

SESSION 1: UNDERSTANDING THE ECONOMICS AND POLITICS OF GAD BUDGETING

Module 1: Factors Underlying Local Gender
Budgeting

Outline

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- Economics of Budgets – Public Finance
- Politics of Budgets
- Gender Budgeting

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Economics of Budgets

Public Finance and Budgets

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- Public finance: taxation (raising of revenues) and expenditures in the course of performing its duties per LGC
- Balanced budget: government expenditures are limited to government revenues (IRA, LGU incomes and taxes collected)
- In some LGUs, financing of deficit through loans

LGU Revenues

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- Internal revenue allotment (IRA), set by DBM
- Taxes as main source of government revenues
 - ▣ Types of taxes: direct and indirect
 - ▣ Income taxes (personal and corporate): equitable?
 - ▣ Sales taxes, VAT and other users' fees: regressive
- Non-tax revenues: rentals, concessions, sales of public lands and resources
- BUB/NGA funds allotted to the LGU

LGU Expenditures

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- Main categories: Personal Services (PS), Capital Outlay (CO), Maintenance and Other Operating Expenses (MOOE)
- Priorities: how much to spend on what
- Process: how priorities are set, by whom, for whom
 - ▣ Bureaucratic discretion; DBM-set caps for PS and required EDF
 - ▣ Consultation, participative processes
 - ▣ Political debates?

Macro Context of LGU Budgeting

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- Anti-cyclical: In times of recessions: tax cuts, increased government expenditures, and deficits
- Pro-cyclical: balanced budget even in the face of recession, that is, reduce spending, increase taxation even when there is little spending to fuel the economy

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Politics and Governance of Budgets

Aspects of Budget Process

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- **Political process:** advocacy, lobbying and negotiations; recognition of the importance of public resource **allocations** for gender equality
- **Technical process:** policies, instructions, competencies
- As part of process of change towards good, and **gender-responsive governance**
 - ▣ Inclusiveness, participation, transparency and accountability
 - ▣ Articulation of the budget rationale, living it to MCW

Budgeting as a political process

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- Who holds power or influence within the budgeting process
 - ▣ Related to elective positions and/or non-elective economic decision-making
 - ▣ Related to dominant gender-related norms and values that have found themselves into operating procedures and practice—influencing who gets what and how much (resources, information)
- How far can negotiations go?
 - ▣ unequal power relations
 - ▣ Proximity to decision-making process
 - ▣ Norms and values explicitly or implicitly expressed in statements of purpose, priorities, etc.

Budgeting as a technocratic process

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- Focuses on procedural measures and required transparency in technical analysis to support budget priorities
- In the context of gender budgeting, involves policies and instructions to guide GAD planning and budgeting
- Requires capacities and competencies to execute the instructions or procedural measures

Budgeting as part of good governance

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- Transparency: system of budget information that allows for both officials and the public to examine what actually happens to the money; promotes accountability
 - ▣ Full Disclosure Policy and Transparency Boards in LGUs
- Accountability—accountable to whom?

Understanding the budget process

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Related to:

- The processes of policy and planning (how policies are formulated and chosen; how plans proceed and foci established)
- Political processes that shape the allocation of resources to different institutions
- Policies and revenue issues, and efficiency and effectiveness in the use of funds (institutional cultures)
- Issues during budget execution, as allocations do not necessarily mean spending, and spending as designed

Gender budget

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- Not a separate budget for women
- Initiative to make the government budget responsive to gender equality or equity concerns
- Often related to budgeting reforms that link the budget to outcomes (results) and the ways to achieve these results (outputs)
- Engages the budgeting process of the State
 - ▣ Initiatives to create an opportunity (or a ‘space’) for public debate and social dialogue on the effects of the budget on women, esp. subpopulations of women living in poverty
 - ▣ Address issues of women’s participation (women’s voice and ‘a seat in the table’) in the budget process

The LGU Budget Process

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Priority Setting (ELA; AIP)



Budget Preparation (Executive Budget)



Budget Authorization and Review (SB/SP)



Budget Execution (LCE and departments)



Budget Accountability (LCE and departments)

Opportunities for influencing the LGU budgeting process

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Budget process	What can be done
Setting of the LGU priorities	Influencing the ELA preparation, the updating of the CDP, and AIP preparation
Budget calls and budget preparation; budget hearings	<ul style="list-style-type: none">• CSO/WGs prepare their Women's or GAD Agenda on which to base its discussions or dialogue with particular departments of the LGU• Influencing the statements and contents of the Executive Budget, including the GPB
Budget authorization and review	Creation of allies within the Finance Committee and the SB Committees
Budget execution	Budget watch to ensure that GAD budget allocations or attributions are spent as planned
Budget accountability	Review GAD accomplishment report prepared by LGU; analyze how LGU budget, as spent, has helped localize the MCW

Analysis of the Case of the Bicol LGU

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- Who are the power-holders or influential figures in the budgeting process?
- What were the rules affecting the GAD planning and budgeting process?
- How successful have non-LGU stakeholders in influencing the LGU budgeting and gender budgeting processes? What contributed to their success? To their eventual loss of influence?
- How did LGU bureaucrats influence the different levels of the budget preparation and execution processes?
- What were the norms and values prevailing in key institutions/offices within the budget formulation and execution process? How did these affect the gender budget?