

Parliaments and the Paris Declaration

As links between citizens and their states, Parliaments are crucial to accountability chains worldwide: they are mandated and constitutionally positioned to demand and ensure accountability on behalf of citizens. The Paris Declaration on Aid Effectiveness is a well-intentioned and ambitious agreement to reform aid delivery. Reforming aid delivery, among other things, calls for mutual accountability on the part of donors and recipients. And, as a 2006 Monitoring survey carried out by the OECD-DAC clearly recognized, Parliaments are keys to turning principles of aid effectiveness into practice.

Yet, Parliamentarians, who sit at the centre of all discussions on accountability, have been left out of deliberations related to the Paris Declaration. Parliaments have not been systematically engaged, neither in the North nor in the South. MPs in developing countries, in particular, have minimal knowledge of this important agenda. Given this lack of knowledge, the Declaration has meant little to the very institutions that have the legitimacy to help get aid delivery right.

We, at the Parliamentary Centre, believe that given what Parliaments could do to improve aid effectiveness, donor countries should, as a matter of urgency, begin to engage Parliaments in all discussions related to the Paris Declaration. We also urge donors to recognize that Parliaments are working institutions which lack human and financial capacity, and to make their empowerment part of the broader discussion. At the same time, we urge developing-country Parliaments to be proactive, assert themselves and engage donors and donor-country Parliaments to achieve results.

In September 2008, a High Level Forum (HLF) will take place in Accra, Ghana. The HLF, a mid-term review of the Paris Declaration, is aimed at taking stock and planning for the future. At that Forum, we believe strongly that Parliaments should have a voice in making those future plans. It is only through such inclusion that the citizens they represent will know that the principle of ownership, as advocated in the Declaration, is worth more than the paper on which it was first written.



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The African Parliamentary Poverty Reduction Network brings together parliamentary committees involved in the design, implementation and oversight of poverty reduction policies. The Network promotes greater cross-Africa dialogue among committees and creates opportunities for improving effective implementation of Poverty Reduction Programs, particularly through local monitoring with community-based civil society groups.



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The road to increasing the effectiveness of aid: the Paris Declaration

By Petra Andersson, Program Officer Africa, PC Ottawa

In the late 1990s some donors and aid agencies started to realise that their many different approaches and requirements resulted in great costs for the aid recipients. **The Millennium Declaration** and the **Millennium Development Goals (MDGs)** put the need for increased aid effectiveness even more in focus. It was realised that in order to live up to the commitments made and to achieve the MDGs, they would not only need to increase resources, but aid effectiveness would also need to increase significantly through support to partner countries' efforts to strengthen governance and improve their development performance. Therefore they slowly started working together, as well as with the partner countries, to try and harmonize their requirements and approaches.

In 2002 the **International Conference on Financing for Development** was hosted by the United Nations in Monterrey, Mexico. Heads of State or Governments for 50 countries came together with over 200 ministers, leaders from the private sector and civil society as well as senior officials of all the major intergovernmental financial, trade, economic, and monetary organizations. It was the first time governments, civil society, the business community and the institutional stakeholders exchanged of views on such global economic and developmental issues. (1)

The first **High-Level Forum (HLF)** was held the following year in Rome, where donor and partner countries came together with leaders of the major multilateral development banks and international and bilateral organizations. They committed to take action to improve the management and effectiveness of aid and to take stock of concrete progress, before meeting again in early 2005.

They agreed on an ambitious program of activities set out in the **Rome Declaration on Harmonization (2)**:

- *Ensure that harmonization efforts are adapted to the country context, and that donor assistance is aligned with the development recipient's priorities.*
- *Expand country-led efforts to streamline donor procedures and practices.*
- *Review and identify ways to adapt institutions' and countries' policies, procedures, and practices to facilitate harmonization.*
- *Implement the good practices principles and standards formulated by the development community as the foundation*

The international community met again at the Paris High-Level Forum in early 2005. The meeting was attended by development officials and ministers from 91 countries, 26 donor organizations and partner countries, representatives of civil society organizations and the private sector. The goal was to assess the progress made since the Rome HLF and identify areas where further attention and work was needed to increase aid effectiveness. Leading up to the meeting, several regional workshops had been taking place in Asia, Latin America, Central Asia, Africa and the Middle East, which brought together regional representatives from the development community to exchange experiences and to form partnerships as well as to feed into the discussions during the Paris HLF. The Forum itself was divided into a Ministerial-Forum and an

Implementation-Forum.

The Paris Declaration on Aid Effectiveness (3) was endorsed by the participants at the HLF on March 2, 2005. The international community hereby reached a consensus on specific actions that would reform aid delivery and management in order to improve the effectiveness and results of aid funds.

The Paris Declaration is based on five mutually reinforcing principles and also includes 56 commitments by donor and partner countries which aim to improve the quality of aid (some examples follow below):

- **Ownership:** Partner countries commit to exercise effective leadership over their development policies and strategies, and coordinate development actions. Donor countries commit to respect partner country leadership and help strengthen their capacity to exercise it.
- **Alignment:** Donors commit to base their overall support on partner countries' national development strategies, institutions, and procedures, as well as to strengthen the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Partner countries commit to carry out assessments of country systems and procedures and undertake any necessary reforms of national systems, institutions and procedures for managing aid to ensure that they are effective, accountable and transparent.
- **Harmonization:** Donors commit to making their actions more harmonized, transparent, and collectively effective. Partner countries commit to encouraging broad participation of a range of national actors in setting development priorities.
- **Managing for results:** Donors commit to harmonize their monitoring reporting requirements and to use the results-oriented reporting and monitoring frameworks of the partner countries as far as possible. Partner countries commit to strengthen the linkages between national development strategies and annual and multi-annual budget processes, as well as to monitor progress against key dimensions of the national and sector development strategies.
- **Mutual accountability:** Donors commit to provide timely, transparent and comprehensive information on aid flows so that partner countries can present comprehensive budget reports to their legislatures and citizens. Partner countries commit to strengthen the parliamentary role in national development strategies and/or budgets, as well as involving a broad range of development partners when national development strategies are formulated and assessed. Together they commit to jointly assess the progress made in implementing the agreed commitments on aid effectiveness and Partner Commitments.

In order to be able to measure and assess progress, the Paris Declaration sets out 12 indicators, of which 11 have specific targets for the year 2010, which are to be measured nationally and monitored internationally (see next page).



OWNERSHIP		TARGET FOR 2010	
1	Partners have operational development strategies - Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.	
ALIGNMENT		TARGET FOR 2010	
2	Reliable country systems - Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	(a) Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/CPIA (Country Policy and Institutional Assessment) scale of performance. (b) One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.	
3	Aid flows are aligned on national priorities - Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap - halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).	
4	Strengthen capacity by coordinated support - Percent of donor capacity-development support provided through coordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through coordinated programmes consistent with national development strategies.	
5a	Use of country public financial management systems - Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS	
		Score	Target
		5+	All donors use partner countries' PFM systems.
		3.5 to 4.5	90% of donors use partner countries' PFM systems.
		PERCENT OF AID FLOWS	
		Score	Target
5+	A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.		
3.5 to 4.5	A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
5b	Use of country procurement systems - Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS	
		Score	Target
		A	All donors use partner countries' procurement systems.
		B	90% of donors use partner countries' procurement systems.
		PERCENT OF AID FLOWS	
		Score	Target
A	A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.		
B	A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.		
6	Strengthen capacity by avoiding parallel implementation structures - Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).	
7	Aid is more predictable - Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap - halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.	
8	Aid is untied - Percent of bilateral aid that is untied.	Continued progress over time.	
HARMONISATION		TARGET FOR 2010	
9	Use of common arrangements or procedures - Percent of aid provided as programme-based approaches	66% of aid flows are provided in the context of programme-based approaches.	
10	Encourage shared analysis - Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint.	
		(b) 66% of country analytic work is joint.	
MANAGING FOR RESULTS		TARGET FOR 2010	
11	Results-oriented frameworks - Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third - Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.	
MUTUAL ACCOUNTABILITY		TARGET FOR 2010	
12	Mutual accountability - Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.	

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A first round of monitoring was conducted by OECD-DAC in 2006 to assess what progress had been made so far, as well identify areas for improvement and provide recommendations on how to intensify efforts to reach the common goals set out in the Paris Declaration. The survey covered 34 partner countries with data from 60 donors. (4) The survey showed that the Paris Declaration has stimulated important dialogue at country level on how to improve aid and make it more effective. It also showed implementation activities have taken place in over 60 countries. However, in half of the developing countries that endorsed the Paris Declaration, both partners and donors have a long way to meet the commitments they have undertaken.

For aid to be effective, it is important that it supports the country's own development efforts and policies. A key recommendation from the survey was therefore that **partner countries need to deepen their ownership of the development process** by engaging their citizens and parliaments more fully in planning and assessing their development policies and programmes. However, the survey showed that only 17% of the participating partner countries met the criteria for a fully operational development strategy. Even fewer countries, only 7%, achieved good practice in using performance assessment frameworks to monitor and manage necessary improvements in the quality of their development programmes. A key factor to improve this situation is for governments to **use their respective national budget to support policy priorities**. The **budget also needs to be linked to functioning performance assessments frameworks** that systematically assess the implementation of the development strategies and feed data back into strategy updates. Efforts to link their plans much more closely to their budget and results frameworks should also increase. Donors can also support this process by **aligning their programmes with country priorities and to make better use of partners' national budgets**.

The survey also identified a great **need to improve the transparency and accountability on the use of development resources**, as there is sizable discrepancies between the funds distributed by donors and the information recorded in the budget estimates. One underlying problem that compromises the ability of the budget to serve as a full and accurate record of donor financial contribution is difficulties by budget authorities to capture information on donor disbursement intentions. Low aid predictability is another problem that contributes, which makes it difficult for budget authorities to make realistic estimates of shortfalls. To increase predictability of aid flows, **donors need to share timely and accurate information on intended and actual disbursements with budget authorities**. The survey suggests that budget support provided within a multi-year framework can increase aid predictability compared to financing tied to specific projects. One recommendation of the Paris Declaration is also to untie official development assistance to the least developed countries.

Capacity development is considered critical in the Paris Declaration to improve development results, as well as achieving the goals of ownership, aid alignment and mutual accountability. It is very important that the **partner countries take the lead in determining priority programmes of capacity development**, especially those needed to improve country systems. **Donors can help by better coordinating their technical assistance with country priorities and fully involving partners when commissioning technical assistance**. Challenges so far has been that the partner countries have not exercised effective leadership or provided a specific strategic vision for capacity development. There also exists a lack of consensus on what should count as coordination as well as what constitutes government leadership and hence the expectations donors and

partner countries have of each other needs to be discussed and possibly reviewed.

If donors **harmonize their actions by adopting simple and transparent common procedures**, for example using common arrangements within programme-based approaches (PBAs), conducting joint missions and sharing analysis, **aid effectiveness will likely be enhanced and costs for delivering and managing aid reduced**. The survey suggest that many donors are already channeling their aid to a government sector through PBAs, but the development and adoption of common procedures with other donors still needs to be improved. The survey also showed that the number of joint or coordinated missions remain very low with an average of 18% across the participating countries. While the total number of missions remain quite high, this has forced several African countries to declare mission-free or "quiet" periods. However, the survey also suggests that there is a greater tendency to undertake joint activities in country analytical work and in preparing joint assistance strategies, but greater efforts by donors are required in both areas for the targets to be met. The survey recommends that donors should give special attention to enhancing complementarity and rationalising the division of labour; increasing use of local harmonisation and alignment action plans; increasing use of programme-based approaches; expanding reliance on delegated co-operation and other innovative approaches; reducing the number of project implementation units and better integrating them into ministries; and increasing efforts on untying as encouraged by the DAC recommendation.

Donors and partner countries have committed to work together to manage resources for the achievement of development results and to use the information on results to improve decision making. The survey recommends that **partner countries and donors should make greater use of performance assessment frameworks and more cost-effective results-oriented reporting**. This will also require donors to invest further in capacity development and increase their use of country results reporting systems.

The survey showed that only a minority of the surveyed countries had a mechanism for mutual review of progress on aid effectiveness commitments in place. The survey recommends that they should work together to **clearly define a mutual action agenda and discuss aid effectiveness progress and development results more explicitly at country level** by using country dialogue mechanisms (*e.g.* revamped Consultative Group and round table meetings) and developing credible monitoring mechanisms where needed.

A second survey was just conducted in 56 countries, which will provide important information on tangible improvements in the way aid is delivered in the participating countries as well as contribute to the assessment of progress at the Third High-Level Forum taking place in Accra, Ghana September 2-4, 2008. More information about this meeting and some of the key issues will be featured in the next APRN Newsletter.

Sources:

1. <http://www.un.org/esa/ffd/ffdconf/>
2. <http://www.aidharmonization.org/secondary-pages/editable?key=106>
3. Paris Declaration on Aid Effectiveness - www.aidharmonization.org/ah-overview/secondary-pages/editable?key=205
4. www.oecd.org/document/20/0,3343,en_21571361_39494699_38521876_1_1_1_1,00.html



Parliaments, Aid Effectiveness and the Paris Declaration

By Dr. Anthony Tsekpo, Budget Expert, PC Ghana

In March 2005, the OECD-hosted High Level Forum made up of representatives of nearly 100 partner governments, bilateral and multilateral donor agencies, regional development banks, and international agencies. The meeting produced the Paris Declaration on aid effectiveness with the ultimate aim of strengthening governance and improving development performance. The declaration seeks to enhance the effectiveness of aid by improving the way it is delivered, implemented and managed (OECD, 2005). With donors pledging to increase the quantity of aid, it is imperative that effective application of resources should be the pre-occupation of all stakeholders in the development forum. For countries where aid constitutes a substantial share of available resources for development, the maximization of its effectiveness is particularly important.⁽¹⁾

Under the Paris Declaration, donors and recipients of aid are committed to working together to enhance its effectiveness. Progress towards the commitments made is monitored through a series of quantitative indicators and qualitative assessments, with results reported regularly (OECD, 2007). In September 2008, the High Level Forum will reconvene in Accra, Ghana to take stock of progress and address the main challenges in implementing the Paris Declaration.

The Paris Declaration makes it clear that effective partnerships between aid donors and aid recipients are a prerequisite for aid effectiveness. Five key principles of aid effectiveness spelt out in the Declaration include ownership, alignment, harmonisation, managing for results and mutual accountability.

For Parliaments, the question is, how relevant is the Declaration for the effective performance of their functions? How informed are MPs about the objectives and targets of the Paris Declaration? Can Parliament arrogate to itself a major role in the effective implementation of the Declaration? These questions will be explored in the subsequent paragraphs.

1. Ownership

The principle of ownership is the centrepiece of the Paris Declaration on aid effectiveness. The role of Parliaments in ensuring country ownership is critical. The Paris Declaration calls for partner countries (developing countries) to exercise effective leadership over the development and implementation of their respective development policies and strategies. By endorsing the declaration, they commit to make sure that **national development strategies are formulated through broad consultative processes and translated into prioritised, results-oriented and operational programmes, expressed in medium-term expenditure frameworks (MTEFs) and annual budgets**. It is therefore crucial for Parliaments in partner countries to be fully engaged in planning and assessing national development policies and programmes, including PRSPs, as well as in the budget process, to increase a broad-based country ownership. Parliaments also have an important role to play in holding their governments to their commitment to increasingly use the budget as a tool to support agreed policy priorities stated in MTEFs and PRSPs. Parliament's oversight function provides an entry point for MPs to exercise effective oversight over the implementation of the principles of the Paris Declaration. By this, they would be able to streamline systems and strategies for national development, where the interests of their constituents will be adequately represented.

2. Alignment

Closely associated the principle of ownership is alignment under which **donors undertake to base their overall support on partner countries' national development strategies, institutions and procedures**. Once it is ascertained that partner country **systems for public financial management** are adequate, donors are committed to using them as channels for the delivery of aid. Partner countries and donors are committed to **working together to improve poor and non-performing national strategies, institutions and procurement systems, including frameworks that can provide reliable assessments of performance, transparency and accountability of country systems**. In this respect Parliaments will have to sharpen their legislative role to enact supportive legislation towards the reform of public financial management systems. By their action, Parliaments can prop up partner countries commitment to strengthening their development capacity and thereby stimulate appropriate response from donors as per the Paris Declaration.

Donors also commit to **increase aid predictability** by using multi-year frameworks and disbursing aid in a timely fashion. Partner countries on their part commit to providing timely, transparent and reliable reporting on budget execution. However, there is still a **large discrepancy between the disbursement of aid and what is reflected in national budgets** in many partner countries, which makes it difficult for Parliaments to get a full view of the aid flow and reduces their ability to scrutinize government policies on development. With predictable resource flows and effective oversight Parliamentarians can make better job of representation and improve allocation of resources to their constituencies.

3. Harmonisation

The third Paris Principle is the **harmonization of donors' actions towards transparent and collective and cost effective programming of aid**. To put this principle into practice, donors are committed to **implementing common arrangements and to simplifying procedures**. This should include the implementation of previously agreed action plans, the establishment of common arrangements for planning, funding, disbursement, monitoring, evaluation and reporting to government on donor activities and aid flows. In addition, donors pledge coordination between their field offices to reduce the number of separate duplicative field visits and diagnostic reviews. Donors, under the guidance of partner countries, are also committed to working together in a more complementary manner and to a more effective division of labour. This is expected to reduce transactions costs of aid. Donors and partner countries are also committed to reforms which will strengthen internal organisational incentives as well as lead to harmonization, alignment and to results. In this aspect, **partner countries commit to encourage a broad participation of national actors in setting development priorities**. Parliaments must be interested in this principle as it generates predictability of resource flows while minimizing unnecessary reporting demands. Parliaments can play a role in ensuring that this principle is lived up to in their relations with various donors. They can also advocate for greater involvement and insight in the setting of national development priorities.

4. Managing for results

Managing aid for results requires that **resource management is driven by a focus on results and uses information that improves decision-making**. Under this principle, donors have committed to **rely on partners' in performance assessment frameworks**, and where this is not possible, to work together with partners to strengthen country capacities for results-based management. Partner countries are committed to **strengthen the linkages between national development strategies and budget processes as well as to establish results-oriented reporting and assessment**

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frameworks. Parliaments have an important role to play to influence governments in this process to ensure that a participatory approach is used, where Parliaments will be active in both the budget process and the monitoring of progress. By improving the management of how aid is implemented and making it more results-oriented will also benefit Parliaments, as MPs obtain direct evidence that enables them report back to the constituencies they represent on progress made with respect to program delivery.

5. Mutual accountability

Accountability and transparency is expected to enhance aid effectiveness as well as to strengthen public support for national policies and development assistance. Mutual Accountability, the fifth of the Paris Principles, means that **donors and partners are both accountable, in a transparent manner, for development results to their respective parliaments and ultimately the taxpayer.** This requires donors to provide timely, transparent and comprehensive information on aid flows and to assess jointly with partner countries the progress on implementing agreed commitments on aid effectiveness, including those set out in the Paris Declaration.

By endorsing the Paris Declaration, partner countries have committed to **strengthening the role of Parliaments, as appropriate, in national development strategies and/or budgets, as well as to systematically involve a broad range of development partners when formulating and assessing progress in the implementation of development strategies.** By strengthening the role of Parliaments in the budget process, the accountability of aid will also be increased. Mutual accountability as emphasized in the Paris Declaration should also enhance MPs capacity to give feedback to their constituencies. Therefore, it will be in the interest of parliaments to promote mutual accountability between government and donors.

The New Aid Architecture

The current move towards general budget support is consistent with the principles of the Paris Declaration as it throws more grant information into the budget-proposals to Parliaments. However, Parliaments can only make the maximum use of the additional information if they improve their understanding of the entire budget process. Parliaments can maximise the benefits of the Paris principles if the capacity of Parliamentary Staff is enhanced. As members of an independent, non-partisan institution, parliamentary staff provide invaluable service to MPs in their oversight, legislative and representative functions. To further the objectives of the Paris principles Parliaments must contribute to building domestic accountability in developing countries, including for the effective use of aid.

Even though Parliaments' role in the implementation and monitoring of the Paris Declaration has been marginal to date, parliaments in both the north and South can and should assert their authority in respect of the exercising oversight over the effective implementation of the Paris Declaration.

Notes:

1. The 2006 Monitoring Survey of the Paris Declaration reports that for Cambodia aid constitutes 8% of GDP, for both Ghana and Tanzania aid makes up 16% of Gross National Income, and for Uganda aid makes up 17.3% of Gross National Income.

Training on Budgetary Oversight

By Petra Andersson, Program Officer Africa

With support from the Austrian Development Agency, the Parliamentary Centre (PC) organized its third training workshop for Anglophone countries on the theme **"Parliaments and Financial Oversight: Tools and Mechanisms for Optimum Government Budget Analysis"**. This training aims to strengthen the capacity of parliamentarians to perform their financial oversight functions, and to equip them with tools with which to analyze government budgets particularly identifying pro-poor and gender equity programs.

The training program was held at the newly inaugurated Training and Resource Unit of the PC in Accra, Ghana March 3-7, 2008. It brought together Members of Parliament and parliamentary staff with a particular interest in furthering their knowledge in the area of budgetary oversight from Nigeria, Malawi, Tanzania, Sudan and Uganda. Of the 17 participants, five or 29% were female. However, the PC strives to create a gender balance between the participants, and therefore hopes to increase the number of female participants in the future.



Participants from Malawi, Nigeria, Sudan, Tanzania and Uganda, as well as representatives from PC and WBI during the March 2008 training

An important element of this training is to make it as interactive as possible and to allow for sharing of knowledge and best practices between the participants. Therefore, it was delivered as a combination of presentations, discussions and group work, as well as a field visit. There were six presentations on the following topics:

- **Understanding National Budgets**
- **Role of Parliamentarians in the Budget Process**
- **The Role of Legislative Budget Offices**
- **National Budgets and the Millennium Development Goals (MDGs)**
- **Analyzing Government Budget Statements: How Pro-Poor Should a Budget Be?**
- **Analyzing Gender Equity in Budget Statements: Key Issues**

The training modules were presented by Dr. Rasheed Draman, Director Africa Program, Issifu Lampo, Budget and Governance Advisor, and Marilyn Aniwa, In-country Coordinator and Gender expert. The module on *the Role of Legislative Budget Offices* was new to the program. It was presented by Mitchell O'Brien of the World Bank Institute (WBI), who participated in the full week of training as part of an on-going collaboration



between PC and WBI. Practical group work followed each presentation, which had been carefully tailored to address the presentations made. The participants were divided into two groups where all countries were represented. The budgets from Ghana and South Africa were used to allow for a practical use and analysis during the group works. The specific themes were:

- Principles of Good Budgeting;
- The Budget as an Economic, Political and Legal Tool;
- The Functions of and the Role Parliament in the Different Stages of the Budget Process;
- How the Budget is linked to the MDGs and if the Budget is used as a tool to achieve the MDGs;
- Pro-Poor Policy Initiatives in National Budgets; and
- Gender Consideration in the Budget.

The participants showed true dedication during discussions and presentations. It was expressed that these practical exercises linked directly to the presentations made, as well as the opportunity to share experiences from their respective countries during these group discussions, added great value and increased the ability to understand the various aspects of the budget process.

Part of the Program was also a scheduled visit to the Parliament of Ghana. The participants received a presentation about the history of the Ghanaian Parliament, its composition and some of the parliamentary procedures. The Parliament was not sitting during the visit, but the Chief Whip of the governing party NPP, Hon. Okerchiri, Kwabenea, was present during the presentation with enabled the participants to get direct answers to their questions from a fellow MP.

March 6th was Independence Day in Ghana and no training activities took place that day. The participants were instead invited to partake in the celebrations at Independence Square, followed by a garden party at President John Kofi Agyekum Kufuor's statehouse. The delegation was also fortunate to meet former President Kwame Nkrumah's daughter Samia Nkrumah, who also joined them at the memorial site of her father for a photo opportunity.



The participants and Samia Nkrumah at the Kwame Nkrumah Memorial Park

order to give a practical meaning to the theoretical issues of tracking expenditure in national budgets, as well as to gain a better appreciation and understanding of how accountability and oversight issues in the budget process could be addressed, a field visit was arranged. This time the participants visited Ridge Hospital, one of the main hospitals catering for patients in the Greater Accra Area, to learn first-hand the lessons being learnt and challenges faced in implementing a key government pro-poor policy aimed at providing access to quality health care.

The National Health Insurance Scheme (NHIS) was established by an act of Parliament in Ghana September 2003. By this act, the District Mutual Health Insurance Schemes (DMHIS) were set up to provide health insurance services to members who subscribe to the health care benefit package. The scheme managers work with accredited health facilities to provide health services to their members. Claims of service providers are reimbursed through the submission of claims and the claims management body is responsible for the timely processing of claims. By the close of December, 2007 Ridge Hospital received 52, 789 insured clients.

The key issues highlighted during the discussion were *the drug list, criteria for subscription, insurance coverage and issues related with processing claims*. All public servants who contribute to the Social Security and National Insurance Trust (SSNIT) are subscribers to the NHIS. 2.5 % of their SSNIT contribution is automatically deducted and paid into the NHIS fund. People in private businesses who have not taken any other personal health insurance cover are required to pay a minimum premium of GH¢ 75.00. However, people who have no means of earning an income, referred to as *very poor* in the policy document, are exempted from premium payment. The criteria for determining who is poor generated lively discussion among the participants. They were also surprised to see that common drugs for diseases such as malaria and hypertension are excluded, but were impressed to learn that the insurance package catered for people suffering from HIV/AIDS. They were informed that the programme still experiences some challenges, especially regarding the processing of service providers' claims. Notwithstanding these problems, MPs expressed that the Ghanaian model of the NHIS could and should be used as a best practice and replicated in other African countries.

An important focus of this training was to give the participants tools to analyse the budget from a gender perspective. This issue of the APRN Newsletter therefore features an article written by Marilyn Aniwa which covers some of the key issues in gender budgeting, and explains why it is important for Parliaments to take in consideration the different impacts the budget can have on men, women, boys and girls. It also features examples of some countries that currently have adopted gender responsive budgeting.

For more information on this training, please visit www.aprnetwork.org



Analysing Gender Equity in Budget Statements

By Marilyn Aniwa, In-Country Coordinator, PC Ghana

One of the development issues that have gained currency in the evolving democratic governance in the developing world is gender. Gender issues have had their historical antecedents in the 1948 Universal Declaration of Human Rights which prohibits discrimination on the basis of sex. This was re-echoed in 1979 when the United Nations General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The Millennium Declaration, an unprecedented demonstration of political will by the international community reached in 2000 by 189 member States of the United Nations reinforced the importance of gender equality in promoting development. Through the Declaration, Member States committed themselves “to combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

Similarly the United Nations Fourth World Conference on Women in Beijing in 1995, known as the Platform for Action, was an agenda for women's empowerment. The conference aimed at speeding up the implementation of the Nairobi Forward-looking Strategies for the Advancement of Women and at removing all the obstacles to women's active participation in all spheres of public and private life through a full and equal share in economic, social, cultural and political decision-making.

The United Nations Millennium Development Goals (MDGs) adopted in September 2000 also incorporates issues of gender. Goal 3 focuses on promoting gender equality and empowering women specifically the elimination of gender disparity in primary and secondary education. Goal 5 aims at improving maternal health and the target is to reduce by three quarters the maternal mortality rate.

The Millennium Declaration further recognises the importance of promoting gender equality and women's empowerment as an effective pathway for combating poverty, hunger and disease and for stimulating truly sustainable development. The Millennium Taskforce on Poverty and Economy has noted that “one of the greatest barriers to human capital transition is the denial of basic human rights to a significant part of the population and this applies broadly to women.

In response to the above, parliamentary democracy has come to embrace and give special importance to gender issues – in most parliaments there is a committee which deals specifically with gender related issues or in combination with other key development issues such as education, children etc. It is therefore imperative that parliamentarians are conversant with what gender challenges there are, how they are addressed in national budgets so that useful and meaningful contributions will be brought to bear in order to shape such policies. In the following, a discussion of issues such as: gender considerations in national budgets, issues of gender budgeting and the role of parliaments in gender budgeting and the challenges that confront parliaments in exercising oversight in the implementation of gender issues will be outlined and discussed.

It has been noted that if budgets fail to take account of the different roles, capabilities and needs of women and men, such budgets can reinforce existing inequalities. The purpose of bringing a gender perspective to budgets and economic policies is to address the needs of women and men, boys and girls of different backgrounds equitably and to close any social and economic gaps that exist between them.

National Budgets and Gender Issues

National budgets encompass all issues of national priority and concern and

there is no separate budget statement devoted to gender or to women issues. Budgets are not neutral instruments. The strategic and policy orientations underpinning them do not reflect interests and concerns based on gender. Engendering the budget is the best means of meeting the aspirations and needs of the majority of men and women, boys and girls.

Additionally, it is perceived that the budget as an instrument for allocating resources in a society is perhaps the most effective mechanisms that can be employed towards the attainment of an objective such as gender equality. It is therefore imperative for an in depth and thorough analysis of the budget with particular reference to analysing gender issues. This way of giving national budgets a gender twist or focus provides a useful mechanism to assess the effects of government policies on men, women, boys, girls and the real contributions all individuals make to the economy.

The following gender issues are critical to areas to address in any national budget:

Why Gender Responsive Budgets?

Gender Responsive Budgeting is an attempt to integrate a gender dimension into the budget process. It is about giving critical consideration

- ensuring allocation of sufficient funds to programs addressing gender equality issues;
- gender disaggregation of statistics to assess impacts;
- expenditure on items such as education and health that have direct benefits to marginalized groups like women and children;
- analyze whether resource allocation to particular sectors undertaken in line with macroeconomic policies benefits women;
- impact of sector analysis of expenditure line items on different groups; and
- formulation of programs that allow participation by grassroots

to the imbalances that exist in society and respond effectively to addressing these. Gender-responsive budgets (GRBs) are intended to break down, or disaggregate, the government's entire budget according to its impact on different groups of women and men with cognisance being taken of the society's underpinning gender relations, roles and opportunities to access and control of resources. Gender analysis thus makes it possible to allocate budget resources in such a way that it provides equal or equitable benefits for men and women, boys and girls.

It is about analysing the differential impacts of government expenditure as well as revenue policy on women and girls, men and boys. That is why there is the need for gender analysis at any given time. Gender analysis involves analysing the situation of women and men, girls and boys and the relations between them. Gender analysis may focus on economic and social policies, revenue expenditures, sector expenditures, budgets, statistics and other sectors which have an impact on the situation of men and women. This concept takes into account the inequalities that arise due to the different roles assigned to different groups in society.

Gender-disaggregated data is particularly useful, and in fact needed to demystify the apparent neutrality and, more specifically, the gender neutrality of the budget. It will expose how tariffs, industrial relations, taxation, education, employment or industrial policy impact on women due to their different location in the family and in the economy. Who gets the jobs and what is the nature of the jobs that are created? Who gets the subsidies? Who gets the housing and what is the nature of the homes and communities which are being developed? What are the traditional policy assumptions in the budgets, for example, are women dependent and are men the breadwinners? Where are the health facilities located and how



affordable are the user fees? These are the issues that must be taken into context when gender budgeting is being done.

Women and men play important roles in the economy though they are placed and remunerated differently in the economy. Three sectors in the economy can be defined when analysing the situation of men and women in the whole economy:

- **Formal economy:** market and state activities which are remunerated. This paid work is generally male-dominated.
- **Informal economy:** small scale activities which make use of mostly unpaid labour carried out by both men and women;
- **Care economy:** mostly in households. It concerns activities aimed at responding and maintaining the labour force, caring for communities, families. This is generally unpaid work performed by women.

It is refreshing to note how developing countries such as Uganda, Tanzania and South Africa have incorporated gender issues in their budgets. Gender budgeting is now being promoted as a central part of strategies to advance gender equality. Governments are increasingly adopting gender-responsive budgets for a number of reasons.

Gender responsive budgets meet the needs of all sectors of society and therefore increase policy efficiency - It is a known fact that policies framed in gender-neutral terms impact differently on women and men as both sexes play different roles in the economy and in society. Sound policy-making therefore requires understanding both the likely differential gender impacts and how policies might generally be better designed to achieve outcomes which meet the needs of women and men and girls and boys of different economic categories equitably

Gender responsive budgets increase economic efficiency and social welfare - Ignoring the needs of women and the specific roles they play in an economy, tend to undermine the efficiency of certain public policies. As well as being obviously unfair, gender inequalities are also costly, not only to women but also to men, children and society as a whole. The cost can be measured in lower economic efficiency, lower output, and lower development of people's capacities and lower societal well-being.

A Gender sensitive budget seeks to reduce gender gaps and inequalities – by indicating the definite but different contributions of women and men to the economy, including the care economies. They expose linkages and trade-offs between household and market economy and calls for creative ways of recognising counting and rewarding women's unpaid labour and for equitable sharing of the budget

A Gender responsive budget addresses poverty more effectively – by highlighting the fact that women and men experience poverty in both similar and different ways. The processes through which they become poor are different yet related, and their response to poverty is different. To be effective poverty reduction strategies, policies and budgets should take these differences into account.

A Gender responsive budget helps governments to honour their commitments to achieve equality - as set out for instance in the Beijing Platform for Action, the Convention on the Elimination of All Forms of Discrimination against Women, the Millennium Development Goals and UN

Gender Budget Statements

A newly introduced concept / tool in Gender Budgeting is Gender Budget Statements. The Gender budget statement is an accountability tool adopted by governments to inform parliamentarians and civil society how government is using its budget to address gender equality. The statement

Benefits of GRB analysis for governments:

- It can improve efficiency and impact by ensuring that expenditure benefits those who need it most
- It can be used to report on progress with government's commitment to democracy, equitable economic development and women's rights and equality
- It can be used to improve transparency and accountability and help implement policies effectively
- It can be used to track budgets and reduce corruption
- It provides a space for government to work with civil society to enhance development impact, democratic governance and transparency
- It can be used to report on government's progress on compliance with national and international gender-related commitments, recommendations and action plans (e.g. national gender policies and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the MDGs and Security Council Resolution 1325)

shows a governments intention to implement a gender related activity and that government is walking the talk. The gender budget statement is prepared after departments have completed the process of drawing up the budget and allocating resources to different programmes in response to the annual budget circular call.

The budget circulars are official memos issued by the Ministry of Finance or Budget Planning Department at the beginning of each budget cycle – which differs from country to country. The budget circular instructs other government ministries, departments and agencies (MDAs) how they must submit their demands for budgets for the coming year. The MDAs use the format to draw up their budget submissions. The budget circular can integrate a gender perspective by ensuring relevant performance indicators be sex-disaggregated and that gender related indicators be included where necessary. In Pakistan, the federal and Punjab governments introduced this requirement and also directed MDAs to write about gender when discussing their missions, visions, goals and activities.

The gender budget statement is therefore prepared as a summary statement after the policy and budget have been finalised. This concept is being adopted as a project by the Punjab State of Pakistan to assist government officials prepare, review and analyse budgets through a gender lens and to promote policy and resource allocation with a gender perspective. The project is being piloted in the sectors of Education, Health and Population Welfare sectors at the federal level and in two districts of Gujarat and Rajanpur.

Implementation Challenges

Policy makers are confronted with several challenges in their effort to implement budgets which incorporate gender issues. The major implementation challenges include: political commitment; gender awareness among public officials; disaggregated data on gender; transparency and openness in the budget process and the perceived weak role of parliaments in the budget cycle/process.

(Continued on page

One of the major issues with implementing gender issues even when they have been incorporated in policy documents like the national budget has been the political will and commitment to carry it through. Policy makers on the other hand have tended to blame it on inadequate resources and therefore the need to prioritize. The perception has been that lack of political will is to a greater extent determined by the way the executive, for instance, views a major policy issue in the scheme of its political fortunes. In countries where GRB has been adopted - South Africa, Uganda, Tanzania and now Pakistan – this has come about due to political commitment to do so and a critical mass of CSO advocacy and support.

Additionally the weak role of parliaments in the budget cycle particularly inadequate time to plan, to debate and to track expenditure contribute to the seemingly marginal progress made at implementing gender-sensitive programs and projects. Also the small numbers of women advocates within and out of Parliament who understand the concept of gender budgeting makes it difficult to push for such an agenda to be adopted. In the case of Ghana, however the Ministry of Women and Children's Affairs in its 2008 budget statement mentioned that the Ministry would "Enhance its gender programmes by spelling out a step by step approach to Gender Budgeting and piloting in 3 key MDAs (Ministries of Food and Agriculture, Health and Local Government, Rural Development and Environment)".

Furthermore, even though gender budgeting clearly has nothing to do with drawing up a separate budget for women or along defined lines, the lack of adequate disaggregated data hampers the implementation of policies that border on equity. In order to plan and project for equity, data becomes central. However most of the countries which experience inequities in the distribution of resources do not have the database which can inform policy decisions. One measure would be for efforts to be directed at collating and analysing sex-disaggregated data which will inform national policies.

It has also been argued elsewhere that gender budgeting does not represent working at obtaining a budget along sex-disaggregated lines, however efforts at institutionalising gender budgeting tools will serve similar purposes as disaggregated data. As governments, departments and agencies have become accustomed to prioritizing based on aggregate data it will take a policy shift and intense agitation to have gender budgeting tools institutionalised.

Parliaments Role in Gender Budgeting

Though the concept of gender budgeting is still new, it thrives best in a parliament where the rights of women and other politically marginalised groups' participation is accepted. Parliaments have a critical role to play in several ways. For example, some committees of parliament may undertake studies of specific departmental expenditures to monitor or track the impact on women and men. In Ghana, the Gender and Children's Committee has been tracking the disbursement of the Governments Micro-Credit Fund through the Micro Credit and Small Loans Fund (MASLOC). The engagement with MASLOC provided parliamentary oversight on Government pro-poor spending via the micro-credit programme. Committees can therefore evaluate spending on key priorities as set out in the Poverty Reduction Strategies with regard to poverty reduction and gender equality.

Parliament may call on CSOs and gender experts for gender analysis to use the findings to examine government policies and budgets and make public weak performance. In Uganda, the Forum for Women in Democracy (FOWODE) trained parliamentarians and their civil society allies in

economic literacy for three years before embarking on a gender budgeting project. Women find gender exercises empowering because their representative capacities are strengthened by researched information on the gendered impacts of budgets. Women parliamentarians or caucuses can then raise awareness about gender budgeting as well as playing the role of advocates.

Additionally public consultations and hearings on the budget could prove a useful mechanism to examine the extent to which gender budgeting is being adopted. This concept has proved a powerful mechanism in the case of the Ghana Parliament where for the past five years annual budget workshops have been held for members of parliament to critically assess budget proposals and expenditure.

Parliaments may also adopt the creation of a budget office fully staffed with experts such as the Uganda Budget Office. The existence of a budget office provides opportunities for a gender-sensitive analysis of the budget, that is if a gender specialist is hired. In the case of the Uganda Budget Office no gender expert was hired and so included in the office's capacity building plan was gender budgeting.

Conclusion

The adoption of gender responsive budgeting sends a signal that there is an increasing recognition that budgetary policies have differential impacts on men and women and a need to track the consistency between pronouncements on gender equality and practice. A gender perspective provides a critical lens through which layers of inequalities can be considered and addressed. Parliaments have a critical role to play in ensuring equality and equity and the budget is a tool which can be employed to achieve such an objective.

Notes:

1. The Nairobi Forward-looking Strategies for the Advancement of Women Adopted by the World Conference to review and appraise the achievements of the United Nations Decade for Women: Equality, Development and Peace, held in Nairobi, Kenya, 15-26 July 1985.
2. UNIFEM and the German Federal Minister for Economic Cooperation and Development "CEDAW, Beijing and the MDGs. Pathway to Gender Equality"
3. Millennium Project Taskforce on Poverty and Economic Development, 2004 Interim Report: An Enhanced Strategy for Reducing Poverty by the Year 2015> New York: Millennium Project
4. IPU, UNDP, WBI, UNIFEM, (2004), Parliament, The Budget And Gender
5. Gender Responsive Budgeting Initiative (GRBI) Punjab, Provincial Version (2006): Handbook for Government Officials on Gender Budget Statements
6. Ibid.
7. Government of Ghana, The Budget Statement And Economic Policy For The 2008 Financial Year



Inauguration of the Parliamentary Centre Training and Resource Unit

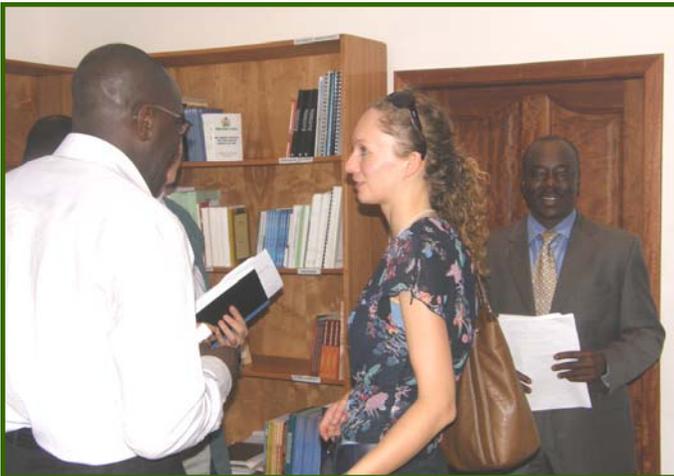
By Issifu Lampo, Budget and Governance Advisor, PC Ghana

The official inauguration ceremony of the Parliamentary Centre's new **Training and Resource Unit** in Accra, Ghana, took place on March 6, 2008. Representatives from the Public Accounts Committee of Ghana were present as well as the Auditor General, representatives from CIDA, DFID, USAID, WBI among others. In addition, Members of Parliament (MPs) and parliamentary staff from Malawi, Nigeria, Sudan, Tanzania and Uganda participating at the ongoing training on budgetary oversight were also present.

The Training and Resource Unit is an important resource facility that will cater for the information needs of MPs and parliamentary staff through its continuously growing library of parliamentary related books, reports and periodicals. Being equipped with computers with internet access, a conference room and a liaison office, it is also a multi-purpose training centre designed for the training needs of MPs and parliamentary staff across Africa, with a view to equip MPs and parliamentary staff with the relevant tools to undertake effective budget and financial oversight. In addition, the facility provides an opportunity for parliamentarians, parliamentary staff, as well as academics, researchers and others interested in parliamentary development to network and share their knowledge and experiences.



In his inaugural speech, Dr. Rasheed Draman, Director of Africa Programs, noted that the Parliamentary Centre (PC) has a very long history of enhancing the capacity of Parliaments in Africa. For example, PC has worked with the Parliament of Ghana since 1994 to improve the overall working of the Parliament in order to deepen Ghana's democracy. He acknowledged the important support PC has been receiving over the years from a multitude of donors. He also expressed his gratitude of the support to establish this Training and Resource Unit, notably with support from the Canadian International Development Agency (CIDA), the Austrian Development Agency (ADA), the UK Department for International Development (DFID), and the United State Agency for International Development (USAID).



Dr. Rasheed Draman and some of the guests are taking a look at the available resources in the Learning Centre, which have to a large

The Speaker of Parliament of the republic of Ghana, Rt. Hon. Ebenezer B. Sekyi-Hughes, who was represented by the Chairman of the Public Accounts Committee (PAC), Mr. Sallas- Mensah, also underlined the longstanding and strong relationship between the Ghanaian Parliament and PC. During this period, the Parliament of Ghana has received enormous benefits in terms of capacity building programmes organized for the PAC, as well as other committees and staff of the Parliamentary service. He noted that the effectiveness of MPs depended on their capacity to effectively discharge their duties. Mr. Sallas-Mensah pointed out that the success of the recent public sitting of the PAC was a testimony of the effectiveness of the capacity building work of PC.

The establishment of this ultra-modern facility by Parliamentary Centre and its development partners is a further demonstration of the Centre's commitment to strengthen Parliaments across the continent.

**The Parliamentary Centre Training Unit and Resource Centre is located at Ringway Estates, Osu- Accra.
Please feel free to contact us or drop by when you are in Accra!**

For more information about the APRN, our upcoming activities, information and reports from past events and much more, please visit

www.aprnetwork.org



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Links and Resources

Paris Declaration:

OECD

www.oecd.org/document/18/0,3343,en_2649_15577209_35401554_1_1_1_1,00.html

www.oecd.org/topic/0,3373,en_2649_15577209_1_1_1_1_37413,00.html

Accra High Level Forum

www.accrahlhf.net

Aid Harmonization & Alignment

www.aidharmonization.org

The Reality of Aid

www.realityofaid.org

Budgetary Oversight:

IDASA - Africa Budget Project

www.idasa.org.za

- Budget Transparency and Participation 2: Nine African Case Studies
- Introduction to Applied Budget Analysis
- Budget Transparency and Participation

The International Budget Project

www.internationalbudget.org

**Professional Development Programs for Parliamentarians and Staff: Effective Financial
Scrutiny: The Role of Parliament in Public Finance (WBI)**

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/PSGLP/0,,contentMDK:21547361~isCURL:Y~menuPK:461646~pagePK:64156158~piPK:64152884~theSitePK:461606,00.html>

**Governance and Social Development Resource Centre - Public Financial Management and
Accountability**

<http://www.gsdrc.org/go/topic-guides/public-financial-management-and-accountability>

Gender budgeting:

“Parliament, Budget and Gender”

UNDP, IPU, WBI and UNIFEM, 2004

<http://www.undp.org/governance/guidelines-toolkits.htm>

Gender Responsive Budgeting

www.gender-budgets.org

Gender budgeting for African Development

<http://www.gender-budgets.org/content/view/324/142/>

International Knowledge Network of Women in Politics

http://www.iknowpolitics.org/en/taxonomy_menu/2/22