tax the child benefit. The success of the group rests on several conditions: 1. A group of policy experts have been available and interested in the gender dimensions of their area of expertise. 2. The government since 1997 has been sympathetic to the goal of gender equality and this meant it was open to new approaches to realizing this goal. 3. Other groups and constituencies – not normally associated with lobbying for women's issues – were supportive such as the confederation of small businesses. However, the group's character and role has also created some limitations: 1. Focusing on government makes the group's claims dependent on the good will of government. 2. The WBG is a small group with few resources, little public presence since most of their activities involve discussions with Treasury officials, and are only accountable to themselves (Himmelweit, 2000).

The UK initiative raises an important issue for greater comprehensiveness in fiscal policy making**. In order for women's voices to be heard at this level of decision making, they must have a degree of technical proficiency to engage in debates.** Many gender responsive budget initiatives have a strong training component to them that equips women in issues of economic literacy. There is often a key role for donors in sponsoring skill development workshops that build the capacity of a wide range of stakeholders to apply gender analysis to government budgets (for example, SIDA and Namibia). Developing capacities to review budgets with a gender perspective has been widely promoted by UNIFEM through a series of regional workshops in Latin America, the Caribbean, and the Southern Africa region (see unifem.org/gender_budgets). In addition, a series of manuals have been produced by governments and NGOs to facilitate the training of government officials and non-governmental organizations. Aside from the material produced by the Commonwealth Secretariat (which includes a manual on <u>How</u>

to Do a Gender Sensitive Budget Analysis plus a toolkit with "how to" information), a number of groups outside of government have produced popular materials directed at a wider audience of stakeholders.

The Forum for Women in Democracy in **Uganda** has published a popular version of the 1998/99 National Gender Budget: "We are interested in examining and showing how Uganda's budget meets the needs of poor women and men, girls and boys and to advocate for gender equity in resource allocations .We would like this publication to be read by as many people as possible especially those who would like to change the way public resources are allocated and utilized (Sharing the National Cake, 1999)." The Tanzania Gender Networking Programme has also produced 5000 copies of a popular booklet of findings of its gender budget exercise – Budgeting with a Gender Focus – which has been widely distributed to NGOs, MPs, planners, donor partners and regional organizations. In S**witzerland**, a number of popular publications sponsored by trade unions and NGOs have highlighted the impact of local budgets on men and women. They have been effective in illustrating the gender imbalances in employment in government. Recent applied gender budget analysis in **France** has examined expenditures in support of women entrepreneurs and advised increased targeting of funds.

The **South African Women's Budget Project** – an outside government initiative - has now published five volumes of applied gender budget analysis plus a popular version intended for a second-language English reader with 10 years education entitled, Money Matters; Women and the Government Budget (1998). Since 1999, workshop materials have been developed for an even wider audience of lower levels of education.

Box 11: The South African Women's Budget

South Africa has two gender responsive budget initiatives – one involves NGOs and parliamentarians, the other within government is led by the Ministry of Finance. These initiatives illustrate the different roles of inside and outside government exercises. For instance, the applied gender budget analysis internal to government is primarily for management and accountability: it involves government monitoring the impact of its fiscal policies and reporting its activities to parliament and civil society. The outside government initiative involves citizens in overseeing and critiquing the budget. In this sense, the civil society exercise is bringing the voices of those that are affected by fiscal policies but normally excluded from discussions of policy formulation, into the discussion. The outside government initiative is older – it has been underway since 1996 – and has served the dual purpose of spreading the concept of gender budget analysis and widening the expertise of those who can undertake such an analysis.

Both exercises have used the three categories of expenditure initially developed in Australia by Rhonda Sharp (see Box 8).

The most visible change resulting from the combination of the inside government and outside government initiatives in South Africa has been that government reviews of sectors now incorporate a gender-sensitive analysis. One result in terms of policy change has been an improved targeting of expenditures within each sector. For instance, the National Public Works Program undertook an evaluation in 1997 of its Community Based Public Works Program, which has a budget of about R 250 million out of the total R 350 million allocated to National Public Works. Of those employed on the projects, 41 per cent were women and 12 per cent were youths. While the figure for women is lower than the female proportion of the population in the rural areas in which the projects operate, it is almost certainly higher than would have been the case without explicit targeting. Unfortunately, the evaluation suggests that women were often assigned the more menial jobs, that their average wages were lower, that they were generally employed for shorter periods than men, and that they were less likely than men to receive training. 37 per cent of men who were employed received training, compared to 32 per cent of women. The evaluation results have formed the basis of the Department's current plans to fine-tune the program and further improve targeting.

…One of the primary aims of the Women' Budget Initiative is to empower parliamentarians to raise gender issues in relation to budgets. But deficiencies in gender analysis and information are not the only constraints to parliamentarians' ability to do so…At present parliamentarians have no power to amend budgets. The budget is presented on budget day and Parliament must either accept it as is, or reject it completely. Rejection is not really a feasible option in that by the time budgets are presented, the departments and agencies must almost immediately begin spending. In practice, in the debates on the budget votes most parliamentarians say very little about the budget. Instead they make general points about the sector concerned…As important as influencing budgets is Parliament's ability to oversee and monitor how departments spend their allocations...Third Women's Budget 1998.

This point highlights one of the limitations of a gender-sensitive budget initiative that is not placed within the Ministry of Finance or the department where budgets are drawn up. Nevertheless, ongoing gender responsive exercises do provide the basis for greater involvement of people in influencing spending and taxing decisions and monitoring their implementation. Parliamentarians on the other hand, can play a significant role in influencing officials to make changes before budgets are drawn up. Hence, the importance of "standing on two legs" – one inside and the other outside of parliament.

Source: Debbie Budlender, "The Political Economy of Women's Budgets in the South," World Development , Vol. 28, No.7, pp.1365-1378; UNIFEM, Progress of the World's Women, 2000.

2. Transparency –of what and for whom?

There is widespread agreement on the value of gender responsive budget initiatives in contributing to greater transparency and accountability. Greater budget transparency can help to identify the weaknesses and strengths of policies, can increase the legitimacy of governments and can create broader social alliances around difficult policy trade-offs. **A**

prerequisite of transparency in budget systems is access to information. For applied gender budget analysis, **an additional requirement is the availability of data on spending and revenues that is gender disaggregated.** Finally, a related question is transparency of what? For instance, the Singamma Sreenivasan Foundation in **Banagalore** has scrutinized one Municipality – Tumkur – and found that 99% of the budget is allocated to "committed works" leaving only 1% flexibility to local representatives. Hence, whilst local empowerment and municipal government have become increasingly important, the capacity of local government to shift spending priorities needs to be established.

In **Porto Alegre**, Brazil, a participatory budget initiative has been underway since 1989 and has been replicated in approximately 100 Brazilian towns with varying success. The broad goal is to increase transparency of decision-making by incorporating citizens in decisions about spending priorities rather than the total amounts that make up the budget. This may be one strategy for overcoming the fact that municipalities have limited resources which are earmarked for infrastructure.

Another widespread problem is the lack of gender-disaggregated information and benchmarks. In **Latin America** – where initiatives are underway in Mexico, Chile, Argentina, Bolivia, Equador, Peru –the absence of statistics broken down by sex and the lack of indicators that show a link between resources and beneficiaries, hampers applied gender budget analysis particularly at the municipal level (Vargas-Valente, 2001).

One key issue that links transparency to credibility of commitments is the limited ability of gender responsive budgets to provide quantifiable measures of improvements over time. In order to measure change in women's economic and social position, indicators of progressive change are required (see Box 12 on initiatives within the UN system). The introduction of a system of performance indicators is a vehicle for those inside government to assess what information is needed to monitor progress in achieving gender equality (UNIFEM, 2000, see chapter 3).

3. Credibility of commitments

Gender responsive budgeting has been developed as a tool by women to hold governments accountable for their commitments to women's rights, as outlined in the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW) and other international treaties and conference goals. This then is one aspect of credibility of commitments: **accountability of governments to the governed**. Another aspect, frequently debated in the economic literature on budgeting, involves **the credibility of government to markets**. Here there are many examples of how budgets can be manipulated by special interests such as industrial lobbyists or agricultural producers demanding subsidies in ways which distort the allocation of resources across sectors and therefore produce less meso efficiency. For example, the quality of the information transmitted to market participants becomes distorted and may undermine X-efficiency – decision-making at the level of the firm. Also, as public choice theory illustrates, special interests tend to inflate the budget which may impair the stated macro objectives of the government. It may well be the case that gender responsive and pro-poor budgets lead to more efficient outcomes at various levels of the economy by providing more accurate information on the impact of spending and revenue decisions. This can contribute to reducing gender inequality and patterns of unequal growth based on persistent gender gaps.

i. Gender equality commitments and the distribution, use and generation of public resources

The diversity of women's experiences, expectations and priorities makes it difficult to determine exactly what constitutes progress for women. Fortunately, human rights covenants beginning with the Universal Declaration of Human Rights (1948) and more recently, the Convention for the Elimination of All Forms of Discrimination Against Women (1979) as well as a series of international conventions and conferences have provided a basis for action (see Chapter 2, Progress of the World's Women). Many of the intergovernmental commitments to women's progress in the economy are a direct result of the pressure of NGOs alarmed by worsening conditions in the North and South. There has been recognition that governments need to be monitored to ensure their accountability to these commitments. At the same time, there is recognition that international, regional and national market forces undermine the ability of states to implement many of the policy commitments within these agreements. This is why women continue to work in the wider arenas for a voice in how macroeconomic decisions are made. UNIFEM is active for instance in including a gender perspective in the 2002 UN Conference on Financing for Development (see www.unifem.org/ffd).

In 1998, the city and County of **San Francisco** passed an ordinance to implement CEDAW at the local level. To monitor its commitments, the City commissioned a gender analysis in three areas: Service delivery; Employment practices; and, Budget allocations. The Review involved a three-step process:
Step 1: Gathering Gender Disaggregated Data and Reports
Step 2: Assessing the Differences between Women/Girls and Men/Boys
Step 3: Formulating Recommendations for Action
This process is still underway and has been undertaken in six departments so far. Several preliminary findings are: the need to simplify guidelines for undertaking an applied gender analysis; the importance of making revised budget guidelines part of the overall City budget process; disaggregation for data is a problem and may hamper analysis; the interpretation of the data varies from analyst to analyst (for example, who gets grants); and, new programs and departments seem to offer the most receptive entry point for such initiatives as they are in the process of setting up new data collection and evaluation mechanisms (www. ci.sf.ca.us/cosw).

In the **Philippines**, international commitments such as to the Beijing Platform for Action have been tied to the enactment of a national law – Women in Development and Nation Building Act (Republic Act 7192) – which requires the systematic mobilization of government resources in its annual budget toward meeting gender equality objectives. Since 1995, the implementation of the act has required all government agencies to allocate a minimum of 5 percent of their total budgets to programs and projects addressing women/gender concerns. One strength of this approach is that incentives are being provided to officials who comply with the GAD (Gender and Development) Budget Policy through performance contracts and budget reallocations. However, agencies remain unsure as to what should be counted as a GAD expenditure and currently, only about a third of 334 agencies are complying according. This suggests the need for a system of performance-based budgeting where funds will be withheld for non-compliance or fast-tracked for complying agencies.

Box 12: Gender Mainstreaming Through Budgets in the UN System

International public finance practices have gone hand-in-hand with the demand for more participatory budget processes. New public expenditure management has emphasized a focus on establishing clear objectives, expected accomplishments, and indicators to measure outcomes. This requires independent oversight by legislatures and civil society and greater transparency and more useful and timely data provision. The shift to results based planning and budgeting in many countries in recent years - including within the UN system - encourages officials to recognize the utility of disaggregating expenditure in terms of its impact on different groups in society -such as women and the poor - and requires the establishment of benchmarks and indicators to measure results. In monetary terms, bringing together policy goals and outcomes can result in a recognition that gender based analysis of budgets results in more efficient targeting of the needy and more equitable policies overall (Budlender, 2000).

In the case of the United Nations, a General Assembly resolution (GA 52/100) following the Beijing women's conference requested that efforts be made within the UN system to mainstream a gender perspective in all medium-term plans and programme budgets. A UN Task Force on Gender Mainstreaming in budgets was set up by the Office of the Special Adviser on Gender Issues in 1999 to develop tools for monitoring the progress toward mainstreaming a gender perspective in budgetary planning. An overview of 53 UN entities and in-depth case studies of ten entities, selected to be representative of the UN system have been undertaken so far. Some preliminary findings are:

- Most UN entities are making a greater contribution to gender equality than is reflected in their programme budgets.
- There is no clear understanding of what gender mainstreaming within budget processes means.
- There have been significant advances in gender mainstreaming in the programme budget, but considerable strengthening of capacity to formulate gender-sensitive expected accomplishments, objectives and indicators is needed.
- Oversight and accountability functions were found in general to be weak, and this is a central problem in terms of ensuring adequate attention to gender equality goals.

Capacity building involving the training of budget officers is one follow up to these findings. In addition, creating mechanisms within the various entities that bring budget planners, managers and gender focal points together is another goal.

Source: Mainstreaming Gender Perspectives in Programme Budget ProcessesWithin the United Nations SystemProjects One and Two Synthesis Report, Prepared byTony Beck, For theUN Interagency Meeting on Women and Gender Equality Taskforce on Gender Mainstreaming in Programme Budget Processes, June 2001.

Conclusions: Lessons learned for participatory budget initiatives

Some of the questions posed by this paper – many still to be answered as more participatory initiatives gain momentum – include the following: are gender responsive budget initiatives useful instruments for accountability? What types of accountability can they foster? How do they hold governments to account for international commitments and national decisions about resource allocation? What is necessary for accountability? Is there broader accountability beyond the gender budget initiative? What makes gender budget initiatives effective or not in terms of enhancing good governance (engendering decision making through increasing women's participation and engendering macro policies)? What is required for gender budget initiatives to contribute to the goal of good governance (strengthened capacity of governments to do gender analysis?

Having posed these questions, what conclusions can be drawn from the evidence presented in this chapter? Broader public accountability for fiscal policy in ways that are sensitive to the interests of poor women and men is a process still in its infancy. The same is true for gender responsive budgeting. However, some elements of what might constitute 'best practice' will probably have to include the following:

1. Participatory initiatives need to be comprehensive and address the various stages and dimensions of the making of macroeconomic policy generally, and fiscal and budget policies more specifically as macroeconomic decisions often constrain budget priorities in the direction of gender equality. This requires a recognition that there is a gender dimension to macroeconomic objectives (Elson and Cagatay, 2000).

2. Initiatives need to enhance popular and parliamentary participation in the scrutiny of budgets and their implementation. This requires user-friendly, gender-disaggregated information. The use of indicators developed by previous UNDP Human Development Reports and UNIFEM's Progress of the World' Women with respect to gender, poverty, social development and governance can provide useful points of leverage for civil society and a frame of reference for governments in tracking their international commitments.

3. Initiatives need to be linked not only to more equitable forms of representation, but also coupled to training programmes to diffuse expertise and to enhance the capacity for effective participation by those usually marginal to representative government.

Expanding the pool of those with economic literacy is vital for ensuring good economic governance. However, the representation and participation of people directly affected by different budget allocations is important in and of itself as a way to strengthen democracy.

4. Initiatives should be judged not only in terms of the gains that they might generate towards greater social and particularly gender equality, but also in terms of their contribution to economic efficiency and good governance. The criterion of economic efficiency is particularly important when the thrust of existing practice is toward greater fiscal restraint.

5. All of the above require a combination of initiatives, actions and binding commitments at both national and international levels to produce a more credible and consistent set of policies – a prerequisite for gaining the confidence of both market players and both present and future taxpayers.

Box 13: **Civil Society and Applied Budgeting**

Applied budget organizations may add value to budgets in seven ways. The primary value added in the drafting stage may be their ability to bring new information to the public debate on citizen priorities and, through training, building the capacity of communities to take part in this process. During the legislative stage, the contribution of applied budget organizations includes building budget literacy and training and analysis that brings pro-poor perspective to budget deliberations. This is the stage where the analytical skills of applied budget groups are most evident and where their ability to improve budgetary decision-making is maximized. During the implementation phase, budget groups may help to a limited extent in collating information on program impact. In addition to similar evaluation activities in the audit stage, applied budget groups may be able to play a bigger role in helping legislatures to monitor the impact of the official audit and in interpreting and disseminating the findings of the auditor-general.

Warren Krafchik, Can Civil Society Add Value to Budget Decision-making? A Description of Civil Society Budget work (www.internationalbudget.org).

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