



# Gender Budget Initiatives

## STRATEGIES, CONCEPTS AND EXPERIENCES

**Papers from a High Level International  
Conference ‘Strengthening  
Economic and Financial Governance  
Through Gender Responsive Budgeting’**

**Brussels, 16-18 October 2001**

## The United Nations Development Fund for Women (UNIFEM)

UNIFEM is the women's fund at the United Nations. It provides financial and technical assistance to innovative programmes and strategies that promote women's human rights, political participation and economic security. UNIFEM works in partnership with UN organizations, governments and non-governmental organizations (NGOs) and networks to promote gender equality. It links women's issues and concerns to national, regional and global agendas by fostering collaboration and providing technical expertise on gender mainstreaming and women's empowerment strategies.

*The views expressed in this publication are those of the authors, and do not necessarily represent the views of UNIFEM, the United Nations or any of its affiliated organizations.*

### **Gender Budget Initiatives: Strategies, Concepts and Experiences**

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In a world that seeks to achieve efficiency and growth on one hand, and equity and poverty reduction on the other, governments are faced with difficult choices. Gender budget analysis is quickly becoming a tool for managing critical governance issues and for assessing the impact of public policies on women.

With this publication, the United Nations Development Fund for Women (UNIFEM) contributes to the growing literature on gender responsive budget analysis, first summarized in *Progress of the World's Women 2000*. UNIFEM has supported gender budget initiatives since 1998 in Southern Africa, the Andean Region, Mexico and India. We are expanding these initiatives and supporting new initiatives in other countries through a global programme: *Strengthening economic governance through applied gender analysis of government budgets*. In this endeavour the United Nations Development Fund for Women has two distinguished partners: the Commonwealth Secretariat and the International Development Research Centre of Canada. Both specialize in training and research and have worked directly with finance ministries in the area of gender responsive budgeting.

The papers contained in this volume were presented at a High-Level International Conference 'Strengthening economic and financial governance through gender responsive budgeting', held in Brussels in October 2001. The conference brought together ministers, experts, parliamentarians, civil society actors and high-level policy makers from international institutions and ministries of budget, finance, employment, industry, gender, social affairs, transport, development co-operation and agriculture from 48 countries around the world. Their contributions represent the current work on concepts and tools for undertaking gender budget analysis as well as the experiences of gender budget initiatives undertaken by governments, parliaments and non-governmental organizations (NGOs) in different countries. In addition, the volume includes statements about current priorities and comments on future plans from government ministers, multilateral and non-governmental partners, independent experts, finance and development ministries, agency representatives and donor agency heads, which collectively illustrate the growing measure of support for such initiatives in all regions.

I want to acknowledge the powerful alliance that brought us together in Brussels: the Organization for Economic Co-operation and Development (OECD), the Nordic Council of Ministers, the Government of Belgium and UNIFEM's partners, the Commonwealth Secretariat and IDRC. The conference testified to our collective will to strengthen global governance in the face of increasing global insecurity. Belgium's leadership, during its EU presidency, made an extraordinary contribution to this goal. The OECD and the Nordic Council of Ministers have brought strength and substance to our shared objectives. Support from the North and from the South, from the international women's movement, and from the many independent experts and NGOs joining us has advanced our work.

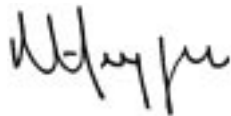
The conference adopted a communiqué that sets out four main principles: transparency, efficiency, participation and equality. It encourages an examination of budget processes to ensure that women's and men's needs and priorities are considered equally. It calls for women's participation in this process, through their parliaments and civil society organizations. It

encourages governments to issue annual gender equality budget reports. And finally, it promotes the catalytic and supportive role of development cooperation in fostering gender budget initiatives.

It has become obvious that gender budget analysis is not simply a technical exercise. It requires thinking about government finances in a new way, looking beyond the household as a single unit of analysis to examine the situation of each of its members, male and female. It requires a focus on the unpaid care economy, in which much of women's time is spent caring for children and dependent adults. It requires gender-disaggregated statistics. And it requires serious political commitment.

We find ourselves now at a critical juncture. The momentum is high. Unique alliances have been forged. And the political will exists. We have, in gender budget analysis, a concrete tool to assess how the major trends with which the world is occupied are affecting more than 50 per cent of the population—from peace and security to decentralization; from globalization to the feminization of poverty; even the HIV/AIDs pandemic. We have accelerated the development of tools, analysis and materials—and have better insight about how to govern more efficiently, more inclusively and with greater social and economic impact.

Now, our challenge is to look beyond the tools and approaches. To speak as leaders, within and outside of government, about strengthening economic and financial governance through gender responsive budgeting. Our goal is to mobilize political and financial support to meet the increasing demand for these initiatives in programme and donor countries alike. Our goal is to realize the commitment that governments made six years ago, as stated in the Beijing Platform for Action, to incorporate a gender perspective into the design, development, adoption and execution of all budgetary processes.



NOELEEN HEYZER  
EXECUTIVE DIRECTOR, UNIFEM

## Gender Budget Analysis and Accountability to Women

Efforts to analyse national and local budgets from the perspective of gender are growing everywhere—in countries in both North and South, in virtually every region. This book brings together insights and analysis from an international conference on gender budget initiatives in Brussels in October 2001, hosted by the Government of Belgium, in conjunction with the United Nations Development Fund for Women (UNIFEM), the Commonwealth Secretariat, the International Development Research Centre (IDRC), the Government of Italy, the Nordic Council of Ministers and the Organisation for Economic Co-operation and Development (OECD). Intended to contribute to the growing literature on gender budget initiatives, it presents the collective experience, analysis and evaluation of participants from civil society, governments, and international organizations. It is noteworthy for its effort to combine scholarly analysis with political action at all levels, from the grassroots to the highest levels of government, to the global development community, in the process uniting both gender and poverty concerns.

Gender budget initiatives analyse how governments raise and spend public money, with the aim of securing gender equality in decision-making about public resource allocation; and gender equality in the distribution of the impact of government budgets, both in their benefits and in their burdens. The impact of government budgets on the most disadvantaged groups of women is a focus of special attention.

Gender budget initiatives are diverse—they are not shaped by an ideology of 'one size fits all.' They may be organized by officials and ministers; by elected representatives; and by researchers and civil society organizations. Often, members of all three of these groups interact in both formal and informal ways. They may focus on national, regional or local budgets. Activities may cover the whole budget or selected areas: departments particularly important for gender equality; new programmes; particular revenue instruments. Whatever the choice, the selection is not confined to programmes that have specifically targeted women. The aim is to 'mainstream' gender in ministries and programmes that think of themselves as 'gender-neutral' and therefore do not pay any attention to their gender-impact. Attention may be focused on the link between the budget and particular economic policy decisions (e.g., privatization, liberalization) or on particular forms of legislation (e.g., on domestic violence) or on policy goals that the government has committed itself to (e.g., a gender equality action plan). The unifying concern is that the overarching obligations to women that governments have undertaken in signing the 1995 Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination Against Women be backed up by the allocation of sufficient resources by governments and international organizations.

The kinds of tools and analysis deployed in gender budget initiatives are also diverse.

Selection depends on the nature of the budget process; the availability of information; the skills and objectives of the people organizing the initiative. Some initiatives focus on participatory methods; others on using statistics derived from large-scale surveys. Some focus on audit and evaluation of past expenditure and revenue; while others focus on appraisal of expected impact of planned expenditure and revenue. The unifying objective is to make more transparent the connections between a country's budget and its prevailing pattern of gender inequality; and to bring together two sets of knowledge that have been hitherto kept separate: understanding about public money and public services, on the one hand; and awareness of the different and unequal life experiences of women and men, girls and boys, on the other.

Strategies for bringing about change in the use of public money also vary. Some advocates argue for a central role for women elected representatives. Others emphasize the need to change the behaviour of key officials, highlighting the ways in which greater gender equality can also promote the achievement of other goals, such as poverty reduction and productivity growth. Some promote a policy of requiring all public bodies to allocate an agreed upon percentage of their resources to gender equality programmes. Others favour lobbying for a shift in allocation of resources between or among programmes; or for the transmission of more of the benefits of funding to the intended ultimate beneficiaries in villages and slums. Combating corruption is a major concern for some. Loosening the constraints of debt repayment and loan conditionality is a particular concern in highly indebted countries. The unifying goal is to improve accountability to women; and to give gender equality objectives a greater weight in decision-making.

This book reflects both the diversity and the common themes in gender budget initiatives. The first section presents current concepts, tools and analysis; the second section summarizes experiences of gender budget work in a variety of countries; the final section presents statements of political commitment for gender budget initiatives by representatives of governments and of donor agencies.

In the opening paper, Diane Elson suggests a framework for undertaking a gender analysis of budgets, relating gender to four dimensions of all budgets: financial inputs; activities financed; outputs delivered; and impact on peoples' well-being. This approach makes clear that the budget documents, setting out financial appropriations, and the audited accounts, setting out what was actually spent, are only part of the budget process. They are important entry points, and can yield useful information about government priorities, but it is also important to look at the activities on which the money is spent: at the design and implementation of policies, services, and income transfers. These activities generate outputs: children enrolled in school, patients treated in medical facilities, water pipes installed, pensions received, taxes paid. The outputs in turn have impacts on the well-being of different sectors of the population. All four budget dimensions can be subjected to gender analysis: the paper gives a number of examples from both developed and developing countries.

Putting this framework into practice is likely to be easier in countries that are moving to results-based budgeting, and are setting up systems for considering finance and impact in an integrated way. The four budget dimensions can also be analyzed from the perspective of other forms of inequality—such as, for example, poverty, ethnicity, age, or disability, which

may intersect with gender analysis. Common to all will be two distinctive features: assessment on an individual as well as a household basis, recognizing that households very often do not pool and share all their resources equally; recognition of the economic, as well as social, importance of unpaid care work, looking after families and communities.

In the second paper, Guy Hewitt presents a set of tools for analyzing the expenditure side of budgets, which have been employed by government ministries in undertaking in gender budget analysis. Hewitt explains how each can be used to investigate different dimensions of the links between gender and budget inputs, activities, outputs and impacts. He also briefly describes plans for forthcoming work on the revenue side of the budget, including user fees.

Two papers then examine the use and impact of particular tools: Lionel Demery explores the use of gender disaggregated benefit incidence analysis and Jan Vandemoortele outlines the impact of user fees on women. Looking at Cote d'Ivoire and Ghana, Demery explains how benefit incidence analysis links inputs of spending on services such as health and education to outputs such as patients treated and children enrolled in school. His results show marked gender inequalities in distribution of public spending. In Cote D'Ivoire, in 1995, on average, boys were recipients of two-thirds of total net public educational expenditure, while girls were recipients of one-third. The female disadvantage was greater in poor households. It is important to understand that this does not mean that the government deliberately targeted education spending to boys rather than to girls. The difference is the result of different enrollment rates for girls and boys. But it does signal an issue for investigation: What are the barriers to girls' enrollment and how can public spending and public services and income transfers be redirected to overcome them?

In Ghana, in 1992, on average females gained 56 per cent of net public spending on health services. However, it cannot always be assumed that gender equality requires that 50 per cent should go to males and 50 per cent to females. Women generally have greater health needs than men, owing to maternity. Yet, poor women gained fewer of the benefits than did poor men. For inpatient services, for instance, 17 per cent of education expenditure went to the poorest men, while 10 per cent went to the poorest women. Again, this is the result of differential take-up of services rather than deliberate government bias against poor women. But it points to another area for investigation: What are the barriers to greater use of health services by poor people, especially poor women, and how can public spending and public services be redirected so as to overcome these?

Vandemoortele complements Demery's analysis, citing evidence that introducing user fees for health and education services exacerbates existing gender inequalities in use of services, introducing a new gender barrier. He also highlights the limitations of attempts to improve supply of public services to poor people by narrowly targeted programmes, and points out that the human rights approach requires that the principle of universality take priority over the principle of selectivity in the supply of basic social services.

Susan Himmelweit switches the focus from public services to taxes and income transfers, discussing some of the issues that arise in conducting gender impact analysis. She stresses that it is important not just to look at the immediate impact on income (both individual and household) but also on the impact on intra-household bargaining, labour market incentives, and

time spent in unpaid care work, both in the short run, and in the long run.

The next three papers move from analyzing the social and economic gender impact of budgets to engaging with the governance of budgets, with a view to identifying opportunities to bring about changes. Warren Krafchik looks at the work of civil society organizations that work towards more open and accountable budget processes and promote budgets that better serve disadvantaged social groups, especially those that are poor. He discusses their engagement with four stages of the budget process: the drafting stage, when inputs and activities are planned and appraised; the legislative stage, when the budget is enacted in law; the implementation stage when the money is spent, activities are realized and outputs delivered; and the auditing stage when implementation is scrutinized to evaluate the extent to which budget appropriations have been properly spent. He notes that most civil society work on budgets has engaged more with the legislative and implementation stages. While the preliminary nature of the work makes it hard to point to widespread direct impacts in improving budget processes, Krafchik nevertheless notes significant improvements in a number of countries, including Mexico, Israel, South Africa and Russia.

Rhonda Sharp clarifies the goals of gender responsive budget exercises and discusses strategies for achieving them. She identifies three core goals that have informed such exercises: first, raise awareness and understanding of gender issues and impacts of budgets and policies; second, make governments accountable for their budgetary policies and commitments; third, change and refine government budgets and policies to promote gender equality. Sharp gives a wide range of examples of strategies relating to the first and second goals and discusses how concerns about gender mainstreaming and good governance provide openings for addressing the third goal.

The next set of papers present the experiences of gender budget initiatives in the Andean region, South Africa, Tanzania, Uganda, France, Philippines and India, examining the interaction of civil society, elected representatives, and officials and ministers. Focusing on the Andean region, Virginia Vargas-Valente looks at the scope for improving women's participation in municipal budget processes. She discusses the potential of local budgets to bring about greater transparency and accountability in local government and some of the obstacles to achieving this, such as lack of timely and relevant information, especially sex-disaggregated statistics; and lopsided decentralization processes, which decentralize administration of services, but not power and resources.

Pregs Govender explains the engagement of the South African parliament with gender responsive budgeting, motivated by the desire to ensure that equal value is given to the lives of everyone, and its success in obtaining commitments from ministers to integrate gender analysis into the budgetary process. As examples of results, she cites the adoption of gender sensitive objectives by government departments such as the Working for Water programme; and the production of statistics on unpaid work by Statistics South Africa.

In Tanzania, as Mary Rusimbi explains, gender analysis of the budget was initiated by NGOs, and taken forward by the Tanzania Gender Networking Programme, with the aim of persuading policymakers and their advisers to adopt more gender-equitable approaches. Their work led to an invitation to help the government in building capacity to do similar

analysis in a range of ministries. In 2001, the budget guidelines of the Ministry of Planning mandated these ministries to conduct gender analysis of their budgets. Rusimbi identifies a number of lessons, including the importance of challenging the macroeconomic policies of the international financial institutions which constrain the possibilities for gender-sensitive development strategies.

Winnie Byanyima highlights the link between an NGO, the Forum for Women in Democracy, and parliamentarians in the gender budget analysis that was done in Uganda. Research has been done on three sectors, education, health and agriculture, with key findings published as issue briefs for parliamentarians. This has resulted in a much more serious discussion of gender issues in Parliament, and for the first time ever the Minister of Finance mentioned a gender issue in his budget speech.

In France, Françoise Philippe-Raynaud explains, parliamentarians stipulated that from 2000, the government would present, along with the Finance Bill, an account of the financial efforts being made to promote women's rights and gender equality. This account, known as the Yellow Budget Paper, acts as an information and monitoring instrument. It revealed how small the allocations were for gender-specific activities: about 40 million Euro, compared to a national budget of about 260 billion Euro. To provide some insight into the impact of the rest of the budget, departments must supply gender-sensitive indicators of outputs of government programmes. For instance, the Ministry of Education noted that by senior year, girls accounted for only 43 per cent of high school students enrolled in science courses.

In the Philippines, government took action as early as 1995, when the Department of Budget and Management instructed all government agencies to allocate at least 5 per cent of their expenditure for gender and development (GAD) activities. Unfortunately, as Celia Reyes discusses, there has been a low rate of compliance, such that the share of the GAD expenditure in the total budget remains less than 1 per cent. GAD budgeting is not integrated into overall planning and budgeting; and there is a limited understanding of the implications of gender and development objectives. She concludes that women's groups must become more active in monitoring compliance.

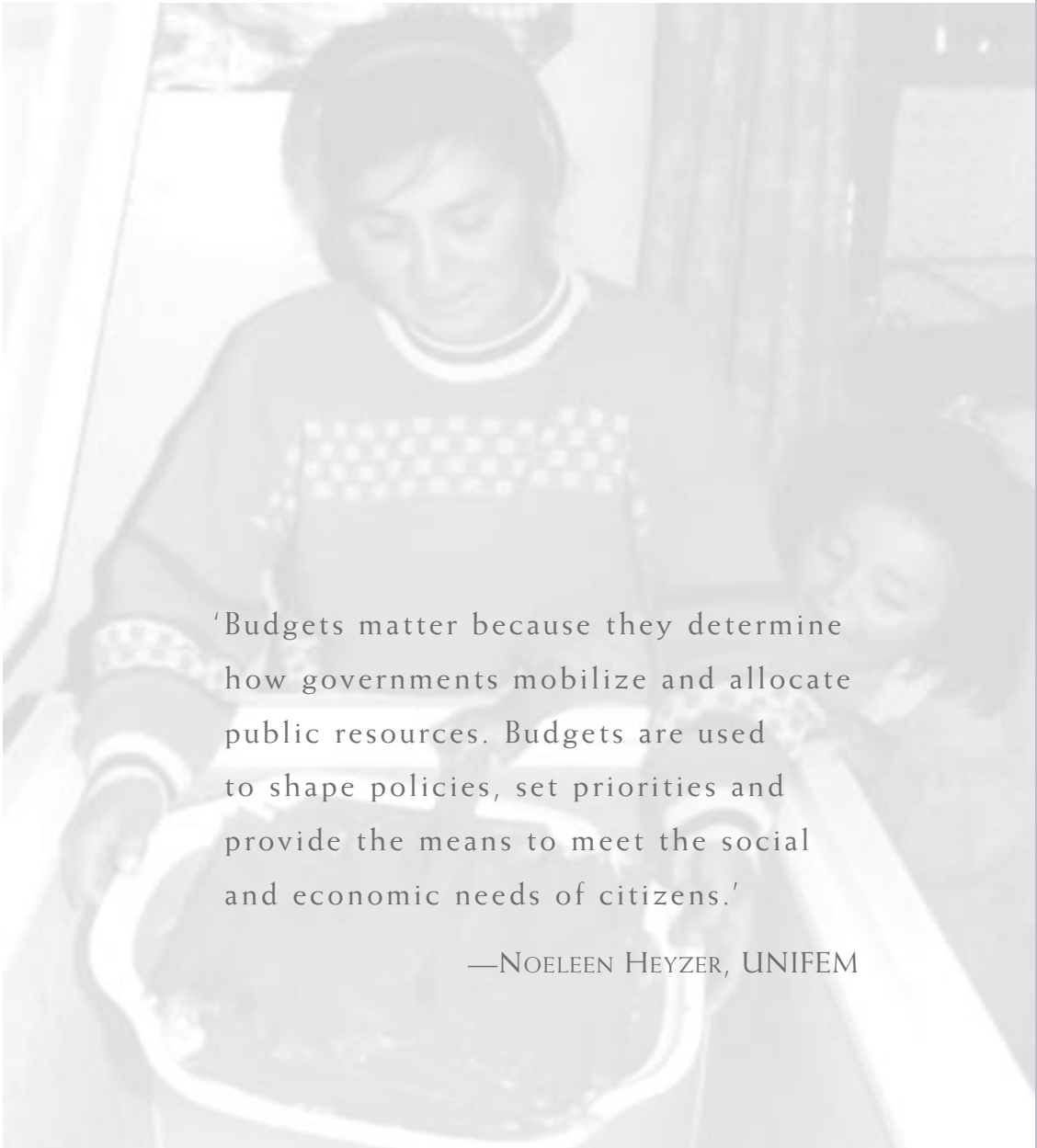
The active involvement of women is the key theme in Devaki Jain's discussion of women and budgets in Karnataka State, India. Jain identifies the opportunities created by the 1993 law requiring a third of the seats on local councils to be occupied by women; and by the fact that Karnataka has introduced a system of public participation in audit of local spending. She describes how an NGO, Karnataka Women's Information and Resource Centre, has begun to analyse local budgets and discuss them with women council members. The aim is to enable women to understand how budgets are currently made and spent; and to produce strategies for changing them so that they are better at meeting women's needs.

Both sets of papers demonstrate that a lot of progress has been made in addressing the first two of the three goals identified by Rhonda Sharp: raise awareness and understanding of gender issues and impacts of budgets and policies; and make governments accountable for their budgetary policies and commitments. The third goal, change and refine government budgets and policies to promote gender equality, is much more challenging. It requires action by governments and donors. The third section of the book contains statements of

commitments to action made by representatives of governments and donor agencies at the Brussels conference.

The big challenge for the future is turning analysis and commitments into action to change budgets—their financial inputs and associated activities, outputs and impacts. This will require greater attention to the revenue side of budgets; the forms of fiscal decentralization; the macroeconomic dimensions of budgets; and the international context for socially inclusive public finance. The contributors to this book demonstrate, however, that the potential of gender budget initiatives to promote accountability, transparency, efficiency and equality is already on the way to realization.

## Concepts, Tools and Analysis



'Budgets matter because they determine how governments mobilize and allocate public resources. Budgets are used to shape policies, set priorities and provide the means to meet the social and economic needs of citizens.'

—NOELEEN HEYZER, UNIFEM



# Gender Responsive Budget Initiatives: Key Dimensions and Practical Examples

D i a n e E l s o n

This paper briefly reviews different ways to structure a gender budget initiative, depending on whether it is done by government or civil society, and at the national or local level; whether it covers the whole budget or selected sectors; and the stage of the budget cycle at which it is undertaken. The paper outlines a framework for gender analysis of budgets, relating inputs to activities, outputs and impacts. It then presents some examples of gender budget analysis at different points in the budget cycle, drawing on the experience of budget initiatives in different countries. It highlights two key principles of gender budget analysis, namely 1) the assessment of budget impact on an individual as well as a household basis, and 2) the recognition of the economic contribution of unpaid care work, which is done primarily by women.

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## Introduction

Most governments have expressed a commitment to gender equality objectives and to gender mainstreaming, but often there is a gap between policy statements and the ways in which governments raise and spend money. Most governments have also expressed commitments to greater transparency and accountability, but there is often a gap between participation and consultation in the formulation of new policies and legislation and in the allocation of resources.

Gender responsive budget initiatives can help to close these gaps, ensuring that public money is raised and spent more effectively. They can help to ensure the realization of gender equality goals and improved compliance with the Convention on the Elimination of All Forms of Discrimination Against Women. They can help promote greater accountability for public resources to the people of a country, especially to women, who are generally more marginalized than men in decision-making about public money.

This paper draws upon the work of many people who are developing gender responsive budget initiatives. I would particularly like to thank Debbie Budlender and Rhonda Sharp for many helpful discussions; colleagues in UNIFEM and the Commonwealth Secretariat for supplying materials used in this paper, and fellow members of the UK Women's Budget Group for sharing their expertise.



## What Is a Gender Responsive Budget Initiative?

A gender responsive budget initiative does not aim to produce a separate budget for women. Instead it aims to analyse any form of public expenditure, or method of raising public money, from a gender perspective, identifying the implications and impacts for women and girls as compared to men and boys. The key question is: What impact does this fiscal measure have on gender equality? Does it reduce gender inequality; increase it; or leave it unchanged?

The focus on gender inequality can be structured so as to take account of other forms of inequality, such as class, race and region. The key question might be reformulated, for example, as: Does this fiscal measure improve, worsen, or leave unchanged the position of the most disadvantaged women?

A gender budget initiative always involves a gender analysis of some dimension of the raising and use of public money. But there is no single way of doing this, and a number of analytical tools can be used (see Elson 1998; Budlender and Sharp 1998). The implementation of the initiative can take several forms, depending on its political location, the extent of coverage and the stage of the budget cycle at which it is undertaken. Similarly, the findings and results can be presented in different ways, depending on the objective they are meant to achieve.

### Political Location

- at national, regional or local levels of government;
- inside government departments, organized by officials and ministers;
- in elected assemblies, organized by elected representatives;
- outside government, organized by researchers and civil society organizations.

An interactive, consultative process involving all of the above has been found to be particularly effective (Budlender 2002). Gender responsive budgeting needs to be organized in ways that democratize the process by which budgets are made and implemented, and give more voice to women's concerns.

### Coverage

- the whole budget (rarely attempted, to date);
- expenditure of selected departments or programmes;
- expenditure on new projects;
- selected forms of revenue (taxes, user fees, etc.);
- changes in the tax system;
- implementation of new legislation.

The expenditures and revenues to be covered are generally selected in the light of analysis of the pattern of gender inequality, women's priorities and government policy on gender inequality in the country concerned.

### Budget Classification

Budget figures can be presented in a number of ways, each of which might be used as a point of departure:

- line item: expenditure by payments (salaries, travel, equipment, buildings, etc.);
- functional: expenditure by broad purpose (police, defence, education, health, transport, etc.);
- economic: financial operations by economic impact (capital and current expenditures and revenues; subsidies; transfer payments; interest payments; financing operations);
- administrative: expenditure by institution responsible for managing funds;
- programme: expenditures according to programmes, considered as a set of activities undertaken to meet the same objectives;
- territorial: revenues and expenditures by geographical area of impact.

The line item, functional, and administrative classifications are designed primarily for control purposes, to keep expenditures within the legal bounds enacted in the budget legislation. The economic classification is designed to facilitate analysis of impact on the macro economy. The programme and territorial classifications are particularly appropriate points of departure for inequality analysis, but in some countries they are not available, or are underdeveloped.

### Stage of Budget Cycle

The gender budget initiative may target a particular phase of the budget cycle:

- planning to identify objectives;
- appraisal to identify financial allocations to meet objectives;
- audit to identify any misappropriation of money;
- evaluation of the extent to which objectives have been met.

Planning and appraisal are constrained by commitments to existing activities, which may be difficult to change. Audit and evaluation should feed back into planning and appraisal but at best will do so with a lag, since next year's budget must be prepared before this year's budget has been audited and evaluated. The links between stages are often weak. The budget may be linked to a multi-year expenditure plan, which may be targeted along with the yearly budget.

### Presentation of Analysis

Results of gender analysis of expenditures and revenues may be presented in different ways and by different actors:

- at a number of points in the main budget and/or evaluation report;
- in a special annex to the main budget and /or evaluation report;
- in briefing papers for parliamentarians;

- in press releases;
- in submissions to government task forces, planning groups, inquiries, etc.;
- in research publications;
- in popular education publications.

Consideration must be given to the most effective way to present the analysis from the point of view of accountability, transparency and democratic participation in budget processes.

## A Functional Framework for Relating Budgets to Gender Equality

The details of gender responsive budgeting will need to be designed in a country-specific way. But the general principle will always be that of bringing together two bodies of knowledge which have usually been kept separate: knowledge of gender inequality and knowledge of public finance and public sector programmes.

If the budget cycle is taken as the point of departure, it may be helpful to think in terms of the following framework, which focuses on the impact of activities covered by the budget and may be used in the planning and appraisal and in the audit and evaluation phases.

For each ministry or programme selected, look at planned and realized *inputs, activities, outputs and impacts*. There are often important gaps between the plans, as presented in the budget and other documents, and the realization, as revealed in audits and evaluations.

**Inputs** consist of the money appropriated and spent (as presented in the Functional or Programme Classification);

**Activities** consist of the services planned and delivered, such as health services, industrial support services, social transfers, tax collection. These may not always be well-specified and it may not clear how much money should or did reach the point at which the activities interface with the public. One challenge is to enable the public to monitor the disposition of funding.

**Outputs** consist of the planned and delivered utilization of the activities such as patients treated, businesses supported, incomes increased, taxes collected. Desired outputs and indicators may not always be well-specified, so that one challenge is to improve specification and to identify sources of relevant statistics.

**Impacts** consist of planned and actual achievements in relation to broader objectives, such as healthy people, competitive businesses, poverty reduction, sustainable growth of national income. Desired impacts and indicators also may not always be well-specified so that another challenge is to improve specification and to identify sources of relevant statistics. In addition, links between outputs and impacts may be uncertain and complex.

A gender budget analysis can be conducted, irrespective of whether gender equality has been explicitly specified as a desired outcome and impact of the ministry or programme, by asking whether planned and realized impacts promote gender equality as well as other objectives; outputs are fairly distributed between women and men and are adequate to

achieve gender equality as well as other objectives; activities are designed to be equally appropriate for women and men and are adequate to achieve gender equality as well as other objectives; and inputs are adequate to achieve gender equality and other objectives.

Answering these questions requires sex-disaggregated data and an understanding of the relevant gender relations. A variety of tools and approaches, including participatory approaches, can be used to conduct this analysis. Dialogue between officials and civil society organizations is recommended. This analysis can be applied to revenue as well as expenditure, by treating the costs of collecting revenue as the input, the process of collection as the activity, the revenue to be raised as the output and the impact of the taxes, charges, et cetera on income as the impact. More work needs to be done in this area, however.

If the answer to these questions is NO, then changes need to be made in the identification of impact and output objectives, organization of activities and deployment of funding so as to close the identified gender gaps. It is likely that progress can be made through a better specification of impact and output objectives; and by changing the priorities that determine activities and funding. Gender equality is often complementary to other policy objectives. But if trade-offs are discovered between gender equality and other objectives, these should be noted and ways of reducing the trade-off should be investigated.

Attention should also be paid to gender issues that cross-cut ministries and programmes. For example, reducing inequality between boys and girls in the incidence of public expenditure on education may require changes not only in programmes for primary and secondary schooling in the ministry of education but also in a range of other programmes and ministries.

To bring about change, the results of the analysis must be effectively conveyed to policy-makers and the public through reports, parliamentary questions and hearings, policy dialogues, newspapers, books, popular educational materials and public meetings. An informed discussion should be facilitated and ways found to enable the public to participate in the setting of budget priorities, paying particular attention to enabling women to formulate and express their ideas. The extent of women's participation in budget decision-making should be examined, as done by the Government of Tanzania:

'More than half of all Tanzanians are females. But only a small number of the people who make important decisions about the government budget are women. For example, only 3 of the 30 members of the Finance and Economic Committee of Parliament are women and only 45 of the 275 Members of Parliament are women. With so few women making the budget it is not surprising that it does not effectively meet women's needs' (Government of Tanzania 2000: 5).

## Examples of Gender Budget Analysis

Initiatives of various sorts are underway in a large number of countries. A short review cannot do justice to their variety and achievements. The following examples are chosen to illustrate the kind of analysis that has been done in some of the pioneering countries. Several are taken from analysis done in the three countries that volunteered to be pilots in the Gender Budget Initiative led by the Commonwealth Secretariat from 1996 onwards

(South Africa, Sri Lanka and Barbados). Some are from analysis presented in official government documents and others from analysis conducted by non-governmental organizations (NGOs) engaged in policy dialogue with governments.

### **Audit of the Budget: Distribution of Actual Inputs, Activities and Outputs**

This kind of analysis links expenditures actually made to participation in the activities provided and enjoyment of the outputs. It is useful where individual participation can be identified. It can be presented in a variety of ways, focusing on distribution of outputs, or funding, or both.

#### *The National Public Works Programme in South Africa*

'Approximately R350 million has been allocated to the National Public Works Program from national budgets since 1994. The Community Based Public Work Program (CBPWP) accounts for R250 million of this. Some provinces have added funds from their own budgets....A 1997 evaluation of the program found that the quality of the assets produced was exceptionally high compared to similar programs elsewhere in the world. It found the 599 projects to be well-distributed geographically with respect to the relative poverty profiles of the nine provinces....

'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. Thirty-seven 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' (Republic of South Africa 1998: 6.44).

#### *New Deal Programmes for the Unemployed in the United Kingdom*

New Deal programmes aim to get more people of working age who are not currently in paid work into the market for jobs. Figures from the Department for Education and Employment show that females make up 27 per cent of participants in the New Deal for unemployed young people, and only 16 per cent of those in the New Deal for the long-term unemployed. In the case of the New Deal for lone parents, 95 per cent of participants are female.

The programmes have been analyzed by Katherine Rake of the Women's Budget Group, a women's think-tank that is regularly consulted by the Labour Government. She found that 57 per cent of the funding for New Deal programmes goes to the programme for young people, 23 per cent goes to the programme for long-term unemployed, and only 8 per cent to the programme for lone parents. The rest goes to a number of smaller schemes. Rake estimates

that double the amount of money is spent per person in the programme for young people than in the programme for lone parents (Rake 2000).

#### *Expenditure in Selected Ministries, Sri Lanka*

Gender budget analysis in Sri Lanka found that there was equality of access and usage in the main service sectors: in education, 48 per cent of recurrent expenditure benefited females, in health 56 per cent and in the social services 57 per cent. However, there were specific pockets where inequalities persisted. In the area of social services, for example, funding levels were found to be inadequate for maintaining the basic living standards of target beneficiaries or for rehabilitating them.

'In the ministries concerned with the production sectors investigated, namely, agriculture and industry, the access and participation of women in government-supported programmes was low and the perpetuation of the assumption that programmes in these areas are gender-neutral is likely to leave unchanged or increase the gender difference and disadvantages that women face in these sectors. There is a need to revise the underlying policies, devise appropriate programmes and delivery systems and carry out gender-disaggregated programme assessments on a regular basis, with the intention of equalising opportunities and access for men and women' (Government of Sri Lanka 2000: 45).

### **Evaluation of the Budget: Funding for Women's Empowerment and Realization of Women's Rights**

A fair distribution of actual expenditure and services between women and men will not by itself ensure that women are empowered and their human rights realized. Programmes to support these objectives must be made a funding priority. It is useful to compare actual expenditure with expenditure that would be required to achieve specific quantifiable objectives.

#### *Expenditure on Adult Basic Education and Training in South Africa*

In South Africa in 1995, 20 per cent of all African women and 14 per cent of all African men over the age of 20 years had no formal schooling. Some 7.4 million people were illiterate, of whom 4 million were women. Only about a third of a million people were enjoying adult basic education and training (ABET) programmes in 1994. About 29 per cent of these people were in programmes run by the state and the majority of them were women (59% compared to 41% men). The government allocation to ABET programmes was only 1 per cent of the allocation to education in 1996-1997.

A plan for ABET in South Africa was drawn up in 1994 by the Centre for Education Policy Development, a South African NGO. Its objective was to reach 3 million learners in five years. The proposed budget for the first year of the plan was 132 million Rand. However, the plan was not put into action. Public expenditure on ABET in 1997/8 was 2.5 million Rand, falling to 1.9 million Rand in 1998-1999 (Hunt and Budlender 1998).

*Shelter for Battered Women in Barbados*

In Barbados, between 1992 and 1996 there were 764 applications for protection orders, of which 730 were women applying for legal protection against their male abusers. 'While on the whole national levels of crime are on the decline, there has been a marked increase in "crimes against the person" and specifically sex crimes perpetrated on women and physical violence against women....the establishment of a shelter for Battered Women became an urgent requirement. An NGO, the Business and Professional Women's Club advanced the initiative, with start-up funds (\$380,000) provided by the Ministry of Social Transformation ....The Shelter began receiving residents in November 1999....However, there remains a significant number of women who need assistance but that the Shelter is unable to accommodate....

'Management at the Shelter estimate that it takes an average of \$900 dollars to house one adult Shelter victim per month. This figure rises with the number of children and specific needs of a family being sheltered. While financial shortfalls concerning the physical establishment and upkeep of the Shelter (such as fencing) are important security issues, the inability of the NGO to secure sufficient funds to underwrite the major portion of operation costs is an even more significant problem. Currently, the Ministry discharges its responsibility to the Shelter in contracts renewable each year. There is no clear indication whether after this first year, the funds provided will be increased or whether they will be forthcoming past the support for the physical infrastructure and maintenance of the facility' (St. Hill 1998: 37-38).

## Planning and Appraisal of the Budget

Incorporating gender analysis into planning and appraisal of the budget requires identifying likely gender dimensions of activities, outputs and impacts.

*Industrial Support in Australia*

The communications equipment industry is characterized by a predominantly female workforce. However, as with the majority of industries in the high technology sector, women workers predominate in the unskilled areas of employment, mostly process work, and have made little progress in technical and management areas....

'Financial support of \$400,000 will be provided in 1986-1987 to assist the industry. The first stage of the Government's plan involved a reduction in tariffs. The second stage sought the development of a comprehensive industry development strategy....The net result of successful implementation of the strategy will not mean an overall decrease in employment, however increased automation will lead to a decline in unskilled work. The potential for growth in employment in this industry lies in the technical and management areas such as research and development and marketing skills.'

'Given the limited numbers of women in the technical and management areas it can be assumed that barriers to women's participation in these areas of employment exist. The obvious barriers are in the fields of education and training, particularly in the numbers of young women in the science disciplines in secondary and tertiary education institutions.

While the Department's programs cannot seek to reduce these barriers to women's employment, affirmative action legislation and efforts by the Department of Education to increase the number of women and girls in science related training, will assist in increasing women's employment opportunities in technical and management areas' (Commonwealth of Australia 1987: 180).

*Infrastructure Development in South Africa*

'Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of poor people. Energy, transport, communications and social infrastructure bring significant benefits to women and children, particularly. Capital expenditure financed by the national and provincial governments is expected to increase... capital spending on water schemes and related infrastructure of R 1,537 in 1998/99, increasing to R 1785 million in 2000/1' (Republic of South Africa 1998: 1.5).

'In late 1995 only one-third of African households and less than three-quarters of colored households had running tap water inside their dwellings, compared to 97 per cent of Indian and white households. Outside urban areas only 12 per cent of African households had an inside tap and 21 per cent had a tap on the site, while 28 per cent were collecting water from a river, stream, dam or well and 16 per cent from a bore hole. One in six African households who had to fetch water were forced to travel at least a kilometer to do so. In 1993 the average time spent on the task by members of rural African households who collected water was 1 hour and 40 minutes. The average time spent by individual women who collected water was over an hour, at 74 minutes. Just over half of rural African women over the age of 18 were spending part of their time collecting water' (ibid.: 6.58).

*Support for Women's Entrepreneurship in France*

'Women still account for a minority of entrepreneurs, creating only 27 per cent of all new businesses. To help change this:

- FF 10 million in additional resources has been earmarked for the Special Women's Guarantee Fund (FGIF), corresponding to the creation of 1000 new businesses in 2001; and
- Government-supported networks of assistance for entrepreneurs are being asked to boost the number of women they assist by 25 per cent over three years' (Government of France 2001:13).

*Translating the Beijing Platform for Action into Programme Activities and Budget Items in Kenya*

A concept paper on 'Translation of the Beijing Platform for Action into the 1998/99 Kenya National Budgetary Process' was prepared by the Collaborative Centre for Gender and Development (CCGD) in conjunction with the International Federation of Women Lawyers (FIDA-K). This identifies and discusses six critical areas of concern, namely: poverty, education and training, health, taxation, women in agriculture and the economy.

For the implementation in the 1998/99 national budgetary process, a policy framework matrix and budget estimates for the Beijing Platform for Action were prepared by the same team. The policy matrix translated the Beijing Platform for Action into specific programme activities and budget items, which were shared with planners and economists in the government and private sector along with many non-governmental organizations (NGOs). As the paper concludes: 'The sharing was a deliberate move to lobby for support and good will to engendering the national budget process' (CCGD, n.d.: xxi).

#### *Tax Credits in the United Kingdom*

The Women's Budget Group welcomes recognition that while the Working Families Tax Credit (WFTC) has brought benefit to many families, it should be reformed to make it more effective by splitting it into two separate tax credits, Employment Tax Credit (ETC) and Integrated Child Credit (ICC). In particular, we welcome two features of the ICC: that it will go some way to providing an integrated and seamless system of financial support for children that is unrelated to parents' employment status and that it will be paid to the children's principle carer...

Any employment incentive effects should be targeted on men and women equally, so that work pays equally well for both sexes and that a sharing of caring and earning roles between parents is encouraged. This should enable couples to make decisions about hours of work that allow them both time for their children and the opportunity to take employment. Current incentives work in such a way that for many families it is most practical for one parent to work long hours while the other takes on the bulk of caring responsibilities and only a secondary labor market role, if any. Unequal pay and the difficulties of finding suitable childcare are primarily responsible for these patterns. It is therefore particularly important that government policy does not exacerbate the inequalities' (WBG 2000:1).

The WFTC, because it is designed primarily to get at least one parent from workless households into employment, can act as a disincentive to second earners in households (despite the child care tax credit). This is because a second earner in a family claiming WFTC faces a high tax rate of 55 per cent with no individual incentive to start. Indeed there is a disincentive to sharing hours and caring responsibilities between the two parents, with a premium being paid if one partner is employed for 30 hours or more, but no premium if those hours are shared between partners.

'It is important that these features are not reproduced in the ETC/ICC system and that everyone is treated equally by any incentive to take employment. Not to do so not only indirectly discriminates against women, who are more likely to be second earners, but is very short-sighted in terms of preventing household, and thus, child poverty. Many households depend on two earners to keep them out of poverty and much employment these days is insecure. Households with only a single earner are not only likely to be poor: they will become workless if the sole earner loses their job. Further, with increasing family breakdown many of today's second earners will be tomorrow's single parents' (ibid.: 3).

## Two Guiding Principles for Gender Budget Analysis

Gender budget analysis has much in common with other forms of equality analysis of budgets. However, two principles distinguish gender budget analysis, and it is useful to keep them in mind.

#### *Assessment on an Individual as Well as a Household Basis*

It is important to assess the budget from the point of view of poor households as compared to rich households. But it is also important to look within households and assess the budget from the point of view of individual women and men, recognizing that although households do share some resources, this is often done in ways that are incomplete and inequitable. Only if budgets are informed by individual as well as household assessment of likely impacts can women be treated as citizens in their own right and not merely as dependants of men. Only this will ensure that the budget is not based on the inaccurate assumption that all income coming into a household is pooled and equally shared by all members of the household.

#### *Systematic Recognition of the Contribution of Unpaid Care Work*

The extent to which a country achieves its social and economic objectives depends not only on the amount of paid work its people do, but also on the amount of unpaid work its people do caring for their family members and neighbors, and upon the amount of free time people have for leisure and for civic activities. Unpaid care work is still unequally shared between women and men in most countries and this is one of the major obstacles to equality in paid work and to the full development of the talents of both women and men. A key dimension of a budget's impact on gender equality is the impact on the amount of unpaid care work that has to be done. It is especially important to look at this in the context of expenditure cuts and reforms which are expected to improve effectiveness and efficiency. Information about unpaid care work is provided by time-use surveys which are becoming available in a wide range of countries.

## Benefits to Ministers of Finance and Ministers of Women's Affairs

Gender budget initiatives can have a pay-off in terms of effectiveness in achieving other goals besides that of equality between women and men. Two examples:

**Improved Targeting.** Gender analysis shows that it frequently matters whether measures directly impact upon men or women, even when they are living together in the same household. For instance, a budget which aims at reducing child poverty frequently will be more effective if it targets additional income specifically into the hands of mothers rather than of fathers. A wealth of evidence from a wide range of countries shows that men, even poor men, frequently keep back some of their income for personal discretionary use for leisure activities, while women are more inclined to contribute the whole of their income to the family 'pot' and to spend it in ways that are directly beneficial to children.

**Avoidance of False Economies.** Gender analysis shows that there is a danger that measures to reduce or contain the financial costs of public sector services may actually transfer or perpetuate real costs, in terms of time use, to women as primary care-givers for family members. For example, measures to reduce the financial costs of health services by shortening the time that patients stay in hospital for post-operative recovery may transfer the burden of convalescent care to women in the home. In turn this can have a knock-on effect, forcing women to be absent from their paid employment and lowering their productivity.

## Future Challenges: Gender Analysis of the Budget as a Whole

A major purpose of the budget is to bring together all public expenditure and revenue and to provide an overview of public finances and their intended impact on the economy and the human well-being of a country. Gender-responsive budgets need to provide an overview of the impact of the budget as a whole on gender equality objectives, as well as programme-by-programme impact analysis.

### *Gender As a Cross-Sectoral Issue*

One important goal is to get the recognition that gender equality issues are present in the work of all ministries, and in a very wide range of programmes, not just in those programmes that are targeted to improving the position of women. An example from Tanzania illustrates:

'The Rolling Plan and Forward Budget for Tanzania in the period of 1996/97 -1998/99 has indicated cross-sectoral issues as environment, cooperatives, science and technology, rural and urban development, and population. Gender has not been listed as a cross-sectoral issue.... As a result other sectors do not feel the obligation of taking aboard the responsibility of disaggregation and addressing gender gaps identified in the sectors. ...An immediate action can be taken to include gender among the list of the cross-sectoral issues in the guidelines' (TGNP, n.d.:10).

A government status report on integrating gender into the national budgetary process stated in 2000: 'Some initiatives have been taken to implement some of the recommendations resulting from studies on gender budgeting. These include: the 1999-2000 Budget guidelines incorporated gender issues' (Government of Tanzania 2000: 5).

Recognition of gender as a cross-cutting issue may be translated into a set of indicators for monitoring the gender sensitivity of the whole budget (UNIFEM 2000: 118). Following the functional and programme classification of budgeted and actual expenditure, one could calculate indicators for planned and actual expenditure, such as:

- share in total expenditure of expenditure explicitly targeted to promoting gender equality;
- share in total expenditure of expenditure devoted to public services prioritized by women;
- share in total expenditure of expenditure devoted to income transfers prioritized by women.

Such indicators would be more refined versions of those popularized in the UN 20/20 initiative, which endeavours to get governments to commit 20 per cent of public expenditure to basic social services and aid donors to commit 20 per cent of their funding to basic social services. One limitation of such indicators is that they do not capture how much expenditure actually gets translated into tangible benefits for women. A lot of the benefits may get captured by public sector employees operating at several removes from the public. Moreover, indicators of shares do not tell us whether real expenditure per capita has been rising or falling.

There is also need to look at indicators of activities, outputs and impacts. One possible indicator is gender equality in participation in activities undertaken by several ministries, such as:

- gender balance in enjoyment of support for business (e.g., subsidized credit);
- gender balance in enjoyment of training provided for members of the public;
- gender balance in bodies making decisions about utilization of resources.

It would also be useful to have some measure of levels of satisfaction of men and women with the services provided. Participatory processes have an important role to play here.

Another approach is to take the line-item classification of the budget as a point of departure, and construct gender-sensitive indicators of expenditure on and participation in public sector employment and public sector purchase of goods and services from the private sector. For example:

- gender balance in public sector employment (e.g., share of women in employment at each grade; average cost of female employees compared to average cost of male employees);
- gender balance in public sector contracts with private sector (e.g., share of women-owned businesses in total number and value of contracts).

Such indicators recognize that the public sector can promote (or hinder) gender equality as a purchaser as well as a provider.

None of these points of departure or indicators focuses directly on the budget as a tool of macroeconomic policy. They do not take the economic classification of the budget as the point of departure or engage with the decisions about the desired aggregate levels of revenue and expenditure; and the extent to which governments should borrow further or pay down public debt. They do not examine the intersection with monetary policy. They do not examine the ways in which macroeconomic objectives such as growth of GNP and rate of inflation are set and how such objectives are thought to be related to the budget.

It is important to develop more gender-sensitive budget analysis at this macroeconomic level, because macroeconomic decisions constrain the room for manoeuvre in changing budgets in a more gender-equitable direction. Other things being equal, it is likely to be harder to change budget priorities in the direction of gender equality, and improvement of lives of poor women in particular, when the main emphasis is on cutting back expenditure and minimizing taxation. There are strong lobbies for other priorities that are likely to carry more weight when cuts are being made.

The first step in engaging with the budget as a tool of macroeconomic policy is to obtain recognition that there is a gender dimension to such macroeconomic objectives as increasing economic growth and productivity; and to macroeconomic aggregates such as savings and investment, exports and imports and the supply of labor. Research by feminist economists on this issue has been collected in a special issue of *World Development* entitled 'Growth, Trade, Finance, and Gender Equality' (2000). Moreover, some governments are beginning to see some connections between economic policy and gender equality policy. For instance, the Government of India included a chapter on gender equality in its Economic Survey (2000), noting that as well as promoting substantive enjoyment of equal rights, gender responsive budgeting can benefit the economy through efficiency gains: 'From the efficiency point of view, what is important is the social rate of return of investment in women, and in many cases, this can be higher than the corresponding rate for men.'

Another example is the dialogue between the non-profit UK Women's Budget Group and the UK Treasury, which has included seminars on the gender dimensions of productivity growth and of medium-term labor supply projections (which impinge on assessments of the growth/inflation trade-off). Further development of gender responsive budgeting at the macroeconomic level is an important challenge for the future. This includes the need to look at the intersection of national budgets with the global economy, which would provide important insights into the ways in which the rules of the international economic system facilitate or impede the development of gender responsive budgets.

The value of gender responsive budget initiatives is that they provide a practical way to take the gender mainstreaming agenda into the most powerful departments of government. They promote access of women's groups, women elected representatives and women's ministries to the department of finance. They enable us to 'follow the money' from the perspective of poor women and to promote the use of public money to achieve gender justice.

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# Gender Responsive Budget Initiatives: Tools and Methodology

Guy Hewitt

This paper briefly reviews the history of gender responsive budget initiatives, focusing on those supported by the Commonwealth Secretariat. Drawing on these experiences, it first highlights the main tools for analyzing budget expenditure from a gender perspective, explaining what each of them is designed to show and the objectives each might be best used to achieve, and giving examples of how each has been used effectively in different countries to improve the efficiency and equity outcomes of public expenditure. It then looks briefly at the kinds of revenue tools that are being developed and their utility for different objectives. The paper concludes with an assessment of the wider contribution of gender responsive budgeting to public expenditure management.

## Introduction

For the Commonwealth Secretariat, the past five years have seen the growth of gender responsive budget initiatives from unconnected activities in the Commonwealth to a truly global movement.<sup>1</sup> Prior to the 1995 Commonwealth Secretariat programme on gender responsive budget initiatives, the Commonwealth activities that took place in Australia in the 1980s and 1990s, Canada in 1993 and South Africa from 1994 were largely separate and distinct activities driven by their unique national objectives.

- In Australia in 1984, then Labor Minister Bob Hawke started an in-government initiative in order to determine the impact of government budgets on women as a means of advancing their economic role and contribution. During the 1980s and the 1990s each of the six Australian states and two territories implemented an initiative.
- In 1993, the Canadian branch of the Women's International League for Peace and Freedom developed a one-off initiative in celebration of the League's 75th anniversary. The exercise focused on military and defence spending.

<sup>1</sup> The Commonwealth is an association of 54 independent states that consult and cooperate in areas of common interest. The Commonwealth Secretariat supports the advancement of goals related to good governance and democracy; sustainable economic and social development; and the rule of law, human rights and gender equality.

- The South African initiative, started in 1994, was closely linked to the end of apartheid and the introduction of a Constitution and ethos that made tackling race and gender discrimination a priority. As a result, it integrated a gender analysis with race, class, geographical area and other forms of disadvantage. A joint venture by the Gender and Economic Policy Group of the parliamentary Committee on Finance and two policy-oriented research organizations, the initiative was primarily one of civil society, since the role of the parliamentarians was to represent civil society and monitor and direct government activities.

This review of programme diversity at the country level is an important starting point for a discussion on tools, which were developed not in order to provide a model or blueprint but as dynamic options capable of responding to diverse circumstances. While these tools can contribute significantly to processes of gender mainstreaming, increasing economic efficiency and enhancing governance, the development priorities, the governance framework and the resource availability of the given country should ultimately determine which tools are selected for use at a country level.

This paper draws largely on Commonwealth experiences, many of which have been described in greater detail elsewhere (see Budlender et al. 2002; Budlender, Sharp and Allen 1998; Hewitt and Raju 1999; Hewitt and Mukhopadhyay 2001; Elson 1999; UNIFEM 2000). It focuses on the underlying principles behind the application of the expenditure tools but also addresses the need for revenue tools to highlight issues related to the methodology used.

## Expenditure Tools

In countries where gender responsive budget initiatives have been implemented, these tools have been used selectively, usually on an incremental basis. Often their use is informed by i) their perceived utility in addressing the gender issues with society, ii) their compatibility with public policy management systems and procedures, and iii) whether governments or non-governmental organizations (NGOs) are responsible for implementing the initiative.

### *Tool 1: Gender-Aware Policy Appraisal*

Gender-aware policy appraisal is the analysis of the policies and programmes funded through the budget, which asks: 'In what ways are the policies and their associated resource allocations likely to reduce or increase gender inequality?'

**Comment:** Government budgets, like many other economic policies, have hitherto been perceived as 'gender-neutral' policy instruments. Expenditure and revenue are specified in terms of financial aggregates, and the impacts of categories or sub-categories of expenditure or revenue are judged largely on their impact on the overall budget deficit or surplus. The absence of reference to women, or men for that matter, is judged to be evidence of gender-neutrality. But as Diane Elson (1999) argues, this appearance of gender-neutrality is more accurately described as 'gender blindness.' Different revenue-raising measures and public expenditure allocations impact women and men differently because of



the socially determined roles they play in the economy, whether as contributors to economic output and social reproduction or as beneficiaries of public expenditure and users of public services.

**Example:** The South African land reform programme is proceeding at an increasing pace, with corresponding increases in expenditure for everything from owner compensation to micro-finance programmes. However, women's access to land as well as to the financial resources necessary for its development is impeded by legal restrictions on women's land ownership and rights to conclude contracts. Women who do have access to land tend to have access to smaller plots with poor irrigation, and women-headed households typically have no wage or salary earners. As a result, women are far less able to benefit from the reform process and related expenditures. The Department of Land Affairs has started to integrate gender concerns into its monitoring and evaluation system and has begun providing gender training for staff.

*Tool 2: Gender-Disaggregated Public Expenditure Incidence Analysis*

Gender-Disaggregated Public Expenditure Incidence Analysis estimates the distribution of budget resources (or changes in resources) among males and females by measuring the unit costs of providing a given service and multiplying that cost by the number of units used by each group.

**Comment:** Traditionally, public spending in any sector was assumed to be distributed equally across the beneficiary population, whether national, provincial or municipal. In many cases, equal distribution of benefits has not occurred, especially among the poor compared to other income groups, in rural areas compared to urban, or among females compared to males. However, such potential bias can only be determined through the collection of data, in this context, data specific to gender impacts.

Moreover, a central function of public spending is distributional equity. But in view of widespread spending constraints, the solution adopted by many governments is 'targeting', that is, concentrating limited public resources on narrowly defined 'target' groups, usually those most at risk. As Diane Elson has noted, given that men, even poor men, tend to spend more of their available income on personal leisure pursuits, there is a gender dimension to optimizing targeting strategies to vulnerable households or groups by making benefits accessible through women instead of men.

**Example:** An analysis of changes to Sri Lanka's food ration and subsidy programme in the 1980s revealed that despite rapid economic growth, the real value of food stamps eroded in the first half of the decade and there was a decline in real incomes of poor people. It concluded that within poor households, girls and women bore the brunt of the rising food deficit, citing higher levels of malnutrition among pre-school and school girls and declining birth weights of babies born to low-income mothers.

*Tool 3: Gender-Disaggregated Beneficiary Assessments*

Gender-Disaggregated Beneficiary Assessment is a means by which the voice of the citizen can be heard. In these exercises, the actual or potential beneficiaries of public

services are asked to assess how far public spending is meeting their needs, as they perceive them. This can be done through opinion polls, attitude surveys, group discussion or interviews. Questions focus on overall priorities for public spending or upon the details of the operation of public services.

**Comment:** Public expenditure management (PEM) is increasingly seeking to integrate development concerns, particularly those relating to social inclusion, human resource development and poverty reduction, within the budgetary requirements of fiscal prudence, economic growth and political realism. This is undoubtedly a necessary but difficult task for governments which have limited resources for financing various social priorities and to make hard choices in the face of competing demands.

Although PEM is one of the most critical areas of public policy, it is possibly the least publicly examined because it is highly technical. However, civil society organizations are increasingly looking at PEM and service delivery and its public responsiveness. The World Bank programme on Civic Engagement in Public Expenditure Management promotes the 'democratization of resource management.' This participatory budget process, initiated by government, offers opportunities for redistribution and more direct accountability through organized budgetary debates with citizens, a review of investment plans of the previous year and a discussion of proposals for the new year, a ranking of demands and aggregate community claims, and a division of resources based on a weighting system that combines subjective preferences of citizens with objective quantitative criteria.

**Example:** In 1996, the Women's International League for Peace and Freedom initiated a Women's Budget Project, asking women to answer a series of questions about the choices they would make in allocating national budget resources. They calculated the costs of various defence-related programmes and compared them to potential social welfare expenditures. The project then asked: Which would you choose? Fund the F-22 fighter plane programme for the current year (\$2.1 billion) or pay for the annual health care expenses for 1.3 million American women? Fund 'Sea wolf' attack submarines for the current year (\$1.7 billion) or provide low-income home energy assistance for 5.6 million households? The project estimated the savings from proposed cuts in military spending and outlined the ways in which such savings could be invested to benefit women, including employment and training programmes, campaigns against gender-based violence, and services for the elderly, the majority of whom are women.

*Tool 4: Sex-Disaggregated Analysis of the Impact of the Budget on Time Use*

Sex-Disaggregated Analysis of the Impact of the Budget on Time Use is a calculation of the link between budget allocations and their effect on how household members spend their time, using household time-use surveys.

**Comment:** Social reproduction entails costs: the costs of caring for ourselves, our children and other dependents. These costs include direct expenditures on behalf of dependents such as children, the sick, the disabled and the elderly along with the costs of time devoted to the care of these individuals, and to the daily maintenance of families and community networks. For individuals and families, costs include the direct costs of children, the time

spent caring for children, the costs of education, and the other costs of raising children. On a larger scale, social reproduction costs also include the costs of maintaining society's stock of knowledge and abilities, although these can also be thought of as part of economic reproduction. While both men and women contribute to social reproduction, women generally contribute disproportionately larger amounts of their disposable income and labor to these processes.

Equally significant is the link between social reproduction and the market economy, the former supplying the human and social capital for the latter. While there have been important developments in family-friendly policies offered through budgets, including family tax credits, child benefits and single-parent allowances, the impact of budgetary policy on social reproduction has been largely negative, through reductions in social expenditure and/or the introduction of user fees for social services.<sup>2</sup>

**Example:** Between 1983 and 1985, real per-capita expenditure on health fell by 16 per cent in Zambia. People had to travel greater distances and wait for longer periods of time to get health care treatment. Zambian women who were interviewed reported having to spend more time caring for sick family members, including time spent with them in hospital providing meals and nursing care, and having less time to spend on farming.

*Tool 5: Gender-Aware Medium-Term Economic Policy Framework*

A Gender-Aware Medium-Term Economic Policy Framework is used to assess the impact of economic policies on women, focusing on aggregate fiscal, monetary and economic policies designed to promote globalization and reduce poverty.

**Comment:** Based on the advantages of linking policy, planning and budgeting, the medium-term budget policy or expenditure framework sets out the policy framework usually for a three-year rolling budget. It describes a government's goals and objectives, explains the economic environment within which those objectives are being addressed, and projects the total level of resources that will be available. The framework analysis the trade-offs and choices that the nation confronts in addressing its reconstruction and development priorities.

The integration of a gender analysis into the medium-term budget process goes beyond the analysis of impact, as it is linked to the governance principle of participation, which recognizes that people are not only the ultimate beneficiaries of development but also agents of development. It relates to the need for participation in budgeting, that is, the consultation and involvement of various stakeholders (including local government authorities, traditional rulers, civil society organizations, NGOs, community-based organizations and donor agencies) in the process where development objectives are quantified and operationalized fiscally. This evolving notion of participatory budgets, although limited in the development of medium-term frameworks, is being promoted through:

- involvement of beneficiaries and affected groups in the design and implementation of policy, programmes and projects;
- decentralization of financial authority and the empowerment of local communities; and
- cooperation with key stakeholders.

**Example:** In South Africa the government invited members of the Women's Budget Initiative to address a workshop on the development of the 1996 Medium Term Expenditure Framework (MTEF). The idea was to plan expenditure on a three-year rolling basis rather than on the existing year-by-year rolling basis. It is noteworthy that while this did not mean that the MTEF would necessarily be gender-sensitive, it did signal a willingness by the Ministry of Finance to engage with gender-equality issues. In fact, the National Expenditure Survey produced by the Ministry of Finance in 1999 did incorporate more gender analysis. In Tanzania, the Ministry of Finance is seeking to integrate gender concerns into the new MTEF and performance budgeting system.

*Tool 6: Gender-Aware Budget Statement*

A Gender-Aware Budget Statement is a government report that reviews the budget using some of the above tools, and summarizes its implications for gender equality with different indicators, such as the share of expenditure targeted to gender equality, the gender balance in government jobs, contracts or training, or the share of public service expenditure used mainly by women.

## Revenue Tools

Gender responsive budget initiatives were conceived as a set of analytical tools, a methodological framework and implementation strategy for use by governments to incorporate a gender perspective into budgetary processes. However, for pragmatic reasons, the initiatives have so far focused primarily on expenditure allocations. Revenue tools are required for a better understanding of the possible gender impacts of revenue-raising measures, as well as to complement work done on expenditure impacts.

The development of revenue tools is expected to concentrate on:

**Direct/personal income tax:** Global income taxes are typically a source of gender bias. Bias can take the form of marriage penalties, where couples filing joint returns incur a greater tax liability than they would if they filed as individuals, or where tax on the second income in a household begins at a higher rate than the base tax rate. Gender bias can also occur when all non-labor income (from assets, savings, property or business) or tax expenditures (subsidies, deductions, exemptions or credits) are allocated to the male spouse only or not available to a married woman who is the sole household earner.

**Indirect/commodity tax:** The current trends towards reducing trade tariffs through liberalization policies and a demand for greater ease in collection has led to indirect taxes now constituting a larger percentage of tax revenue than direct taxes in many countries. While these taxes may seem to be gender-neutral as they are attached to products and

<sup>2</sup> Reduction in social investment leads to an erosion in human and social capital, the costs of which are usually in terms of lower productivity through reduced capacity for education and training, ill health and stress, and increased expenditure on social and community workers, security services, and repairs to damage to property.

services, they can have significant gender implications, given that women and men tend to use/consume different products/services, and also based on the way in which household income and expenditures are managed and distributed.

**User fees:** Since the 1980s the number of countries that have implemented some form of user fees has grown considerably and user financing of basic social services has become common practice in many developing countries. Governments now regard user fees as an alternative to tax-based financing for a range of public services. Efficiency, effectiveness and even equity arguments have been made for applying these charges, yet supporting evidence is limited. There is, however, some disturbing evidence from studies of the equity losses (reduced utilization of services among the poor and negative effects on well-being and health) resulting from the introduction of user fees

**Other areas:** Other tax issues may be examined for possible gender impacts. These include corporate taxes, primarily the granting of incentives to certain sectors as opposed to others; the impact of globalization, specifically the reduction in customs duties and trade tariffs, and the debt crisis and the fiscal drain of debt servicing.

## Methodology

Methodologically, some governing principles are important to emphasize with regard to the conceptualization and implementation of gender responsive budget initiatives at the country level:

- **Country ownership:** government commitment and leadership and broad country ownership are critical for effective formulation and implementation of gender responsive budget initiatives;
- **Participation:** as citizens are not only the ultimate beneficiaries of development but also agents of development, public expenditure management needs to involve the participation of various stakeholders (e.g., local government authorities, traditional rulers, civil society organizations, economic and social research institutes, NGOs, community-based organizations and donor agencies) in the process by which development objectives are quantified and operationalized through the budget.
- **Transparency:** transparency of the consultative, analytic and outcomes processes at the national, provincial and local levels builds trust, ownership and support among civil society and other stakeholders;
- **Sustainability:** processes that build on existing budgetary and public expenditure management mechanisms and the experiences arising out of the good practices of gender responsive budget initiatives are most likely to be institutionalized and sustained over time; and
- **Continuous improvement:** gender responsive budget initiatives are iterative processes of consultation, participation, planning, implementation and evaluation against set goals, objectives, indicators and benchmarks. The regular review and updating of the process based on emerging experiences is a critical factor in improving the design and implementation of the initiative and strengthening its impacts.

## Conclusion

Gender responsive budget initiatives provide a mechanism by which governments, in dialogue with civil society, donors and other partner agencies, can integrate a gender analysis into public expenditure policies and budgets. Building on the experience gained from the programme in Commonwealth countries, the Commonwealth Secretariat seeks to consolidate the achievements and increase the implementation of gender responsive budget initiatives at the country level. It also seeks to complement work already done on public expenditure by developing measures and tools that can apply a gender analysis to taxation and revenue policies and practices within national and provincial budgets.

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# Gender and Public Spending: Insights from Benefit Incidence

Lionel Demery

This paper shows how benefit incidence analysis of public spending can incorporate a gender perspective, looking at education spending in Côte d'Ivoire (1995) and health care spending in Ghana (1992). In Côte d'Ivoire, on average, males gained two-thirds of the benefits and females only one-third. The disparity was greater in poor households. In Ghana, while females in more affluent households gained more than males from hospital services, in the poorest households, females gained one-third of the benefits while males gained two-thirds. These outcomes result from the interplay of decisions within households and decisions about how to provide different public services.

## Introduction

There has been a long-standing concern in the economics literature about how to measure the benefits of publicly provided goods to individuals in society. For market-based goods and services, the prices paid by individual consumers can be taken as reflecting underlying values. But it is difficult to use prices as the basis of valuing publicly provided goods. Many such goods and services are pure public goods, which can be considered as freely provided and benefiting communities as a whole. But even when government spending subsidizes the provision of private goods (e.g., health and education services, many infrastructure services), their supply is usually rationed, so that it is no longer valid to use the price paid (if any) as a measure of the underlying value of the good in question to the individual consumer (Aaron and McGuire 1970).

A rationed, publicly provided good or service should be evaluated at the individual's own valuation of it (his/her demand, or virtual-price). But the difficulties inherent in estimat-

ing these valuations (Cornes 1995) led to alternative approaches, in which publicly provided goods and services are valued at their marginal cost (Brennan 1976). Since then, two broad approaches have prevailed (van de Walle 1998): one emphasizes the need to measure individual preferences for the goods in question; the other is benefit incidence analysis, which combines the cost of providing public services with information on their use in order to illustrate the way in which the benefits of government spending are distributed.

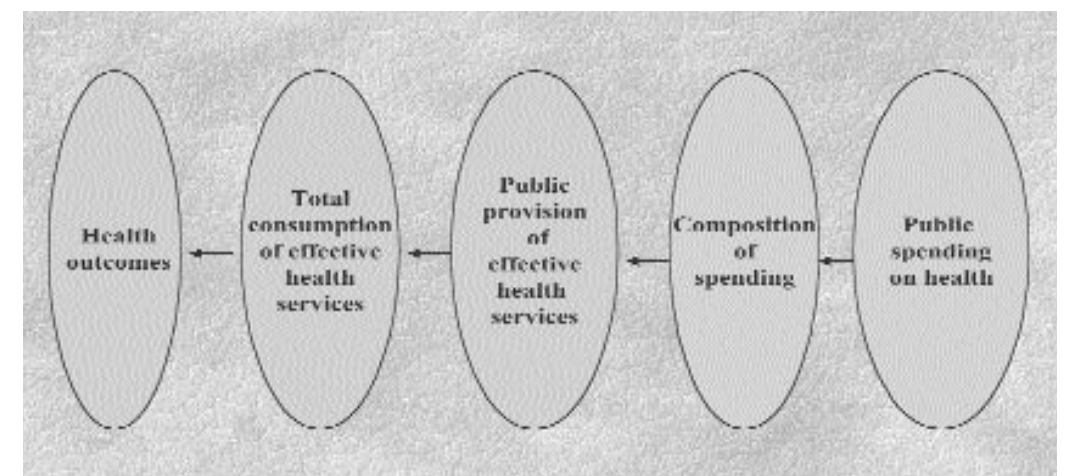
The main focus of benefit incidence work has traditionally been to assess how public spending affects the distribution of income, and particularly how its benefits are distributed to the poorer sections of society. Interestingly, most benefit incidence studies ignore gender, either as an cause of concern in itself, or as a means of interpreting the findings. This paper argues that sex disaggregation often provides a key to understanding benefit incidence results and their policy significance. It looks at the application of benefit incidence analysis in two cases—education and health—both of which highlight the need to make gender distinctions, and then assesses the strengths and weaknesses of the approach.

## What Is Benefit Incidence?

Governments subsidize services in order to improve certain critical outcomes among the population. Health and education subsidies, for example, can be justified if they improve living standards—preventing and curing disease, improving cognitive skills and so on. But there are many links in the chain between government spending and the outcomes sought. Using the example of health spending, Filmer, Hammer and Pritchett (1998) provide a helpful framework to assess these links (see Figure 1).

The framework distinguishes four basic links. The first is the link between total public spending on health and the composition of spending. If the health budget is devoted mainly to activities which have little impact on health outcomes among the population at large, the link will be weakened. Typically, spending on tertiary health facilities (e.g.,

Figure 1: Public spending and outcomes—links in the chain



teaching hospitals) will not benefit the population at large, as such facilities are used (in developing countries at least) mostly by better-off urban residents. The second link concerns the translation of the budget into effective health services. If the sector is inefficient, the level of spending will be a poor indicator of service provision (even if allocated to potentially relevant services). A 1998 study estimated that for every dollar devoted to primary education in Uganda, for example, only 37 cents reached the primary school (Ablo and Reinikka 1998). The third link establishes how the total provision of effective services is affected by public spending, which depends on the response of the private sector. If the provision of publicly provided services crowds out private providers, the net effect on total health care provision will be somewhat reduced.

The final link is between the provision of health services (private and public) and health outcomes at the individual level. Health services interact with many factors to generate improved health outcomes: better water, better education (especially for women), better nutrition and so on are important complementary factors leading to better health. The impact of better health services in part depends on these other influences. Benefit incidence analysis focuses mainly on the first of these links, addressing the question: 'To what extent do governments spend on services that are used by poor households, and potentially could improve their lives?' When combined with the 'tracking' of spending to the facilities, it can also help assess the second link.

The starting point is the reported use of government services by households. By combining this information (usually obtained from household surveys) with information on the cost of providing the service, the incidence of the benefit of government spending can be estimated across household groups. The technique involves a three-step methodology.

- First, estimates of the unit subsidy of providing a particular service are obtained, usually on officially reported recurrent public spending on the service in question. Revenue from cost recovery must be netted out of government spending to derive unit subsidies for benefit incidence—depending on the use to which cost recovery revenue is put. If the revenue returns to the national exchequer, it must be netted out of the unit subsidy, since it reduces the in-kind subsidy that households receive. But if the revenue remains within the facility providing the service (e.g., the health clinic or primary school), it should not be netted out, since it adds to the value of the service the household obtains, over and above the government subsidy, and should be described as cost sharing rather than cost recovery.
- Second, this unit subsidy is 'imputed' to households or individuals that are identified as users of the service. Individuals who use a subsidized public service in effect gain an in-kind transfer. Benefit incidence analysis measures the distribution of this transfer across the population. Assigning the unit subsidy to individuals or households is based on information obtained through a household survey.
- The third step involves aggregating individuals (or households) into sub-groups of the population in order to compare how the subsidy is distributed. The main classifier used to group households is income or household expenditure, regarded as a measure

of the welfare of the household and its members. Ranking individuals by this measure is important for benefit incidence, since it indicates whether government spending is well targeted to those that need it most—the poorest in society. Ranking requires that the household survey from which public services use estimates are derived also contains information on this welfare measure.<sup>1</sup> Computing the indicator is itself a major undertaking—defining what commodities to include in total household expenditure, dealing appropriately with spending on consumer durables, imputing own-produced consumption of food and receipts of income in kind, accounting for variations in prices both across regions and over time, and making allowance for the different expenditure needs of household members (Ravallion 1994). Within the context of this income-based population grouping, the gender classifier is often essential. This is especially true in poverty assessment, since weak targeting of government spending to poor people is closely related to gender biases in the use of government services (Demery 1996).

Consider the benefit incidence of public spending on a particular government service such as education. The incidence to one group (poorest income group, urban population or female population) depends on two factors: the use of publicly funded services by that group, and distribution of government spending. Benefit incidence will be greater as the government spends more on the services used relatively more by the group. To show this formally, consider the group-specific benefit incidence of government spending on education:

$$X_j = \sum_{i=1}^3 E_{ij} \frac{S_i}{E_i} = \sum_{i=1}^3 \frac{E_{ij}}{E_j} S_i \quad (1)$$

$X_j$  is the value of the total education subsidy imputed to group  $j$ .  $E_{ij}$  represents the number of school enrollments of group  $j$  at education level  $i$ , and  $E_i$  the total number of enrollments (across all groups) at that level.  $S_i$  is government net spending on education level  $i$  (with fees and other cost recovery netted out), and  $i$  ( $= 1, \dots, 3$ ) denotes the level of education (primary, secondary and tertiary). Note that  $S_i/E_i$  is the unit subsidy of providing a school place at level  $i$ . Equation (1) assumes that this subsidy only varies by level of schooling and not across groups. Commonly, government subsidies for services vary significantly by region. Services typically attract higher subsidies in urban than in rural areas. And services are often better financed in the capital city than in other urban areas. These variations in unit subsidies lead to inequalities in the distribution of benefits which should be captured in the analysis. Where data limitations prevent an analysis of these regional variations, equation (1) must be the basis of the analysis. But if data permit, benefit incidence involves the estimation of:

<sup>1</sup>The problem is that income and expenditure information on individuals is not usually available from household surveys. The usual procedure is to assign to each individual the per capita income or expenditure of the household to which she or he belongs. This can be misleading when there are large intra-household inequalities (Haddad and Kanbur 1990).

$$X_j \equiv \sum_{k=1}^n \sum_{i=1}^3 \frac{E_{ijk}}{E_i} S_{ik} \quad (1a)$$

where the  $k$  subscript denotes the region specified in the unit cost estimate, with  $n$  regions distinguished. The *share* of total education subsidy ( $S$ ) accruing to the group is given by:

$$X_j \equiv \sum_{k=1}^n \sum_{i=1}^3 \frac{E_{ijk}}{E_i} \left( \frac{S_{ik}}{S} \right) \equiv \sum_{k=1}^n \sum_{i=1}^3 e_{ijk} s_{ik} \quad (2)$$

Clearly, this share (like overall inequality in benefit incidence) is determined by two factors: the share of the group in total enrolments at each level of education and in each region ( $e_{ijk}$ ), and the share of each level of education and region in total education spending ( $s_{ik}$ ). The  $e$ 's reflect household enrollment decisions, whereas the  $s$ 's reflect government spending allocations across regions and levels of schooling. The  $e$  and  $s$  variables can be defined also for other sectors, so that for health,  $e_{ij}$  would represent the share of group  $j$  in the total visits to health facility  $i$ . And  $s_i$  would be the share of total government health net spending on health facility  $i$  (e.g., primary health clinics).

How helpful such disaggregations are in benefit incidence analysis depends on the types of sector disaggregations that are feasible. At one extreme, it may be possible to identify services that are entirely group specific—for example, the provision of pre-natal care in the health sector would benefit only females of a certain age. The greater the share of total health spending allocated to such services (the  $s_i$  variable), the greater the benefit incidence to that group (since  $e_{ij} = 1$ ). In most cases, however, it is not possible to obtain such disaggregations, and most services defined within a sector are usually available to and used by more than one group. Usually education services are divided into primary, secondary and tertiary levels, while health services are disaggregated into health centres or clinics, outpatient hospital services and in-patient hospital care. Such services are usually used by all groups. However, even at this level of aggregation there will be group-based differentials. Poor people are unlikely to use university schooling, so that the greater the share of government spending allocated to universities, the lower the share of education spending accruing to poor people. Similarly, if poor people are less likely to use hospital-based clinical services, they will gain little from a health budget that allocates large amounts to such services.

## Using a Gender Classifier: Two Examples

To get a more hands-on view of benefit incidence, two concrete examples illustrate the approach and highlight the insight gained by sex disaggregation, namely, education spending in Côte d'Ivoire and health spending in Ghana.

### Education Spending in Côte d'Ivoire

A study in Côte d'Ivoire found that most cost recovery stays either at the education facility or within the education service, suggesting that it is therefore invalid to net out such revenues from the gross subsidy (Demery, Dayton and Mehra 1996). It was important to distinguish direct subsidies through the public school system, and indirect subsidies through private schooling (some of the education budget was allocated to finance places in private schools due to capacity limits being reached in state schools). Five levels of schooling were distinguished, yielding altogether eight unit subsidies.

**Table 1** Côte d'Ivoire, education unit subsidies, 1995 (CFAF)

	Education unit subsidies (per student)		
	Gross	Cost recovery	Net
<i>Primary:</i>			
Public	64,840	-	64,840
Private	8,490	-	8,490
<i>Secondary:</i>			
General			
Public	117,462	-	117,462
Private	31,694	-	31,694
Technical			
Public	754,221	-	754,221
Private	8,663	-	8,663
<i>Tertiary:</i>			
General	348,453	-	348,453
Technical	1,878,089	-	1,878,089

Source: Demery et al. (1996)

Note: CFAF=Communauté Financière Africaine Franc

What do these unit subsidies imply for the in-kind transfers households gain from education spending? This clearly depends on household decisions to send children to school. Households with children enrolled in state-subsidized schools are allocated the subsidy, depending on the type of school. Table 2 provides a *basic format* of how the benefit incidence results can be arranged—say in a spreadsheet. Subsidies are distributed to expenditure quintiles (in terms of equation 1,  $j = 1, \dots, 5$ ). Quintiles are defined across *individuals*, based on per capita total expenditure of the household to which they belong. Quintile 1 is the poorest 20 per cent of people and quintile 5 is the richest 20 per cent.

Note that the poorest quintile gained just 13 per cent of the total education subsidy in Côte d'Ivoire in 1995. Three factors determine these shares. The first is the allocation of the education subsidy across the various levels of schooling (the  $s$ 's of equation 2). These are given as the shaded values in the final row of figures (the memorandum item). The government allocated just under 50 per cent of total education subsidies to primary education, and a significant amount to tertiary schooling (almost a fifth of the total education budget). But benefit incidence also depends on household behaviour—the  $e$ 's of equation 2—which is

reflected in the *quintile shares* of the subsidy at each level of education (the shaded columns in Table 2). Primary enrolments (and therefore the primary subsidy) among the poorest quintile represented 19 per cent of total primary enrolments (subsidy) in Côte d'Ivoire. In contrast, as

**Table 2 Côte d'Ivoire, benefit incidence of public spending on education, by quintile, 1995**

Population Quintile	Primary subsidy		Secondary subsidy:				Tertiary subsidy		All education			
	Per capita	Share of total subsidy	(a)		(b)		Per capita	Share of total subsidy	Subsidy		Share of:	
			Per capita	Share of total subsidy	Per capita	Share of total subsidy			Total	Per capita	Total	HH Exp.
	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(e <sub>ij</sub> )	(Σe <sub>ij</sub> )	(Σe <sub>ij</sub> )	(Σe <sub>ij</sub> )	(Σe <sub>ij</sub> )
1	6,908	19	1,459	7	0	0	1,633	12	28,477	10,000	13	13
2	7,562	21	5,028	23	5	0	300	2	36,794	12,895	17	11
3	8,676	24	3,724	17	14	0	389	3	36,231	12,802	17	7
4	7,922	22	3,245	15	23	1	1,528	12	36,499	12,718	17	5
5	5,015	14	7,977	37	3,405	99	9,407	71	73,589	25,803	35	5
All Côte d'Ivoire	7,215	100	4,287	100	690	100	2,653	100	211,591	14,845	100	6
<i>Memorandum: Government spending:</i>												
(CFAF000)	102,840		61,104		9,830		37,817		211,591			
% share (s <sub>j</sub> )	49		29		5		18		100			

Source: Demery et al. (1996)

Note: HH Exp. = per capita household expenditure.

a result of their enrollment decisions, the richest quintile gained just 14 per cent of government spending on primary education. It is the *combined* influence of these enrollment shares and the allocation of government subsidies across the levels of education that yield the overall benefit incidence from education spending accruing to each of the quintiles (the final shaded column).

Expressing the education subsidy as a percentage of household income or expenditure (the same measure used to rank and group households) reveals how *progressive* it is. In Côte d'Ivoire the education subsidy imputed to the poorest quintile amounted to 13 per cent of total household expenditure, contrasted to just under 5 per cent for the richest quintile (Table 2). Although the subsidy was not well targeted to the poorest sections of the population, the poor did receive more than the rich in relation to their income levels.

To interpret benefit incidence findings, we must also note the different needs of the population groups. Compare the shares of the education subsidy in Côte d'Ivoire by quintile with the shares of the school-aged population (Table 3). While the poorest quintile appears to be doing reasonably well in gaining 19 per cent of the total primary education subsidy, compared with its 24 per cent share of primary school-age children it is not so well placed.

**Table 3 Côte d'Ivoire, benefit incidence and education needs, 1995**

Quintile/region	Per capita	Subsidy per school-age child	Share of subsidy	Share of school-age population
	CFAF	CFAF	%	%
<i>Primary</i>				
1	6,908	31,970	19.1	23.8
2	7,562	37,998	21.0	22.0
3	8,676	42,544	23.9	22.4
4	7,922	48,027	22.1	18.3
5	5,015	41,171	13.9	13.5
All Côte d'Ivoire	7,215	39,843	100.0	100.0
Rural	6,848	37,176	55.3	59.3
Urban	7,728	43,723	44.7	40.7
<i>Secondary</i>				
1	1,459	8,971	6.8	20.9
2	5,028	30,017	23.5	20.7
3	3,724	23,701	17.2	19.3
4	3,245	21,088	15.2	19.1
5	7,977	47,144	37.2	20.9
All Côte d'Ivoire	4,287	26,452	100.0	100.0
Rural	2,076	13,622	28.2	54.8
Urban	7,373	42,002	71.8	45.2

Source: Demery et al. (1996)

So whereas the poorest quintile receives a larger *per capita* primary subsidy than the richest quintile, when it is expressed in terms of per primary school-aged child, it receives considerably less. The contrast is even more striking with secondary schooling, with the bottom quintile having 21 per cent of the children at this age, but receiving only 7 per cent of the total secondary subsidy as a result of its enrollment decisions.

#### Gender Disaggregation

Other disaggregations besides those based on income or expenditure are possible—and desirable from a policy perspective—including those based on region (e.g., rural and urban areas) and on sex. In Côte d'Ivoire, household behaviour has led to marked gender differences in the incidence of education spending. In 1995, the average male gained CFAF 18,245, or two-thirds of the total education subsidy, through use of publicly subsidized education institutions (Table 4), while the average female gained CFAF 11,304, or one-third of the total. The relative disadvantage of females was least at the primary level, where they are imputed 42 per cent of the total primary subsidy, and greatest at the tertiary level, at 29 per cent of the total tertiary subsidy.

It is also interesting to note that the relative disadvantage of females was greater in poor households. Females in the poorest quintile gained only a quarter of the total to the quintile, in contrast to the 40 per cent share for their counterparts in the richest quintile.

**Table 4 Côte d'Ivoire, benefit incidence of education spending by gender and quintile, 1995**

Quintile/ region	Female				Male				Total Population		
	Total subsidy	Per capita subsidy	Row share	Column share	Total subsidy	Per capita subsidy	Row share	Column share	Total subsidy	Per capita subsidy	Column share
	CFAF000	CFAF	%	%	CFAF000	CFAF	%	%	CFAF000	CFAF	%
<i>Primary</i>											
1	5,993	4,564	30.5	14.0	13,679	8,912	69.5	22.8	19,672	6,908	19.1
2	10,135	6,900	47.0	23.7	11,443	8,265	53.0	19.1	21,578	7,562	21.0
3	10,391	7,162	42.3	24.3	14,162	10,267	57.7	23.6	24,553	8,676	23.9
4	9,018	6,414	39.7	21.1	13,718	9,371	60.3	22.9	22,736	7,922	22.1
5	7,294	5,433	51.0	17.0	7,008	4,643	49.0	11.7	14,301	5,015	13.9
All Côte d'Ivoire	42,831	6,135	41.6	100.0	60,009	8,252	58.4	100.0	102,840	7,215	100.0
Rural	21,801	5,591	38.3	50.9	35,061	7,960	61.7	58.4	56,862	6,848	55.3
Urban	21,029	6,824	45.7	49.1	24,948	8,701	54.3	41.6	45,977	7,728	44.7
<i>Secondary (including technical)</i>											
1	1,044	795	30.4	4.2	3,112	2,028	90.6	6.8	3,433	1,206	5.2
2	4,609	3,138	33.2	18.4	9,751	7,043	70.2	21.2	13,882	4,865	20.9
3	3,656	2,520	35.8	14.6	6,923	5,019	67.7	15.1	10,224	3,613	15.4
4	3,127	2,224	36.5	12.5	6,252	4,271	72.9	13.6	8,572	2,987	12.9
5	12,565	9,359	41.6	50.3	19,896	13,181	65.8	43.3	30,227	10,599	45.6
All Côte d'Ivoire	25,001	3,581	37.7	100.0	45,933	6,317	69.2	100.0	66,335	4,654	100.0
Rural	3,146	807	19.0	12.6	14,095	3,200	85.0	30.7	16,578	1,996	25.0
Urban	21,855	7,092	43.9	87.4	31,838	11,103	64.0	69.3	49,759	8,364	75.0
<i>Tertiary (including technical)</i>											
1	0	0	0.0	0.0	4,650	3,030	100.0	17.4	4,650	1,633	12.3
2	0	0	0.0	0.0	856	618	100.0	3.2	856	300	2.3
3	550	379	50.0	5.0	550	399	50.0	2.1	1,100	389	2.9
4	877	624	20.0	7.9	3,506	2,542	80.0	13.1	4,384	1,528	11.6
5	9,658	7,194	36.0	87.1	17,169	11,375	64.0	64.2	26,827	9,407	70.9
All Côte d'Ivoire	11,085	1,588	29.3	100.0	26,732	3,676	70.7	100.0	37,817	2,653	100.0
Rural	0	0	0.0	0.0	8,151	1,851	100.0	30.5	8,151	982	21.6
Urban	11,085	3,597	37.4	100.0	18,581	6,480	62.6	69.5	29,666	4,987	78.4
<i>All education</i>											
1	7,037	5,359	24.7	8.9	21,440	13,970	75.3	16.2	28,477	10,000	13.5
2	14,745	10,038	40.1	18.7	22,050	15,927	59.9	16.6	36,794	12,895	17.4
3	14,596	10,062	40.3	18.5	21,635	15,685	59.7	16.3	36,231	12,802	17.1
4	13,023	9,262	35.7	16.5	23,477	16,957	64.3	17.7	36,499	12,718	17.2
5	29,517	21,985	40.1	37.4	44,072	29,199	59.9	33.2	73,589	25,803	34.8
All Côte d'Ivoire	78,917	11,304	37.3	100.0	132,674	18,245	62.7	100.0	211,591	14,845	100.0
Rural	24,947	6,398	30.3	31.6	57,307	13,011	69.7	43.2	82,254	9,906	38.9
Urban	53,970	17,513	41.7	68.4	75,367	26,284	58.3	56.8	129,337	21,740	61.1

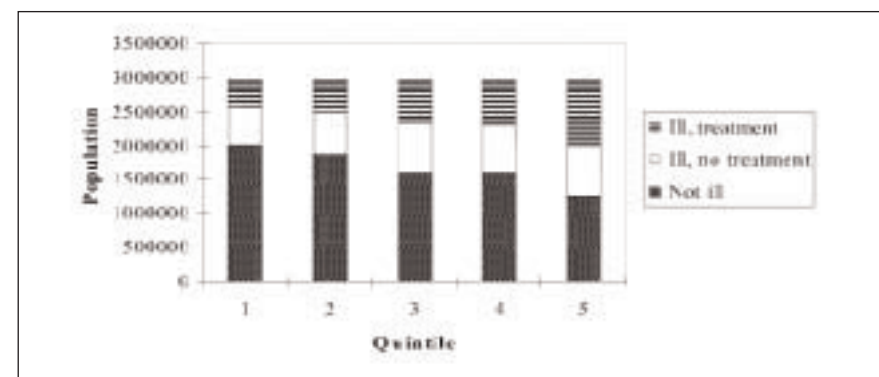
Source: Demery (1996).

Moreover, the fact that this quintile received only just over 13 per cent of education spending is in part due to the gender enrollment bias among this group. Males in the poorest quintile gained 16 per cent of the total accruing to males, while females only received 9 per cent of the total accruing to females. The richest female group appropriated 37 per cent of the education subsidy received by the female population. Gender inequality, therefore, was a critical component of overall inequality in the benefit incidence of education spending in Côte d'Ivoire.

These results show that public spending on education benefited males more than females in 1995, which influenced the overall inequality of education spending in the country. The explanation is twofold: first, households chose to enrol males more than females at all levels of schooling, so however the government allocated spending, a gender bias would be present in the benefit incidence of such spending. Second, a sufficiently large proportion of the government budget was devoted to tertiary education, which females tended not to use. A shift of spending towards primary and secondary schooling would lead to an improvement in the share of the total budget going to females (as well as to poorer groups in the community). But such decisions should not rest on benefit incidence estimates alone. They should also be based on a sound understanding of how household behaviour would be affected by such expenditure shifts.

## Health Spending in Ghana

Two important issues complicate an analysis of benefit incidence of government health spending to individuals or households in Ghana. First, on the government side, much spending is directed at pure public goods—primarily disease-bearing insect vector control and improvement of the ambient environment (reduced air- and water-pollution, and reduced radiation). The benefits of such spending simply cannot be allocated to individuals, although there is the presumption that the poor will benefit disproportionately. However, a significant portion of the health budget (including spending on preventive services such as vaccination programmes and clinical curative services) is imputable to individual users, and is amenable to benefit incidence assessment.

**Figure 2: Ghana, reported illness and response by quintile, 1992**

Source: Demery, et al. (1995).



The second issue concerns the difficulties in defining health needs. While for education, it is meaningful to define the needs in terms of a group's school-age population, for health, no such neat proxies are available, since health needs of some groups (e.g., women) are likely to differ from others (men). This ambiguity is aggravated by the information typically available on the use of health services by households, which is obtained from household surveys, and often self-reported. In the 1992 Ghana Living Standards Survey, for example, just over 22 per cent of the sample reported being ill or injured during the two-week period before the interview. But only 16 per cent of those in the poorest quintile reported an illness or injury, compared to 29 per cent for the richest quintile. These patterns almost certainly reflect non-sampling errors in the survey, with the poorer and less educated respondents being less inclined to identify and recall an illness occurrence in the household. Since benefit incidence estimates are based on the use of public health facilities, much of which is conditional on a reported illness or injury, this bias in the data will have important implications for the results.

If the problem involves identifying illness or injury occurrences that are self-treated, rather than those involving external consultation (private or public), benefit incidence results would not be greatly influenced, since self-treatment does not enter into the estimates. But if poorer respondents have difficulty in recalling health care consultations (i.e., actual use of health services), the bias would filter into incidence estimates—essentially underestimating the use of health facilities by poorer groups relative to the better off. Unit subsidies on health care in Ghana were obtained for five regions (including Greater Accra) and by type of facility—hospitals, health centres and clinics (Table 5). Information on the

**Table 5 | Ghana, government health-care unit subsidies, 1992**

	Hospital:		Primary health facilities
	Inpatient	Outpatient	
<i>Eastern, Volta, Ashanti, Western regions</i>			
Total Expenditure ('000 Cedis)	4,613,785	1,718,861	1,306,392
Cost Recovery ('000 Cedis)	66,344	733,799	479,149
Net Expenditure ('000 Cedis)	4,547,441	985,063	827,243
Visits ('000)	319.8	1,347.7	1,156.9
<b>Subsidy per visit (Cedis)</b>	<b>14,427</b>	<b>1,275</b>	<b>1,129</b>
<i>Greater Accra region</i>			
Total Expenditure ('000 Cedis)	3,657,479	1,362,590	937,148
Cost Recovery ('000 Cedis)	4,696	256,182	69,347
Net Expenditure ('000 Cedis)	3,652,783	1,106,408	867,800
Visits ('000)	73.8	337.0	144.4
<b>Subsidy per visit (Cedis)</b>	<b>49,553</b>	<b>4,044</b>	<b>6,489</b>

Source: Demery et al. (1995).

Note: Cedi=unit of currency in Ghana.

breakdown of in-patient and out-patient costs was also obtained. Care was taken only to net out that portion of cost recovery which was not retained by the facility itself.

Combining these unit subsidies with the use of these services as reported in the 1992 Ghana Living Standards Survey, we are able to estimate the benefit incidence of the health budget (Table 6). As before, the shaded columns in the table show the shares of each quintile in the total number of visits to each category of health facility (reflecting the  $e_{ij}$ 's), and the

**Table 6 | Ghana, benefit incidence of public spending on health, by quintile and level, 1992.**

	Primary facilities		Hospital outpatient		Hospital Inpatient		All health			
	Per capita subsidy	Share of total subsidy ( $e_{ij}$ )	Per capita subsidy	Share of total subsidy ( $e_{ij}$ )	Per capita subsidy	Share of total subsidy ( $e_{ij}$ )	Subsidy		Share of:	
							Total	Per capita	HH exp.	Total subsidy
Population quintiles	(Cedis)	(%)	(Cedis)	(%)	(Cedis)	(%)	(m Cedis)	(Cedis)	(%)	(%)
1	661	10	1,079	13	555	11	6,841	2,296	3.5	12
2	1,082	17	1,242	15	741	14	9,133	3,065	3.1	15
3	1,202	19	1,432	17	1,058	20	11,004	3,692	2.8	19
4	1,460	23	1,564	19	1,203	23	12,600	4,228	2.3	21
5	1,966	31	2,883	35	1,666	32	19,414	6,515	1.8	33
All Ghana	1,274	100	1,640	100	1,045	100	58,992	3959	2.4	100
<i>Memorandum: Government spending:</i>										
(m Cedis)	18,987		24,437		15,568		58,992			
% share ( $s_j$ )	32		41		26		100			

Sources: World Bank (1995a); Demery, et al. (1995) Demery et al. (1996).

Note: m Cedis=millions of Cedis  
HH exp.=household expenditure

highlighted row in the memorandum item indicates government allocations across facility types (the  $s_j$ 's). Overall, the poorest quintile (quintile 1), obtained just 12 per cent of total health spending by using publicly subsidized health facilities.

Interestingly, the poorest quintile was disadvantaged in its use of all levels of health care, including primary care. In that sense the allocation of the budget across sub-sectors appears to be less relevant.<sup>2</sup>

#### Gender Disaggregation

Gender was clearly a major source of inequality in the benefit incidence of health spending in Ghana. Overall, females gained 56 per cent of the health subsidy in 1992 (see Table 7). Women gained an in-kind transfer of Cedis 4,321 per capita compared with Cedis 3,576 for men. But because health needs differ between the sexes, there may still be a bias against

<sup>2</sup> More recent evidence shows a much greater use by poorer people of primary facilities (see Canagarajah and Ye Xiao 2001)

females in service provision. One indication that such a bias exists is in the gender pattern across quintiles. While females gained more than males from hospital-based services overall, this applied only to the top two quintiles. For the remaining population, there is a clear bias against females. For inpatient services, for example, females in the poorest quintile gained only one-third of the subsidy accruing to the quintile.

The column shares in Table 7 indicate that gender biases are an important explanation of the poor targeting of health spending to the poor. The low shares of the poorest quintile in the hospital-based subsidy (13% for outpatient and 11% for inpatient care) are due

mainly to the poor access of females to these services. Clearly, the low share of the poorest quintile in total health spending is due in large part to the low share of hospital-based health services going to poor females. For example, of the outpatient subsidy received by males, 17 per cent went to males in the poorest quintile, whereas of the subsidy going to females, only 10 per cent went to females in the poorest quintile. The fact that females in the higher incomes groups use such services significantly more than males suggests that gender bias prevents females in low-income groups from gaining in-kind health transfers, despite their need for such services. It is impossible to understand the unequal benefit incidence of health spending in Ghana in 1992 without reference to these critical gender differences.

One final comment concerning gender inequalities in the context of government spending. Typically, governments do not subsidize all costs of a particular service, and households are called upon to pay for major components (including transactions costs such as transport and the opportunity cost of time). Such spending can be significant, and usually varies across income groups (Table 8). If household spending is in any way 'biased' against female members (especially among lower quintiles), clearly any analysis of the gender inequality of benefit incidence will understate the reality on the ground.

## Interpretations and Limitations

Benefit incidence can have a profound effect on how a given country situation is perceived by government officials and policy-makers, making it critical that analysts take great care in drawing only valid inferences from their results. It is important to understand what benefit incidence analysis tells us, and what it leaves unresolved.

### Limited Coverage

First and foremost, analysts must be aware that benefit incidence cannot hope to be exhaustive in its coverage of public expenditure. Spending on public goods (i.e., goods where one person's consumption does not diminish their availability to other persons; an example is street lights) usually cannot be imputed to individuals. Even within sectors, there will be items of spending that cannot be traced by benefit incidence, such as spending on population-based preventive health programmes (e.g., insect vector control, environmental protection, public awareness programmes in family planning and HIV/AIDS prevention).

### An Exercise in Current Accounting

Equations 1 and 2 were written as identities. This is because benefit incidence is best regarded as an exercise in accounting. These accounts concern only current flows—ignoring the long-run or capital-account effects. And they are based on current costs. They measure by how much the current income of households would have to be raised if they had to pay for the subsidized services at full cost. This limits what conclusions can be drawn from the analysis in a number of ways.

First, the analysis does not necessarily measure the benefits that households and individuals receive. The reason why the approach is termed *benefit incidence* is simply to distinguish it from

**Table 7** Ghana, distribution of health subsidies by facility, gender and quintile, 1992

Quintile	Male			Female			Total Population		
	Mean subsidy per capita (Cedis)	Column share (%)	Row share (%)	Mean subsidy per capita (Cedis)	Column share (%)	Row share (%)	Total subsidy (000 Cedis)	Mean subsidy per capita (Cedis)	Column share (%)
<i>Hospital outpatient</i>									
1	1,262	17	58	901	10	42	3,216,703	1,079	13
2	1,122	15	44	1,357	16	56	3,702,412	1,242	15
3	1,548	19	50	1,332	16	50	4,265,993	1,432	17
4	1,415	18	43	1,702	20	57	4,661,559	1,564	19
5	2,343	31	40	3,418	38	60	8,590,347	2,883	35
All Ghana	1,541	100	46	1,734	100	54	24,437,014	1,640	100
<i>Hospital inpatient</i>									
1	748	19	67	367	6	33	1,655,107	555	11
2	757	19	50	725	11	50	2,206,809	741	14
3	1,491	35	5	688	11	35	3,154,286	1,058	20
4	578	14	23	1,781	29	77	3,586,065	1,203	23
5	558	14	17	2,765	43	83	4,965,320	1,666	32
All Ghana	819	100	38	1,258	100	62	15,567,587	1,045	100
<i>Health center/clinic, etc.</i>									
1	573	10	43	747	11	57	1,969,082	661	10
2	1,098	18	50	1,066	16	50	3,224,029	1,082	17
3	1,366	21	52	1,063	17	48	3,583,365	1,202	19
4	1,378	22	45	1,536	23	55	4,351,797	1,460	23
5	1,680	28	43	2,250	33	57	5,858,955	1,966	31
All Ghana	1,217	100	46	1,329	100	54	18,987,228	1,274	100
<i>Total health</i>									
1	2,583	15	56	2,014	9	44	6,840,892	2,296	12
2	2,977	17	48	3,149	14	52	9,133,250	3,065	15
3	4,405	23	55	3,082	15	45	11,003,645	3,692	19
4	3,372	19	38	5,019	23	62	12,599,421	4,228	21
5	4,581	26	35	8,433	38	065	19,414,622	6,515	33
All Ghana	3,576	100	44	4,321	100	56	58,991,829	3,959	100

Source: Demery et al. (1995)

**Table 8** Ghana, spending on publicly provided health by households and government, 1989 and 1992 (Cedis per capita)

	Government health spending		Household health spending		Total health spending		Household spending as % of total	
	1989	1992	1989	1992	1989	1992	1989	1992
Quintile:	<i>Health centres, clinics, etc.</i>							
1	420	661	259	593	679	1,254	38	47
2	611	1,082	438	654	1,049	1,736	42	38
3	674	1,202	396	858	1,070	2,060	37	42
4	1,056	1,460	606	1,047	1,662	2,507	36	42
5	1,191	1,966	659	1,230	1,850	3,196	36	38
All Ghana	790	1,274	472	877	1,262	2,151	37	41
Urban	957	1,903	356	1,012	1,313	2,915	27	35
Rural	712	962	526	810	1,238	1,772	43	46
	<i>Hospital outpatient</i>							
1	318	1,079	296	1,014	614	2,093	48	48
2	349	1,242	406	1,379	755	2,621	54	53
3	480	1,432	616	1,793	1,096	3,225	56	56
4	563	1,564	672	2,100	1,235	3,664	54	57
5	969	2,883	1,195	3,322	2,164	6,205	55	54
All Ghana	536	1,640	637	1,922	1,173	3,562	54	54
Urban	842	2,711	890	2,969	1,732	5,681	51	52
Rural	391	1,107	517	1,402	908	2,509	57	56
	<i>Hospital inpatient</i>							
1	311	555	170	391	482	947	35	41
2	173	741	117	515	290	1,256	40	41
3	311	1,058	224	375	535	1,433	42	26
4	664	1,203	410	1,284	1,074	2,487	38	52
5	450	1,666	230	2,547	679	4,213	34	60
All Ghana	382	1,045	230	1,022	612	2,067	38	49
Urban	434	1,194	277	937	711	2,131	39	44
Rural	357	970	208	1,065	565	2,035	37	52
	<i>All health</i>							
1	1,049	2,296	725	1,998	1,774	4,294	41	47
2	1,133	3,065	960	2,548	2,093	5,613	46	45
3	1,466	3,692	1,236	3,026	2,702	6,718	46	45
4	2,283	4,228	1,688	4,430	3,971	8,658	43	51
5	2,609	6,515	2,084	7,099	4,693	13,614	44	52
All Ghana	1,708	3,959	1,339	3,820	3,047	7,779	44	49
Urban	2,233	5,808	1,523	4,917	3,756	10,725	41	46
Rural	1,459	3,039	1,251	3,276	2,710	6,315	46	52

Source: Demery et al. (1995).

expenditure incidence. The benefit flows to *recipients* of government services are distinguished from the income flows government spending generates to the *providers* of those services and other government administrators. This should not be taken to imply, however, that benefit incidence analysis is an accurate tool for measuring benefits to service recipients. Perhaps a better term is *beneficiary* incidence, since it merely conveys the message that spending is imputed to the beneficiaries.

Second, since the exercise does not take into account any long-run effects of government spending on the beneficiaries, its results must be interpreted accordingly. At best, benefit incidence provides clues about which components of government spending have the greatest impact on the current income and consumption levels of households. From the perspective of benefit incidence, health spending has no special attributes that make it more deserving than any other commodity. Thus, when analysts find that 12 per cent of health spending reaches the poorest quintile in Ghana, some may find this a remarkably high figure, since governments would be hard-pressed to find another commodity where consumption by the poorest quintile approaches such a large share of total consumption.

Why then might others consider that the 12 per cent share is really far too low? Many people feel that health is not just another commodity, and that the government provision of such a good should be targeted to the poor—not simply to redistribute current consumption to such groups, but to raise health standards and help in achieving a permanent escape from poverty. Our assessment of the links between government spending on the one hand and real outcomes in terms of human capabilities on the other shows clearly that benefit incidence only deals with a part of the story (Figure 1). There is nothing in the technique that makes health (or education or water or any other service) different from any other subsidized commodity or other method of income transfer. To bring out the special nature of expenditures in these sectors, analysts must go beyond incidence analysis. Benefit incidence may give some measure of targeting efficiency, but the basis for such targeting does not go beyond the objective of current income redistribution.

#### Are Unit Costs Good Proxies for Values?

Even within the confines of its current accounting framework, a major limitation surrounds the use of average costs or subsidies as a valuation tool. Only under fairly heroic assumptions (see Brennan 1976) can average costs be taken as reasonable proxies for the value that users place on the services. And even then, they can only represent the average values placed on services, and will ignore differences in values across households. By ignoring individual preferences, the use of costs will fail to recognize an important component of values.

#### Long on Problems, Short on Answers

Our treatment of the proximate determinants of the benefit incidence of government spending to a particular group distinguished two main factors: government spending allocations ( $s_i$ ) and household behaviour ( $e_{ij}$ ). These were combined to generate a current accounting of government spending. Yet, benefit incidence tells us little if anything about the fundamental determinants of these two components—especially about household

behaviour. Because of this, it can be said to be helpful in identifying problems, but not particularly useful in providing solutions.

Consider the gender incidence of education spending in Côte d'Ivoire (Table 4). The fact that girls gained just 30 per cent of the education subsidy is due almost entirely to the decisions by households not to send their girls to school—even to primary school. Incidence analysis has traced the problem, but does not provide the answer, which must be sought in an analysis of the enrollment behaviour of households. It is also obvious from Tables 6 and 7 that health spending did not reach the poorest quintile in Ghana because individuals (especially females) in that quintile did not make much use of publicly subsidized health care at any level—even primary health facilities. To improve the targeting of health subsidies, there is clearly a need to encourage more use of health facilities by the poorest Ghanaians, especially poor females. Unfortunately, benefit incidence tells us very little about how this can be done, since it takes existing patterns of behaviour as given. While the analysis of household spending on health provided some clues (notably the high charges imposed per visit on poorer households), the question remains largely unanswered. Benefit incidence has posed the problem but has not provided the solution.

Finally, it is important to be aware that government spending decisions and household behaviour are not independent of each other. Governments may well be responsive to behaviour changes. And certainly, a change in government subsidies will induce behaviour responses by households.

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# Shortcuts to Public Service Provision? User Fees and Narrow Targeting

Jan Vandemoortele

This paper starts with the recognition that government commitments to reduce poverty worldwide are not being met, imperiling the well-being of millions of women and girls. In asking why this is so, it concludes that most countries under-invest in basic social services, and reviews two of the currently popular policies governments are adopting to provide social services in the face of inadequate resources: introducing user fees, and targeting scarce resources on particular groups or areas. In pointing to the gender-differentiated impact of each of these approaches, especially on poor households, it argues for the need to go beyond gender gaps to look at poverty/gender interactions.

## Commitments Unmet

In 1990, governments pledged to enroll all children in primary school by the year 2000. Yet by 2001 progress has been merely one-tenth of the commitment. An estimated 120 million children in developing countries remain out of school—about the same as a decade ago—and the majority of them are girls. The maternal mortality ratio was to be halved between 1990 and 2000, but no significant progress was made. Similarly, it was pledged that everybody would have access to safe drinking water and adequate sanitation by 2000, but only a fifth of the pledge was met. Not only have commitments not been met, progress slowed down during the 1990s.

Inadequate progress in these areas greatly undermines the well-being of girls and women. Why are these basic promises not being kept? Why are hundreds of millions of women and girls still struggling to overcome the daily grind of hunger, disease and lack of education, when the global economy was experiencing unprecedented prosperity during the 1990s?

The answer relates, at least in part, to the fact that most countries under-invest in basic social services. Governments in developing countries spend, on average, between 12-14 per cent of the national budget on basic social services. Industrialized countries spend, on average, about 10-12 per cent of their meagre aid budgets on these services.

This falls short by about a third of what is needed. As a concrete example of partnership between developing and industrialized countries, the United Nations' 20/20 Initiative calls for an indicative allocation of 20 per cent of the national budget and 20 per cent of development assistance to basic social services. The initiative is based on the premise that the Millennium Development Goals set for 2015 will not be met unless all countries invest more money in basic social services.<sup>1</sup> If the 20/20 shares were to be achieved, enough money would be available to give each and every child a good start in life.

## The Gender Impact of User Fees

In the face of inadequate social budgets, many countries have introduced user fees for publicly provided social services. Fees for primary education exist in at least a dozen countries in Sub-Saharan Africa—the region with the lowest level of education. The impact of user fees is complex and diverse, but seldom gender-neutral. A review of the theoretical arguments and empirical evidence on user fees leads to three main conclusions:

- their potential for supplementing social budgets is very limited;
- they often result in a sharp reduction in the utilization of services, particularly among women or girls and poor people; and
- protecting these groups has proven exceedingly difficult in practice.

In other words, user fees often aggravate gender disparities.

### Water Fees

While people in most countries are generally willing to pay for water services, some important non-income factors influence the level of this willingness. Gender is one. Women disproportionately bear the burden of collecting water, so it is no surprise that they have a higher willingness to pay than men. In Zimbabwe, for instance, women were found willing to pay 40 per cent more than men for an improved domestic water supply. Women also express a greater interest in sanitation facilities than do men. However, as men control household resources to a disproportionate degree, it is more than conceivable that household investment in water and sanitation will be inadequate—failing to take into account the private benefits realized by the household, let alone the broader social benefits.

Although women's willingness to pay may be higher, their ability to do so is often lower. Water fees are often calculated on the basis of 'household' ability to pay—read 'male' ability to pay—whereas the fees will be paid by women, with resulting gender inequities. For example, in a water project in western Kenya, cost recovery was low despite seemingly

<sup>1</sup> At the Millennium Summit in 2000, UN Member States endorsed a set of development goals that include the achievement of gender equality and women's empowerment.

high average household incomes. The cause was traced to the fact that women, with much lower incomes than men, were responsible for this expense. Indeed, affordability studies are often targeted at the wrong group, and frequently produce misleading results. The assessed level of contribution is frequently much higher than is affordable for those who will ultimately bear the costs—in this case, women.

Where specific regulations are imposed to try to ensure the representativeness of village water committees, they seldom reflect the complexities of real life. In Zimbabwe, for example, guidelines required that there should be at least two women on each committee. Such prescriptions were adhered to only in form. While women were members, their husbands kept control of all decisions. Men predominated in numbers and invariably held the posts of committee chairmen. Even when the majority of members were female, the chairperson was invariably male—with veto power. Much of the literature on participation tends to equate the concept of a service-using community with that of a decision-making community. However, the gender profile of the two groups is often very different. Hence, there is a danger of mistakenly assuming that a formally established committee is representative and 'socially embedded' when it is in fact 'socially disembedded' and hence ineffectual.

#### Health and Education Fees

User fees for health services are likely to suffer from a similar gender bias. In many communities, an important determinant of a family's willingness to pay for health care depends on the sex of the patient—with an observed preference for males. Thus, user fees often exacerbate gender inequalities in treatment. Consider a simple example. Suppose that a family's willingness to pay for treatment for a girl is \$1, and that for a boy it is \$3. If user fees are set at less than \$1, then both boys and girls will receive treatment, but if they are set at \$2, then only boys will receive treatment.

The same is true in education, where parental preference for sons is often expressed in the form of a higher willingness to pay for sons' education. Evidence from Zambia confirms the differential impact of education fees on the schooling of boys and girls. After the fees were introduced in the early 1990s, school drop-out rates increased, but mostly so for girls. Similarly, the 1994 poverty assessment in Kenya found that families in poor communities had serious difficulties keeping children in school mainly due to the cost. Nearly half the households interviewed in seven poor districts had one or more children who had dropped out because of their inability to pay the fees. Girls were found to be twice as likely to be pulled out of school as boys were (Reddy and Vandemoortele 1996). In Malawi, a rise in school fees in the mid-1980s met with a decline in school enrollment—mostly among girls. On the other hand, when school fees were eliminated in 1994, primary enrollment surged by a staggering 50 per cent—and beneficiaries were overwhelmingly girls (Government of Malawi and UNICEF 1998). Similar gender biases have been reported for other countries, including Ghana and Zimbabwe, (Reddy and Vandemoortele 1996).

Parents contribute considerable resources and efforts to the education of their children. Increasingly, however, they perceive that they are getting poor value for money. Worsening labor market conditions further reduce private returns to education. Primary or secondary

schooling is no longer a guarantee of obtaining a formal sector job, and such a job is no longer a guaranteed ticket out of poverty. The dramatic decline in primary enrollment ratios in several Sub-Saharan African countries during the 1980s was most pronounced for boys. Thus, the narrowing gender gap in the region—due to the increased opportunity cost to parents of educating sons—is not necessarily good news.

## Narrow Targeting

Another way to address inadequate social budgets is to target the scarce resources on narrowly identifiable groups or areas. Narrowly targeted programmes are increasingly prescribed for reasons of efficiency and cost savings. Such programmes claim to minimize leakage to non-poor people and create opportunities for rapid interventions.

Obviously, the merits of narrow targeting depend on the nature of the goods and services that are being targeted. Targeting fertilizer subsidies to smallholders or micro-credit to poor women, for instance, is very different from targeting vouchers for primary education. Generalizations about targeting, therefore, are of limited use. With respect to basic social services, it is increasingly clear that narrow targeting cannot be relied upon as the mainstay for ensuring universal access. Narrow targeting has important hidden costs, five of which deserve to be highlighted:

- *cost of mis-targeting*: it is difficult to identify the poor, particularly female beneficiaries;
- *cost of failing to reach the poorest*: the non-poor seldom let themselves be by-passed by subsidies;
- *cost of administering narrowly targeted programmes*: including for oversight to control mismanagement and petty corruption;
- *cost of out-of-pocket expenses to document eligibility*: including expenses such as bus fares; and
- *cost of non-sustainability*: once the non-poor cease to have a stake in narrowly targeted programmes, the political commitment to sustain their scope and quality is at risk. The voice of women and poor people alone is usually too weak to maintain strong public support.

This raises the question whether narrow targeting can be an effective way of helping poor people to gain access to basic social services. The human rights approach dictates that the principle of universality takes priority over that of selectivity when it comes to basic social services. Countries such as Costa Rica, the Republic of Korea, Mauritius and Sri Lanka as well as the state of Kerala (India), have all applied broad targeting in the past. None of them relied on shortcuts through narrow targeting. They all promoted gender equality by ensuring universal access.

Of the different varieties of targeting schemes, there is no single best method. Gender-specific targeting by head of household is not particularly accurate for reaching poor people; because female-headed households are not a homogeneous group. Gender, when used alone, is often a crude measure and a blunt instrument for targeting the poor. In the area of basic social services, an excessive reliance on narrow targeting should be avoided.

## Misplaced Concreteness

Although average national indicators are known to hide important disparities, they exercise undue influence on policy-making. An average is nothing more than an abstract concept created to convey complex realities more effectively. It is important to keep in mind that averages do not exist in reality, but only in the human mind. Indeed, averages can be misleading. The moment one ceases to realize that the average is an abstract concept, one falls victim to the fallacy of 'misplaced concreteness.' Unwarranted conclusions are drawn about concrete realities—but they are based on deduction from abstractions, not on real observations.

An example of 'misplaced concreteness' is when average GDP per capita is considered as a good proxy for economic well-being. First, GDP measures only a limited range of welfare dimensions that involve market transactions. Second, the rate of economic growth for a country is an average indicator that hides enormous differences among groups of households and individuals—including changes in opposite directions. Its distribution is likely to be strongly influenced by the distribution of human, physical and financial capital. Hence, average growth rates of, say, 5 per cent do not guarantee that poor households or individuals will see their income rise by a similar rate, if at all.

The risk of 'misplaced concreteness' also applies to gender analysis. In Côte d'Ivoire, for instance, a series of household surveys showed that primary school enrollment was determined by two major factors: the socio-economic status of the household and the sex of the child. The disparity between the poor and the non-poor was found to be greater than between the gender groups, but the gender gap widened considerably over time. Boys from non-poor families saw a large increase in enrollment during the 1980s, whereas girls from poor families witnessed a large decline. No marked change was recorded for non-poor girls and poor boys. The fact that the average enrollment ratio for Côte d'Ivoire increased over that period hides different realities for children by gender and from different socio-economic groups.

Generalizations that are based on averages are not always helpful or convincing. This is not to dismiss the use of averages and aggregate indicators. However, statistically precise statements such as '70 per cent of the poor are women' or 'two-thirds of the out-of-school children are girls' are of questionable value, since in reality we lack the gender-specific indicators to demonstrate their validity (see UNIFEM 2000: 12, 95). Aggregate averages can be used—and abused—to provide evidence that backs up either side of an argument.

The 1997 Human Development Report points out that not all countries show evidence of different poverty levels between male- and female-headed households. A recent World Bank report on rural poverty in China states that 'available evidence does not suggest that women are greatly over-represented among the poor.' Such statements—based on aggregate averages—illustrate the risk of 'misplaced concreteness.' The reality is that gender discrimination does not occur indiscriminately, but intersects with factors such as income and ethnicity in complex ways.

The example mentioned earlier about enrollment trends in Côte d'Ivoire suggests that gender is more a liability to poor girls than it is to their non-poor counterparts. Similarly, evidence shows that women gradually become more vulnerable to HIV infection when the pandemic spreads; but this trend mostly concerns illiterate young women, not all women. Education emerges as an extremely important mechanism to help avoid HIV infection (Vandemoortele and Delammice 2000; Blanc 2000).

Generalizations about gender gaps overlook these realities. Documenting such important nuances will not only make the gender case more compelling and convincing, it will also point towards appropriate policy actions and programme interventions required to narrow gender gaps. Policy analysis and gender-sensitive budget analysis, therefore, must go beyond averages to avoid the fallacy of 'misplaced concreteness.'

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# Tools for Budget Impact Analysis: Taxes and Benefits

Susan Himmelweit

This paper examines tools for a gender impact analysis of taxes and benefits. Since a full impact assessment requires examining not only a policy's direct distributional effects on gender inequalities, but also its higher-order impacts on men's and women's behaviour, it must consider which inequalities and behaviours are relevant to the policies being assessed. For tax and benefit policy, the most immediate effects are on incomes, both at the individual and at the household level. However, there are equally important impacts on bargaining power and the distribution of resources within households, labor market behaviour and the long-term futures of men and women. The paper shows how tax and benefit policy can be examined for its effect on gender inequalities at each of these levels and gives examples of policies with significant impacts. It concludes with a discussion of individual vs. joint taxation and welfare spending.

## Introduction

In the United Kingdom, there is no official audit of the national budget from a gender perspective. However, since 1989, the Women's Budget Group (WBG), a voluntary think tank of women policy experts, mostly from universities, trade unions and non-governmental organizations (NGOs), has commented each year on the annual fiscal budgets produced by the UK government. Since the election of the Labor government in 1997, the WBG has been holding regular advisory meetings with the Treasury and other government departments on the gender implications of economic policy.

The budgetary process in the UK is somewhat unusual. There is an annual expenditure round, in which government spending for different departments is set for the coming

year, and three-yearly Comprehensive Spending Reviews (CSRs), in which spending plans are laid for the next three years. However, the term 'budget' in the UK refers to the annual statement of changes in taxes and benefits and the regulations surrounding them—and this is announced on a different day from expenditure plans. Budget day is focused on the raising of revenue and only the very broad outlines of departmental expenditure plans are announced, although government spending on benefits (transfer payments) is often announced in some detail.

Following the government's practice, the WBG has concentrated largely on issues concerning taxes and benefits, and not so much on the gendered effects of specific government expenditure, although we are being consulted about how to make the next CSR more gender aware. I believe this puts us in a slightly unusual position among groups concerned with the gendered nature of budgets. In most other countries, the main focus seems to have been on analyzing the effects of expenditure plans by gender.

In some respects, analyzing taxes and benefits is easier: there are fewer of them and since many apply to individuals, direct gender effects can easily be assigned. However, attempting to influence policy on these matters may be more difficult, since small changes can have very large effects on government economic strategy as a whole. Further, matters of deeply held political principle can often be embodied in specific tax policies and in the relationship between one tax and another. There tend to be intricate balancing mechanisms involved in tax and benefit structures into which it is difficult to insert new considerations. Gender audits of particular policies therefore have to consider the full implications of any changes throughout the whole tax and benefit structure. There is also the difficulty that benefits assessed on households, direct taxes levied on individuals and indirect taxes paid on goods and services all have their effects on individuals' lives mediated through the internal processes of the households, requiring analysis at both the individual and the household level.

## Tools for Gender Impact Analysis of Taxes and Benefits

Gender impact analysis helps to illuminate and make visible the differential effects of policies on men and women. This process involves assessing the direct and indirect impacts of taxes and benefits on all relevant gender inequalities. Gender inequalities occur in a number of areas. On which ones analysis should focus will depend on where the impacts of the policy under consideration are likely to lie. For example, a change in fuel tax may have impacts on gender inequalities in access to transport, employment opportunities and disposable income.

A full gender impact assessment requires examining not only a policy's direct distributional effects on gender inequalities, but also its higher-order impacts on men's and women's behaviour. More spending on public transport financed by a levy on powerful cars, for example, may help redress gender inequalities in mobility, while at the same time having a consequent differential impact on men's and women's labor market behaviour. This suggests that there is also an efficiency argument for gender impact assessment that applies



to any policy the behavioral impact of which might be gendered, irrespective of its goals. Without an understanding of its gender-specific impact, such policy will be badly targeted and therefore, at worst, ineffective in achieving its goals. This efficiency argument for gender analysis should appeal to all policy-makers, whether or not gender inequalities are the focus of policies under consideration.

Any gender impact assessment therefore has to consider which inequalities and behaviours are relevant to the policies being assessed. For tax and benefit policy, the most immediate effects are on incomes, both at the individual and at the household level. Then there are further impacts on bargaining power and the distribution of resources within households, on labor-market behaviour and on the long-term futures of men and women.

#### *Individual Incomes*

One aspect of income inequality to examine is the effect of any changes in taxes and benefits on the distribution of individual incomes between men and women. In all economies, women's individual incomes are on average less than men's. This is true for a variety of reasons—mostly to do with time spent out of the labor market and discrimination within it. So, changes to an income tax system that makes it more progressive by reducing post-tax income inequality will also reduce gender inequality.

Benefits are a little more complicated, since the manner of receipt of benefits is itself gendered. On the whole, means-tested benefits which depend on a financial need and are designed to support care-giving roles are more likely to be received by women. By contrast, insurance-based benefits based on (temporary) involuntary absence from the labor market are more likely to be received by men. Increases in the generosity of the former will therefore reduce gender inequality in incomes, as will reduced means-testing. Increases in most insurance-based benefits, while reducing income inequality, may in fact worsen gender inequality, but only marginally, since the men receiving such benefits are usually among the poorest in society. There are also a group of insurance-based benefits from which women are most likely directly or indirectly to benefit, namely, the benefits that finance temporary leave from employment to meet care-giving responsibilities. Increases in the levels of such benefits and extensions of their eligibility will contribute to reducing gender inequality in incomes, both directly and in enabling women to remain in employment when they have children.

#### *Household Income*

An individual's standard of living does not depend solely on his or her own income. Households are units through which resources and responsibilities are shared, not always equally. A man and a woman living together have a shared interest in increasing their household income, though they may have conflicting claims on the use of that income. Thus another aspect of gender inequality is found in the distribution of incomes of the households in which men and women live. The average household in which a woman lives is poorer than the average one in which a man lives. This is mainly because more women than men either live alone or with other adults who bring little or no income to the house-

hold. Further, single-earner households now increasingly consist of lone parents and their children or pensioners, rather than traditional nuclear families, and these households are more likely to be poor. Policies that increase the incomes of lone-parent and single-pensioner households, in which women predominate, will in general reduce income and gender inequality between households.

#### *Bargaining Power and the Distribution of Resources Within Households*

Men and women within the same household do not necessarily have equal access to its resources and may have different views on how these resources should be used. It is widely recognized that money paid to women rather than to men is more likely to be spent in ways that relieve household and child poverty. Both women and children benefit when money is paid to mothers rather than to fathers.

It is therefore important for policy-makers to consider how and to whom benefits should be paid to have the intended effects. However, this is not just a question of the effectiveness of policy, since there is also a gender equality issue, based on bargaining power. Women who contribute more income themselves are likely to have more bargaining power within their households than those who have to rely more on income contributed to their households by others. People use bargaining power not only to gain more for themselves but also to bargain for what they think important. The distribution of power and thus resources within households is another aspect of inequality to consider in conducting a gender impact analysis of any change in tax and benefits.

#### *Labor Market Incentives*

Tax and benefits do not only redistribute income, they also provide incentives and disincentives to certain forms of behaviour. Indeed, changes in taxes and benefits are often designed to affect behaviour, such as increasing the tax on tobacco, for example, to discourage people from smoking. Even policies designed simply to provide government revenue or to redistribute income may have (unintended) behavioural consequences. Gender impact assessment therefore needs to look at the effects of tax and benefit policy on gender inequality in behavioural incentives, whether or not these were intended by the policy.

In a number of countries, policies designed to 'make work pay' have focused on providing incentives to those currently out of the labor force to take employment, as well as on providing relief to the working poor. Not all of these policies are about taxes and benefits, but where they are, the resulting incentive and disincentive effects may be complex, especially when household means-testing is involved. Incentives and disincentives to one partner's behaviour may depend on what the other partner does. For example, in-work benefits that supplement the income of poorer households with at least one earner, while providing an incentive to the first earner to enter employment, inevitably also provide a disincentive to a second earner whenever the in-work benefit is means-tested on household income. This is a gender effect since the first earner is more likely to be a man while the potential second earner is more likely to be a woman. On these grounds one

would have to say that such in-work benefits, if available and means-tested on a household rather than an individual basis, exacerbate gender inequality within couples.

On the other hand, for people living on their own or with dependent children, in-work benefits are likely to reduce gender inequalities. This is because without such in-work benefits, women with children are more likely than men to be unable to earn enough to make work pay more than benefits. To assess the net gender effect of such a policy requires detailed analysis based on concrete data that also takes account of other elements, such as child-care subsidies for example, that may significantly alter the balance of considerations.

#### *Use of Time*

Employment incentives are an example of how taxes and benefits also impact on peoples' use of time. One consequence of being encouraged into or discouraged from employment is having less or more time to spend elsewhere. This trade-off differs according to whether a person is fulfilling care-giving responsibilities. Care-giving responsibilities do not disappear when a person takes a job. So if some of her wages have to be spent on providing some form of child-care, the net income effect of taking a job is changed and work incentives may be rendered ineffective. Further, child-care does not take care of all parental responsibilities; there may still be a great deal to do outside working hours. The allocation of these responsibilities and therefore of demands on the time of different members of households is another aspect of intra-household inequality that gender impact assessment should consider.

Tax and benefit systems do not in general count the output of unpaid care-giving work as a resource. If two households have the same total income, the one in which less time has to be spent in employment to earn that income will have a higher standard of living because more unpaid labor can be done in that household without overworking its members. Tax and benefit systems do not as a whole recognize this source of inequality; indeed, systems that allow a non-earner to transfer his or her tax allowance(s) to a partner may be regressive with respect to time. The losers in such a system are lone parents, unless they receive special help in recognition of the fact that they have no-one to share the unpaid caring labor that being a parent necessarily entails, even if child-care during employment hours is taken care of.

Not to recognize domestic time as a resource implicitly treats women's (and men's) unpaid labor as a free resource for the economy. Such an emphasis also undervalues the products of such labor, human capabilities and the social framework in which the economy as a whole operates. Policies that, by encouraging women to enter the labor market, create more equality in access to employment, may exacerbate gender inequality in free time and result in some women being seriously overworked, unless these policies also attempt to promote more equal sharing of unpaid work.

Governments need to take more seriously the importance of unpaid work, both as a limit to what else can be required of people with care-giving responsibilities, and a contribution that such people make to the economy. Thought needs to be given to the distribution of time, both over an individual parent's day and over the life cycle.

Gender impact analysis should encourage finance ministers, in planning tax and benefit policy, to see themselves as responsible not only for dealing with a nation's financial affairs but also for time-use analysis. From 2002, time-use statistics being collected by governments throughout Europe should enable finance ministers and budget officials to assess the affects of any tax or expenditure measures on men's and women's use of time.

#### *A Lifetime Perspective*

Finally, it is important that gender impact assessment does not restrict its analysis to the short term. Households are no longer stable units, and with increasing job insecurity, neither are the roles of individuals within them. Many of today's 'housewives' or 'stay-at-home mothers' will be tomorrow's single parents and/or breadwinners for their households. Gender impact assessment therefore needs to take a lifetime perspective on individual life courses. The lives that women and men lead now will have effects on their long-term prospects. Women are often poor throughout their lifetime as result of the care-giving work they have done for others at various stages in their lives. By the time they reach retirement age, they are likely to be entitled to a lower independent pension than men are, despite their longer life expectancy. State pension provision is therefore particularly important for women and likely to remain so well beyond the considerable change in gender roles that would be necessary to rectify this inequality.

Gender impact assessment therefore should take account of the effects of policies on the abilities of men and women to prosper in the future, including under changed household circumstances. To do so, the assessment needs to examine and assess inequalities in the prospects for individuals over the course of their whole lives. For example, policies that provide disincentives to women's employment may be harmful to women's long-term prospects even though they may benefit women in the short term by allowing them more time to spend with their children. Gender analysis can reveal the dangers for women of policies that fail to consider the welfare of households over time.

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## **Gender Analysis of Tax and Benefits Structure**

Gender analysis needs to be conducted at all of the different levels outlined above. This point is clearly illustrated through an examination of two critical issues regarding tax and benefit structure: the targeting of welfare benefits and individual vs. joint taxation of households.

#### *Targeting Welfare Benefits*

One way to save spending on transfer payments is to target them more carefully, by means-testing the recipients of benefits on their household income. Economies in which all benefits are means-tested, such as Australia, can be more generous to recipients for the same overall expenditure than those, like the UK, where some universal non-means-tested benefits are retained.

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However, universal means-testing, while effective in transferring resources to the poorest in society, and thus in redressing gender inequalities at the household level, also has some drawbacks. First, it means that other forms of redistribution that may have beneficial gender effects, such as from non-parents to parents, for example, are of necessity limited in scope. Second, household means-testing can produce perverse incentives for individuals, as shown earlier in the case of in-work benefits that are intended to encourage employment. Third, individuals do not necessarily share equally in the resources of their households. With household means-testing, the income of the higher earner in a household will restrict the capacity of the lower earner to gain an income, and thus gender inequality within households will tend to be exacerbated.

Universal child benefit in the UK is an example of a non-means-tested benefit that overcomes these problems. It is paid to a child's main care-giver, who by default and in the vast majority of cases is the mother. It therefore tends to lessen gender inequalities in individual incomes and in bargaining power within households. It represents a financial contribution from the general taxpayer to the cost of raising children. It therefore accomplishes a redistribution of some of the costs of children from parents to non-parents as well as functioning as a recognition by society of its responsibility for children and of the contribution that parents are making to society by raising children. Finally, since it is not means-tested, and is paid independently of whether parents are employed, child benefit provides no labor market disincentives.

#### *Independent Taxation of Individuals Versus Taxation of Households*

On the whole, independent taxation has been seen as a sign of women's independence. Women will gain more than men on average from independent taxation, since their income is typically lower than that of their partners. However, there is a real dilemma here. Since the incomes of partners are highly correlated, and since households with two earners are in general better off than those with only one earner, independent taxation is less progressive between households than is joint taxation. This is becoming increasingly significant with the growing number of lone parents and the decline of single-earner couples; most couples in the UK now consist of either two earners or no earners. Since women are disproportionately members of the poorer households who would gain from a more progressive system, such inequality between households is also an aspect of gender inequality.

However, separate taxation means that men and women face employment incentives based on their own income alone, making these incentives more equal than they would be if women found their low wages taxed at their husbands' higher marginal tax rates. This can also be seen as a step towards gender equality in time-use, since it favours a household with two earners sharing care-giving responsibilities over a single-earner household of the same income with a traditional division of labor. Separate taxation also improves women's bargaining power within their households. Since women usually earn less than their husbands, wives will generally gain from being taxed at an individual, rather than a joint rate.

It is only by looking at the effect of a policy on gender inequalities at all levels: individual incomes, household incomes, the distribution of power and resources within households and men's and women's use of time, and considering all these from an individual life-time perspective, that the full gender impact of any policy can be assessed.

The aim of doing such a gender assessment is not only to produce a gender balance sheet for individual policies. Rather it is to find ways in which policy-makers can achieve their goals while simultaneously reducing gender inequalities. Gender assessments may also show that complementary or compensating gender-equality policies need to be introduced at the same time. Policy-makers usually have several objectives, most of which do not relate explicitly to gender. In many cases, policy-makers may be considering a range of alternative policies to meet their objectives. At the policy-formation stage, gender analysis can be used to help select those policies that also address gender inequalities. When the policies under consideration would worsen gender inequalities, gender analysis, by revealing this, can strengthen the case for counteracting policies to remedy these effects. Moreover, even if policy-makers do not include gender considerations in policy formation, a requirement that they produce a gender impact assessment of the results of their policies can create political pressure to ensure that they deliver better results for women in the future.

# Can Civil Society Add Value to Budget Decision-Making?

Warren Krafchik

In a number of developing countries, the involvement of civil society organizations in the analysis of budgets has grown in tandem with the trend towards democratization. Groups that undertake such analysis operate independently of government and political parties, focus on policy and impact, and seek to highlight the impact of government budgets on specific segments of the population, such as poor people and/or women. Thus despite great variation, in terms of the level at which they are done and the stage of the process on which they concentrate, they share an agenda that acknowledges the value of an inclusive budget process, independent oversight and a commitment to pro-poor choice within existing fiscal capabilities. This paper reviews cases of applied budget work at different levels, highlighting the ways in which such work facilitates broader understanding and participation in the budget process and more effective oversight.

## Introduction

Since the 1990s, civil society organizations (CSOs) in several developing countries have begun to play a larger role in the budget process. This growth has been particularly rapid in the past few years and corresponds to the political trend towards democratization. The first international meeting of civil society budget groups, convened by the International Budget Project (IBP) in 1997, was attended by 50 people representing budget organizations in 14 developing countries. By the third conference, there were 100 participants from organizations in 25 countries.<sup>1</sup> Most of the core groups from the first conference had deepened their work, while promising new efforts were represented from Croatia, Ghana, Indonesia, Kenya, Peru, Russia and Uganda.

<sup>1</sup> The International Budget Project was established by the Center on Budget and Policy Priorities in Washington, DC in 1996 to help nurture independent budget organizations in developing countries.

Independent applied budget work organizations are a specific subset of civil society organizations; hereafter called *budget groups*. While a few groups have over six years experience, the majority of organizations have been engaged in budget work for less than three years. Budgeting remains a closed process in developing countries and most do not have independent budget analysis capacity outside of the public sector. Nevertheless, applied budget groups are taking root in a broad set of countries, including several that are not hospitable to an inclusive budgeting process. Budget groups have been able to start despite extreme paucity of data, repressive regimes, extensive corruption and political turmoil.

The vast majority of these groups operate independently of their country's government and political parties. It is this independence that often underlies the unique oversight and information contribution of civil society to public budgeting. Each organization focuses on public sector budgets or government expenditure and taxation issues. The work undertaken is applied or policy- and impact-oriented, highlighting the impact of public budgets on the poor. There is little concentration on developing theoretical models, although existing theoretical work is sometimes explained, adapted and/or tested in application. Budget work is a way of conducting research on the budget that is of direct and timely relevance to current policy decisions. Groups strive to achieve analysis that is timely, accessible and accurate.

Despite great variation among budget groups, many share a common agenda that acknowledges the value of inclusive budget processes, independent oversight and a commitment to pro-poor choices within existing fiscal capabilities. Beyond this, their work is difficult to characterize, as each focuses on a wide variety of topics and employs several methodologies. Budget groups work at one or more levels, national, state and local/municipal. Some groups focus on simplifying the budget for popular consumption, some develop expertise in training, while others develop analytical or advocacy expertise or some combination of these. Most groups monitor every stage of the budget process, but often concentrate their interventions on a specific stage. Some groups monitor the impact of the budget on poor populations or develop methodologies to monitor the welfare of specific interest groups, such as women or children.

The origin of budget groups is similarly diverse, reflecting the varied country circumstances within which they operate. This diversity also shows that there are few limitations to the kinds of organizations that can benefit from developing budget skills. Some groups were established specifically to advance budget issues, while many have emerged to strengthen the work of an existing organization. The majority of groups operate within the non-profit, non-governmental and community-based organization sectors. However, several groups have been successfully established within an academic environment and a couple of groups have been initially supported from within the public sector. The leaders of these groups include activists, academics, former government leaders, businesspeople and consultants.

It is also important to mention that increased civil society budget activities are often complemented by greater independent budget oversight within legislatures and by the increased critical coverage of budget issues in the media. A partnership between civil society and legislatures is often the starting point for the development of local independent

budget work. In many cases, civil society has been able to build or enhance research expertise that is lacking in legislatures, while legislatures can offer access to key moments in the budget process that are inaccessible to civil society.

## International Context

In many Organisation of Co-operation and Development (OECD) member countries, the role of legislatures in the formulation of budgets is declining (Schick 2001). In contrast, CSOs and legislatures in several developing and transitional countries are playing an increasing role in this process. It seems only natural that civil society work has begun to gravitate towards government budgets. The budget is the government's most important economic policy instrument and should therefore reflect the nation's priorities. All public policies eventually have to confront the need for financial resources, and civil society groups can be more effective if they know about how the budget is drafted, approved, implemented and evaluated. Yet, the current growth in budget groups also reflects several international developments. These include:

- *Democratization*: Budget work frequently flourishes in countries undergoing a democratic transition (e.g., Indonesia, Russia, South Africa, Uganda). Democratization often brings an associated increase in transparency and participation, allowing civil society and legislatures to play a more substantial role in public policy and simultaneously advocate for even greater transparency. A virtuous cycle is thereby initiated, deepening democracy.
- *Decentralization*: Democratization has often been accompanied by a complementary process of decentralization that brings budgeting closer to communities. While decentralization may make it more complicated to monitor budgets nationally, it may also open opportunities for greater citizen and local legislature involvement. In addition, given the weaknesses of many state and local institutions, decentralization often opens training and analysis opportunities for budget groups.
- *Public Expenditure Management*: The growth of independent budget institutions is also helping to bring about some important changes in international public finance practices. New public expenditure management systems support greater independent oversight capacity in civil society and legislatures, although the terms of this engagement are not yet clear. New tools of outcome-based medium-term budgeting are dependent on greater transparency and more useful, timely and accessible data provision – each of which are important conditions for non-government budget work. Similarly, tighter standards for accountability enable enhanced external monitoring of public resources. It is interesting to note that the growth of independent budget organizations over the past two years has been most rapid in Africa, particularly in countries implementing new public expenditure management systems.
- *International Finance Institutions (IFIs) and Poverty Alleviation*: Independent, applied budget work is also increasingly supported by an emerging international consensus on the complementary role of the state and non-government actors in development.

While the 1980s heralded the decline of communism and the dominance of private-sector-led development, international and regional development institutions generally acknowledge that progress against poverty and inequality has been less dramatic. Today, many of these institutions promote the governance opportunities of public-private partnerships. Civil society budget work may represent one of the opportunities where the goals of IFIs and civil society may be complementary.

## The Case for Civil Society Participation in the Budget Process

The growth of budget groups may signal an important shift in public finance practice. In most countries, public budgeting has long been considered the exclusive preserve of the executive. It is only recently that the value of opening budget processes to non-government input has been considered desirable in some countries. In many developing countries, a range of inaccurate and misguided assumptions constrain the independent budget work of civil society, legislatures and the media. These include:

- Budgets must be formulated in secret or they may upset financial markets;
- Non-government intervention can destroy the integrity of the budget envelope;
- Legislators and civil society have a greater interest in advancing the interests of their constituents as opposed to the interests of the country as a whole;
- It is the government's mandate to produce the budget internally in a closed process; and the government's prerogative to have it rubber-stamped by the legislature.

A closer look suggests that many of these ideas are closer to myths. Budget secrecy may encourage market speculation, while greater transparency may actually smooth market adjustment to known policy choices. Further, useful, accessible and timely budget information facilitates foreign and domestic private sector planning and investment.

It is important to acknowledge that budget integrity and coherence is important as a guarantee of the prudence of the fiscal authority. This argument makes sense at the level of certainty about the fiscal envelope. But, budget integrity is unlikely to depend upon the early certainty on the distribution of resources between and within departments.

As for the possibility that the good of the country as a whole will be sacrificed to legislative constituencies, the so-called 'tragedy of the commons,' this is a danger if legislatures represent specific interest groups too strongly in the budget process, but this sort of excess is not inevitable. A recent paper by Alan Schick (2001), based on the experience of OECD countries, shows that greater involvement by legislatures in the budget process can foster greater fiscal discipline.

This conclusion could well hold for the work of applied budget groups. While some groups may focus initially on expanding the budget envelope, as civil society budget engagement deepens, budget groups are more likely to focus on changing spending priorities as well as improving the effectiveness and efficiency of expenditures. It does not take groups long to realize that even if the size of the envelope is expanded, there are many more resources at stake in improving spending within the envelope.

Finally, very few people would argue with the assertion that the government has a mandate to produce the budget; but that does not mean it should entirely dominate a closed process. Moreover, there may be positive benefits for government in accepting budget groups as a complementary player in fiscal policy. There will be disagreements, but over time, budget groups may be able to deliver greater budget understanding and commitment from a broader group of citizens and better policy options.

Moreover, the relationship between civil society and government on budgetary issues is not necessarily confrontational, and can often lead to greater public sector budgeting capacity. Depending on the country context, many budget groups operate effectively as critical allies of the government. Budget groups may strengthen government capacity, for example, by providing training, undertaking research of interest to government, working with government in forums and building the capacity of the legislature. Independence does imply the possibility of criticism where necessary, and this can lead to confrontation, especially where other strategies have not proved useful. But, by adjusting the tone and manner of critical engagement and by producing accurate work, most groups are able to maintain a working relationship with the executive.

If government were to accept budget groups as a partner in national budgeting, there are ways to manage the potential negative implications. One practical option is to separate discussions on the size of the budget from discussions of priorities, as done for example in Brazil, Sweden and Switzerland, among others. Government can also use engagement to focus and direct civil society to appropriate stages in the budget process. In a world where state and legislative capacity is often less than optimal, these and other options offer a new form of public-private partnership that may enhance domestic budget management and outcomes.

In sum, there are many benefits from encouraging civil society and legislatures input into the budget process. These include:

- *Simplifying the budget and deepening debate:* Most budget groups begin or establish as a core of their work developing budget literacy and debate among citizens, interest groups and legislators. This augments the outreach capacity of the state and legislature and builds understanding and participation among citizens. Simplified guides to the budget may cover the budget process, the structure of the budget, budget trends and current allocations and some discussion of current issues.
- *Collating, synthesizing and disseminating budget information:* These activities support legislature and civil society inputs into the budget process. They may include the dissemination of cross-state or provincial information on social expenditures, or the identification and dissemination of local and international best practice.
- *Independent critical analysis:* Civil society budget analysis can augment the research capacity of legislatures and the media and, sometimes, the executive. It may provide one of the few sources of specialized data and analysis on the impact of the budget on the poor. Budget group analysis includes four major foci: budget process or systems, general macroeconomic, sector and group incidence, and revenue analysis.

- *Bringing new information to budget decision-making:* Civil society budget groups are often able to have close, regular contact with citizens and interest groups. This allows them to collect unique information on citizen priorities, non-government perspectives on the budget, expenditure tracking and project impact analysis.
- *Training:* Many CSOs develop budget training expertise to augment the analytical and advocacy capacity of other CSOs, legislatures and the media, resulting in stronger interventions and oversight. Several groups also provide training for government departments and international institutions, such as the United Nations and regional trade organizations among others.
- *Building accountability:* Through analysis and dissemination of the budget, civil society organizations can assist citizens and the legislature to reinforce channels of accountability. This may occur, for example, when groups provide accessible information or pursue the findings of the auditor general with relevant interest groups. It may also follow from monitoring or impact measurement activities that test or augment the data emerging from the auditor general's report.

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## Civil Society in the Budget Process

In order to further the discussion on the potential value-added of civil society to the budget, this section reviews some applied work and its impacts. It is written with the caveat that the trend to non-governmental applied budget work is recent, making it difficult to generalize from the experience. However, the evidence shows the potential of applied budget work across a broad set of countries and despite significant obstacles.

The budget process provides a useful framework for this review, since responding to the annual presentation of the budget in the legislature is the major focus of most budget groups' activities. The budget process, and the budget group activities it produces, can be looked at in terms of four main stages: drafting, legislation, implementation and auditing. However, it is useful to bear the following qualifications in mind.

- The budget process itself is not divided cleanly into stages. In practice, the stages overlap. Similarly, the work of budget groups usually spans more than one stage. Indeed, one of the major requirements for budget work in all countries is full-time commitment, since success depends on an analysis of all stages in the process.
- The budget process in each country context offers a unique set of opportunities and constraints. Groups will choose how divide their energies depending on the relative opportunities at each point in the process.

### Drafting Stage

The drafting stage is the most closed part of the budget process in virtually all countries and the one that is most strongly dominated by the executive. There is therefore usually little formal opportunity for civil society input prior to the tabling of the budget in the legislature.

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Intervention opportunities that do exist in the drafting stage are often informal, based on the organization's initiative and networks, and dependent on departmental and ministerial contacts. For example, if it is known that a department or individual is concerned with a particular issue, this may create an opening to discuss relevant research. Alternatively, as the timing of the budget process is generally known, a well-timed release of a research report may be able to influence discussions in the drafting stage. Of course, civil society organizations may also rely on the media or other methods of capturing the government's attention during the drafting stage if they think this will be effective. The lack of formal opportunities for input does, however, mean that it is more difficult to identify the impact of these activities on the executive's proposal.

One of the ways in which budget groups have taken the initiative to create opportunities in the drafting stage is to influence the set of priorities underlying budget policy choices. In Kenya, the Institute for Economic Affairs coordinates an annual civil society meeting with broad stakeholder attendance that culminates in a set of agreed priorities to report to government. The Kenyan Government has now formally requested this analysis as annual input into the drafting stage.

In a more elaborate process, the South Africa National NGO Coalition coordinated a two-year process of poverty hearings in many towns and cities throughout the country. The findings were synthesized into a set of priorities by commissioners and delivered to government for inclusion in the budget ([www.sanggoco.org.za](http://www.sanggoco.org.za)).

Many organizations have tried to take pre-budget input a step further by producing an alternative budget. Most of these attempts have failed due to the financial cost, data and modeling required to produce a comprehensive parallel budget. Only two of these efforts, focusing on a defined theme or limited sectors, have endured. These are the Alternative Federal Budget in Canada, prepared by the Canadian Centre for Policy Alternatives ([www.policyalternatives.ca](http://www.policyalternatives.ca)) and alternative tax proposals produced by the Institute for Fiscal Studies in the United Kingdom.

There are two further government-led experiences of civil society engagement in the drafting stage that may help to open formal opportunities for civil society in the drafting process. The first most famous example is the participatory budgeting process initiated and managed by the local government in the Brazilian town of Porto Alegre. The process was introduced when the Workers' Party won the mayoral race in 1989 on a participation ticket, and since then it has been replicated in approximately 100 Brazilian towns, with varying success. There is no common model for all towns, but the programmes are all designed to incorporate citizens in the allocation of resources, selection of broad social policies and monitoring of public spending. (see [www.internationalbudget.org/cdrom/papers/systems/ParticipatoryBudgets/Wampler.pdf](http://www.internationalbudget.org/cdrom/papers/systems/ParticipatoryBudgets/Wampler.pdf)).

The global trend towards fiscal devolution may provide further opportunities for local-level budget participation. Some towns in South Africa, Peru, Russia and Argentina, among others, are currently experimenting with participatory budgeting. One of the factors in participatory budgeting that should be pointed out is that success may depend on a weak or

compliant legislature. It has proved successful in towns where the mayor has virtually complete budgetary and administrative power and therefore the space to innovate without the consent of the local legislature. The scale of participatory budgeting is not clear and is currently the topic of research. Participatory budgeting has not yet proved workable at the state or federal level in Brazil. There is also no example yet of a participatory national budgeting process, although the Bangladesh Government has introduced an institutionalized, state-led round of consultations conducted only one week prior to the tabling of the national budget (see Bangladesh Institute for Development Studies; [www.bids-bd.org](http://www.bids-bd.org)).

A recent experience in Uganda suggests a second potential opportunity for formal civil society engagement in the budget drafting stage in highly indebted poor countries (HIPC).<sup>2</sup> In 1986, when the National Resistance Movement came to power, it introduced a system of participatory democracy and set up a national task force charged with prioritizing poverty reducing public goods in successive national poverty plans. To set priorities, the task force, comprised of knowledgeable stakeholders from civil society organizations, academia, Parliament, government and donor organizations, conducted a nationwide poverty survey and held consultations with experts and service providers.

With the formation of the HIPC Initiative in the 1990s, the poverty reduction action plan was rolled over into the first Poverty Reduction Strategy Papers (PRSPs). To comply with HIPC requirements, the Uganda government added a bottom-up participatory poverty assessment project in 10 pilot districts to review the priorities based on community level experience and develop mechanisms for their consistent involvement in poverty reduction strategies. Evaluation is undertaken biannually by the Finance Ministry and by civil society organizations monitoring the Poverty Action Fund established to disburse the resources released under HIPC.

The early promise of the Ugandan model may be related to the unique political system. Participatory national priority setting has proved less successful in Kenya, for example. However, the expanding PRSP process may present future opportunities for early civil society involvement in setting budget priorities in some countries. The formal participation of the government, as the driver or partner of the initiative, is of course critical for success, as in the case of participatory budgeting.

There is one further innovation that increases the scope for legislative and civil society input. Several countries have started publishing details of macroeconomic policy and a broad outline of the forthcoming budget in a pre-budget statement months before the tabling of the final budget. This has the effect of separating out discussions on macro-policy and the size of the budget from detailed interaction with department budgets in the legislative budget process. In some countries, such as Brazil, Sweden and Switzerland, the pre-budget statement must be debated and approved by the legislature. (In Brazil, this discussion and enactment must occur before representatives are allowed to start the summer recess!) In others, such as Peru and South Africa, there is space for the legislature to debate

<sup>2</sup> The HIPC initiative grants debt relief on the condition that funds released are deployed in poverty programmes and civil society is included in the drafting and monitoring of these efforts.

but not vote on this broad statement. The benefit of the pre-budget statement is that it can protect the macro-envelope early in the process, while encouraging thorough review of priorities and effective and efficient spending.

In sum, the drafting stage traditionally presents limited formal opportunities for civil society to add value to the budget. Participatory budgeting may prove effective at the local government level outside of Brazil, but is unlikely to do so at a state or national level—although opportunity to influence the setting of national priorities may grow through the expanding PRSP process. Nevertheless, civil society organizations do create their own opportunities to influence the drafting process through the collation of useful information on priorities and through direct or indirect contact with the executive.

To the extent that budget groups are involved in the drafting stage, the benefits of civil society involvement may be broader understanding of the choices facing budget decision-makers and greater accuracy in identifying citizen priorities between elections.

The degree of civil society efforts in the drafting stage will be related to the intervention opportunities throughout the budget process, particularly the legislative stage. Involvement in the drafting stage may be especially important in countries where the legislative stage is undermined by weak or part-time legislatures. In countries where there are few legislative opportunities for effective and direct civil society intervention, groups may well strategize to direct greater resources to the drafting stage, despite its limitations.

#### *Legislative Stage*

Many budget groups focus considerable energy on the legislative stage, for several reasons. In most democracies, the budget is tabled and must be approved in the legislature. This is usually the first comprehensive view that the public has of the plan and a high-profile opportunity to increase the impact of budget group work. The legislative process also offers the first formal opportunity for legislative representatives to debate and, in some cases, change the budget. Thus there is more space for civil society influence than there are at other stages and the demand for NGO services such as training and research is greater. Moreover, in many countries, the legislature offers civil society direct intervention opportunities, such as public hearings.

Given parliament's role as the representative of citizens, this stage is often considered the most appropriate point for civil society intervention. However, the effectiveness of such intervention depends on the strength of parliament's own power in the budget process. In theory, legislatures have significant power over the budget, since most constitutions require legislative authorization of public expenditure. Legislative debate is often accompanied by hearings, at which expert witnesses and government representatives can be summoned to give evidence. Debates and hearings are most effective of course when the legislature has the capacity to amend the budget. In practice, developing country legislatures are often undermined by several factors, including poor research capacity, the absence of powers of amendment, a weak committee system and the timing of the budget process, which may restrict adequate analysis or committee consideration (Krafchik and Wehner 1998).

Despite these problems, several legislatures have recently taken the initiative to flex their budget powers, including those in Croatia, Kenya, Malawi, Mexico, Peru, South Africa, Uganda and Zambia, among others. Legislatures and civil society budget groups can combine their strengths to establish a potentially powerful oversight partnership. As the opportunities for greater legislative engagement with the budget expand, so too will the opportunities for deeper civil society engagement. In turn, civil society can augment the limited outreach and analysis capacity of legislatures, thereby adding value to the budget.

The first way in which budget groups add value to the legislative budget process is the preparation of accessible summaries and guides to the budget. In countries with limited budget analysis capacity in civil society or the legislature, these can serve as the first opportunity for independent oversight and participation. The recent work of the Institute for Public Finance in Croatia illustrates this point well.

The Institute recently published the first guide to the Croatian budget, providing a general overview and an analysis of major expenditures and revenue trends, along with extra-budgetary funds and an outline of different stages of the budget process. The guide has been widely quoted, discussed and commented upon in the Croatian media as it was published at the same time as the executive's new budget proposal was being discussed in parliament. Underscoring its usefulness, one parliamentarian was said to have stood up, flashed the guide, and said to the Deputy Minister of Finance: 'Now we don't have to (only) listen to you anymore, we have a (alternative) guide!'

A second major activity during the legislative stage is budget training. Training programmes may be targeted at legislatures, media and civil society organizations, as well as government personnel. Centro de Investigación y Docencia Económica (Economic Research and Education Centre—CIDE) in Mexico, for example, provides comprehensive budget training to all of these groups ([www.cide.edu](http://www.cide.edu)). The three-day course is designed to teach the basic knowledge needed to carry out an analysis of Mexico's federal budget. It covers the budget's broad contours, its origin, approval process, administration and impact. The course became an important resource for legislators when the Peoples' Revolutionary Party (PRI) lost its congressional majority for the first time in over 50 years, opening an opportunity for a dramatic increase in the role of the legislature in the budget process.

Training may also be coupled with more intensive technical support. Idasa in South Africa formed a partnership with a multinational accounting firm to provide training and technical support to provincial legislatures in South Africa during the legislature budget process. A pool of trained analysts from both organizations provides general training and in-depth support to committee chairs for the month-long legislature debating period.<sup>3</sup>

The third major activity of budget groups at this stage involves the preparation and coordination of independent analysis. Given the limited fiscal analysis capacity outside of the private sector in developing countries, this constitutes one of the few accessible, timely, critical interpretations of the budget. It is often the only available analysis on the implications of the budget for low-income communities.

<sup>3</sup> Other examples of budget training include DISHA in India ([Disha@vsnl.net.in](mailto:Disha@vsnl.net.in)) and INESC in Brazil ([www.inesc.org.br](http://www.inesc.org.br)).



Analysis of executive budget proposals take five major forms:

- *Comprehensive budget analysis and recommendations.* A few groups produce a comprehensive analysis of the budget along with key recommendations. An example is the response of the Consumer Unity and Trust Society in India to the 2000/01 Indian Union budget, which urges government to stick to its commitment to phase out non-merit-based subsidies in favor of merit-based subsidies, especially in education and health. It adds that resources released through this shift should be reprioritized towards programmes addressing child labor issues (see [www.internationalbudget.org/cdrom/papers/analysis/CUTSINdiabudget202000.htm](http://www.internationalbudget.org/cdrom/papers/analysis/CUTSINdiabudget202000.htm)).

A complementary approach is that of the Catholic Commission for Justice and Peace (CCJP) in Zambia. CCJP monitors annual social service delivery around the country and combines this information, together with the budget comments of a focus group of NGOs, to draft a broad comment on the poverty impact of the budget. The post-budget statement covers health, welfare, education, agriculture, debt, tax and monetary policy (see [www.ccjp.org.zm/2001pre\\_budget.htm](http://www.ccjp.org.zm/2001pre_budget.htm)).

- *Examination of macroeconomic assumptions.* A second approach is to examine the macroeconomic assumptions underlying the budget and/or project the effect of the budget on macro-variables such as the deficit, national debt, interest rates, growth or employment. In its submission to parliament on the 2000/01 budget in South Africa, Idasa questioned government's optimistic growth forecast and traced the impact of likely slower growth on programmes for the poor (see [www.idasa.org.za/final/publications/bisbudget2000.sub.htm](http://www.idasa.org.za/final/publications/bisbudget2000.sub.htm)).
- *Analysis of the budget by sector or group.* A related approach, done by a large number of groups, is to analyse the impact of the budget on particular sectors, such as health, welfare or education, or socio-economic groups, such as low-income people, older people or racial or ethnic groups. These analysis can compare allocations to these sectors to those to other sectors, to the entire economy, or to past levels of support.

As government budgets do not generally reference the effects on particular socio-economic groups, as opposed to departments, several budget groups have developed creative methods to undertake incidence group analysis. Work on gender budgets has become a popular area of activity in many parts of the world, as shown in a recent review of gender budget initiatives by Debbie Budlender (2002). The Tanzania Gender Networking Programme set up a gender budget initiative in 1997. It focuses on macroeconomic policies and planning with a stress on budgets and budgetary processes and their impact on men and women in Tanzania (see IBP 2000: 53). Work on children's budgets has also advanced recently in several countries. The South African Children's Budget was launched in 1998. The project examines what resources the government is allocating to children's programmes and whether these programmes adequately reflect the needs of children as established by the United Nations Convention of the Rights of the Child ([www.idasa.org.za/bis/children](http://www.idasa.org.za/bis/children)).

- *Analysis of taxation and revenue.* A fourth approach, which budget organizations are increasingly undertaking, is the analysis of taxation and revenue. This work may challenge the distributional impact of the proposed taxes or the suitability and sufficiency of revenue proposals to fund proposed expenditures. Tax administration and compliance are further issues pursued. In 2001, the Center on Budget and Policy Priorities played an active role in the U.S. debate over the administration's proposed tax cut legislation, subsequently enacted, explaining why the measure would not address the country's economic slowdown (see [www.cbpp.org/2-22-01tax.htm](http://www.cbpp.org/2-22-01tax.htm)).

The Institute for Public Finance in Croatia is similarly working on responses to the government's current reform of the overall fiscal system, including tax administration reform. In a recent paper, they question the extent to which the proposals for tax reform are in line with the theory and practice of tax administration in developed countries and countries in transition (see [www.ijf.hr/ocpapers/op-5.htm](http://www.ijf.hr/ocpapers/op-5.htm)).

- *Review of transparency and participation.* Finally, a fifth approach is to review the degree of transparency and participation in the budget process, such as the broad stakeholder survey designed by the International Budget Project and Idasa in South Africa and tested in that country. Reviews of transparency and participation, all of which include some form of stakeholder survey, have been completed in Argentina, Brazil, Chile, Mexico and Peru, in addition to South Africa, and are currently being conducted in Ghana, Kenya, Nigeria and Zambia (see [www.internationalbudget.org](http://www.internationalbudget.org)).

In addition to their own analysis, some budget organizations facilitate or host forums to collect budget analysis of other civil society and community groups. This assists in providing government with a rich source of information from a broad group of popular interests. A number of civil society organizations in Zambia facilitate commentaries following the presentation of the budget in the national parliament. One of these forums is the annual National Budget Workshop organized by the Economic Association of Zambia that brings together civil society groups with the Minister of Finance and Economic Development. Contributions have covered issues such as macroeconomic policy, revenue measures, expenditure patterns and the gender impact of the budget.

In sum, the legislative stage of the budget process often offers budget groups the strongest opportunity for formal involvement and leverage. In these cases, civil society work can add maximum value by offering the full spectrum of activities, including training, budget guides and analysis. Budget work that focuses on the impact of the budget on poor populations can provide a unique resource, augment the paucity of trained analysts in the public sector and potentially improve policy choices.

The contributions of budget groups to the legislature stage, however, depend significantly on the degree of opportunity for legislators to get involved in the budget process. Where this is limited, budget organizations can still add value to the budget by simplifying and clarifying the budget proposals, providing training and working closely with legislators. However, in these situations budget groups are likely to channel a greater proportion of their resources to other stages in the budget process, including the drafting process.

*Implementation Stage*

Implementation is primarily an executive function. For most applied budget groups, the importance of this stage is the opportunity to collect information on expenditure, revenue and outputs that will contribute to the quality of their participation in the legislative stage. However, weak public implementation capacity and accountability mechanisms are driving some budget groups to focus on implementation issues.

Organizations in India, such as the Centre for Budget and Policy Studies in Bangalore (CBPS@vsnl.com), have produced useful analysis of the difference between planned and actual expenditures. Data improvements in South Africa are also enabling this type of analysis for the first time. The biggest obstacle to this work in other countries is the paucity of government data, including timely and accurate information on disaggregated actual expenditure, government borrowing and debt redemption, as well the capacity to provide incidence benefit reports.

Ritva Reinikka at the World Bank has helped pioneer methods to measure the difference between planned and actual expenditure where data is scarce. This work relies on new community level data sources in Ghana, Honduras, Tanzania and Uganda and may be adapted by independent budget groups in the future (see Ablo and Reinikka 1999).

Uganda provides an interesting experiment in implementation monitoring that may open opportunities in other countries. In 1998, the government established a Poverty Action Fund (PAF), integrated into the budget, as a mechanism to target, protect and monitor funds released by the HIPC initiative and donors to poverty programmes. The Fund involves civil society organizations in the selection of projects and in monitoring the impact of expenditures by allocating 5 per cent of fund monies to sustain monitoring activities. Monitoring is coordinated by a coalition, the Uganda Debt Network, and is undertaken through quarterly field surveys by a team of researchers and community members. The initiative also tracks monthly expenditure releases from central government to local governments and reconciles these with releases from the Central Bank. Quarterly progress reports are presented at stakeholder meetings. In a relatively short period of time, this initiative has helped to identify the blockages in funding to local governments, increase funding to poverty relief programmes and shift expenditures towards identified priority sectors (see [www.udn.org.ug/](http://www.udn.org.ug/)).

Many civil society organizations have experience in programme and citizen/customer evaluation. The work of the Public Affairs Centre in Bangalore, India is particularly well known in this regard ([www.pacindia.org](http://www.pacindia.org)). There is also civil society work in Ghana and Zimbabwe on tracing the impact of structural adjustment programmes through community surveys. But there are few examples of organizations that track budgetary flows through to programme impact. Work along these lines is only beginning. Idasa in South Africa is undertaking two pilot projects tracking the impact of public expenditures on special courts for children and rape victims. The Structural Adjustment Participatory Review (SAPRI) in Ghana and the Catholic Commission for Justice and Peace (CCJP) in Zambia have used their structural adjustment monitoring work as a springboard to focus more directly on budget flows and have plans to test the link between budget plans and disbursements. The latter has an extensive community network that has been successfully used in the past to track blockages in the flow of public funds from the provincial to the local level.

In sum, while it is too early to evaluate the replicability and sustainability of the Ugandan poverty fund monitoring initiative, these efforts cannot substitute for government information collection capacity. Civil society can help to some extent but this requires a rare partnership of sophisticated policy NGOs and strong community groups. As data improves, applied budget groups will be able to provide more sophisticated checks on the congruency and impact of expenditure. This is unlikely to emerge as a significant opportunity for broad civil society engagement, but might work in generating data for a defined set of poverty expenditures or as a check on government-generated numbers.

At present, the primary importance of the implementation phase for most budget groups is the opportunity to collect data on implementation to use as evidence in the legislative and auditing stages. As CCJP (2000) in Zambia stated: 'The futility of our system of commenting on the budget once it has been presented is that no influence can be made on the contents of the budget. Not even the debate by MPs influences the budget under discussion. Our post-budget challenge therefore remains at monitoring the implementations of commitments made in the budget throughout the year, drawing lessons that will be vital in our submissions to the next budget.'

*Auditing Stage*

The primary constitutional actors in the auditing stage are the auditor-general or court of accounts and the legislature. The auditing agencies are usually required to report to the legislature as keeper of the purse. The physical and human resources required for a full state or federal audit limits civil society interventions to checking the auditor-general's findings in discrete areas. The major opportunities for independent budget groups follow from the findings of the audit and the legislature procedure to evaluate these.

This may be one area where applied budget groups have not sufficiently exploited the potential opportunities. Where developing country auditing is competent, these reports often document a litany of mis-expenditure, mal-expenditure and procurement irregularities. However, few of the organizations in the International Budget Project network dedicate resources to monitoring and follow-up on the audit function. There are several reasons for this. In most developing countries, the audit report is presented approximately two years after the close of the financial year, with the result that it is swamped and often confused by current budget issues. In parliamentary systems in particular, the absence of effective legislative budget powers provides little incentive to scrutinize whether the funds have been spent as authorized. The low level of interest in following up on the audit report reinforces this tendency. This is further compounded by the split between committees dealing with public accounts oversight and those dealing with budget analysis and authorization.

The experience with participatory auditing in Kerala, India, points to potential oversight opportunities for a few civil society groups during the audit stage. One is the development of participatory audit techniques at the community level. In India, this fascinating practice involves the local auditor meeting with village members to physically audit the outputs planned and approved in the local budget (Jenkins and Goetz 1999).

## Summary and Conclusions

Applied budget groups have recently begun to expand the role of civil society in the budget process, facilitating a broader understanding of and participation in the budget process and more effective oversight. In part, these benefits occur indirectly through other organizations or legislatures as a result of training and dissemination activities that deepen public debate and expand public participation. However, some evidence is emerging that their activities can also directly improve budget decisions and outcomes.

Many groups are still developing skills and organizational capacity, with the result that only a small set of experiences already point to significant impact. In Mexico, an analysis of the budget process carried out by a nonprofit research organization, FUNDAR, in the 1990s halted the use of a secret presidential account that did not require legislative approval. In Israel, the work of ADVA, an applied budget group, pressured the government to retract changes to the welfare benefits that would have been prejudicial to the country's poorest families and elderly citizens. In South Africa, the work of Idasa led to an improvement in a new basic financial management bill through the inclusion of clauses on 'virement' and sanctions for mismanagement.<sup>4</sup> In Russia, the analysis of taxation and revenue done by the applied budget group Volgo-Vyatsky contributed to eliminating a corruption-prone arrangement that allowed firms to pay a portion of their taxes in goods and services.

The legislature stage usually holds the most opportunity for budget groups. This stage is geared to benefit from the full spectrum of civil society budget research, training and dissemination activities and also provides a forum for the formal inclusion of the sector into the policy process. As far as the budget drafting and implementation phases are concerned, the participation of budget organizations is still largely limited to collecting information on priorities and implementation. It is too early to assess the full implications of the promising participation efforts associated with the poverty reduction strategy paper (PRSP) process or the local government participatory budgeting experience.<sup>5</sup> Given resource implications and technical requirements of community surveying and impact evaluation, it is likely that involvement in these stages will be limited to a few organizations evaluating a small proportion of the budget or particular projects.

Conversely, there is probably greater capacity for civil society involvement than currently exploited in the auditing stage. There is an important role for them to play, along with legislatures, in tracing the findings and recommendations of the auditor-general's report. As far as a broader role in the auditing stage, civil society's role is probably limited to cross-checking particular projects, or areas of concern rather than duplicating the role of the auditor-general.

The primary value-added in the drafting stage may be the ability of independent budget groups 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, their contributions include building budget literacy and training and analysis that brings a 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 collecting information on programme impact. In addition to similar evaluation activities in the audit stage, these 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.

These early results provide cause for optimism. Groups have been established in diverse settings and have shown resilience to significant political and data obstacles. There seem to be few organizations that cannot benefit from budget analysis skills. Consequently, we can expect the growth in budget work to broaden and deepen in the developing world. Part of this growth may well take the form of greater interaction between budget groups and other civil society organizations, including human rights organizations and activities.

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<sup>4</sup> Virement refers to the extent to which a government department can spend in a way that is not congruent with budget plans without reverting back to the legislature for approval.

<sup>5</sup> The PRSP approach was adopted by international financial institutions in 1999 in an attempt to strengthen the impact of donor and country efforts on poverty reduction.

# Moving Forward: Multiple Strategies and Guiding Goals

Rhonda Sharp

There is no one 'model' of a gender responsive budget exercise, and the choice of tools and strategies itself requires significant resources and expertise. In practice, gender responsive budgets have sought to raise awareness of the gender issues and impacts of budgets and policies; make governments accountable for their budgetary and policy commitments to gender equality; and bring about changes to budgets and policies. This paper posits that these three guiding goals are characterized by interdependent and hierarchal relationships that underpin the transformative character of gender responsive budget exercises. It argues that gender mainstreaming and other governance discourses that share common transformative goals should be explored as part of a strategic approach to choosing appropriate gender responsive budget strategies and models and developing new ones.

## Introduction

This paper seeks to address two basic questions:

- What are gender responsive budget exercises fundamentally seeking to achieve? In other words, what are the core goals of these exercises?
- How might greater clarity on the core goals shape the design of gender responsive budget exercises and the choice of strategies? In particular, what discourses operating within the state might inform this process?

Since their introduction in the mid 1980s in Australia, gender responsive budget (GRB) exercises around the world have sought to achieve a number of goals, many of which are often implicit rather than explicit. While statements of aims may be recorded in the foreword of a document, they are rarely presented as evolutionary, dynamic or the basis upon which

success and failure might be evaluated. There has not been any substantive analysis about how the aims or goals of GRB exercises have shaped the way they have been implemented and whether the core goals have been achieved.

It might be assumed that the aims or goals of GRB exercises have been expressed differently depending on whether they are undertaken by government or by community groups. An examination of the aims of 'inside government' and 'community-based' initiatives, however, suggests that these two 'models' tend to emphasize common themes rather than fundamental differences. An examination of two long-running GRB exercises in Table 1—the South African civil society-based Women's Budget Initiative and the Tasmanian state government of Australia's Women's Budget—reveals three common themes: better information and analysis, government accountability through citizen participation, and monitoring and change.

**Table 1** Aims of gender responsive budgets in South Africa and Australia

South African Women's Budget Initiative 1995– (located within civil society with links to Parliament)	Tasmanian Women's Budget 1991/92–1999/2000 (located within the state government)
<ul style="list-style-type: none"> <li>• publish a comprehensive critique of all government policies and budget allocations impacting on women at the sectoral level and for each level of government</li> <li>• provide a solid information base for advocacy to government</li> <li>• promote the democratic participation of citizens in economic and social governance</li> <li>• give effect to the constitutional and political commitment to a 'non-sexist and non-racist South Africa'</li> </ul>	<ul style="list-style-type: none"> <li>• develop a comprehensive record of the government's programmes impacting on women</li> <li>• provide a mechanism for government agencies to regularly analyse whether their programmes are taking into account, and responding appropriately to, the particular needs of women</li> <li>• provide a valuable resource for all those who wish to monitor the government's progress in recognizing and addressing the specific needs of women</li> </ul>

Sources: Budlender 1996; Government of Tasmania 1996.

Clearly, there are differences in the capabilities of inside-government and community-based exercises. Access to budgetary information is restricted to what is publicly available for community-based GRB initiatives. The willingness to provide critical evaluations of policy is less likely with inside-government exercises. However, while differences in capabilities will shape the choice of strategies, they need not imply major differences in what these different GRB 'models' seek to achieve.

## The Goals of GRB Exercises

Ultimately, the success of GRB exercises is linked to their record in changing budgets and policies so that gender equality is promoted. These changes might involve more resources or doing things differently and can include one or more of the following:

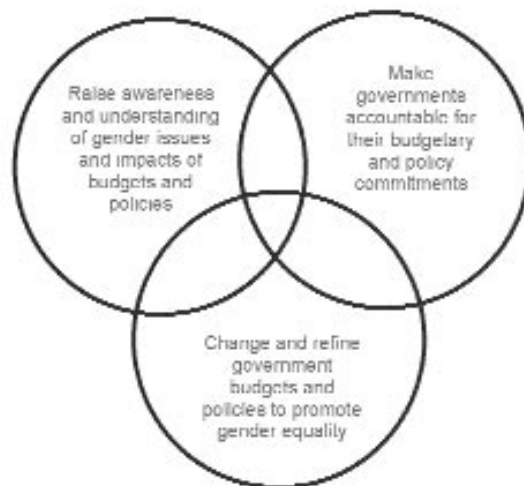
- increasing budgetary allocations
- improving the quality of resources
- redistributing resources
- changing the type and quality of policies and programmes.

However, such changes to budgets and policies, and the choices among them, are not always self evident. Data and analysis are necessary to establish the case for change as well as the directions of such change. Moreover, since budgetary and policy decisions are ultimately political in nature, change to promote gender equality also requires actors engaging with budgetary processes and institutions, both within the state and civil society, to give 'voice' and advocacy to gender issues and ensure government accountability. For these reasons, the goal of changing budgets and policies to promote gender equality suggests augmentation with strategies that seek to:

- raise awareness of the gender issues and impacts of budgets and policies;
- promote accountability of governments for their gender equality commitments.

Accordingly, gender responsive budgets could be conceptualized as involving three core and interrelated goals, as illustrated in Diagram 1.

**Diagram 1: Three core goals of gender responsive budgets**



The goals of GRBs can also, to some extent, be viewed as hierarchical. In their initial period of implementation in many countries, GRBs usually focus on strategies designed to raise awareness about gender in policies and budgets (e.g., collecting sex- disaggregated

data, training budgetary officials, developing gender-sensitive analysis). However, good information and analysis of the gender issues and impacts of policies and budgets are not in themselves sufficient to change budgets unless public officials can be called to task for their actions in the area of gender equality. Accordingly, the goal of promoting government accountability for gender equality commitments could be seen as a second prerequisite to changing budgets and policies on a sustainable basis.

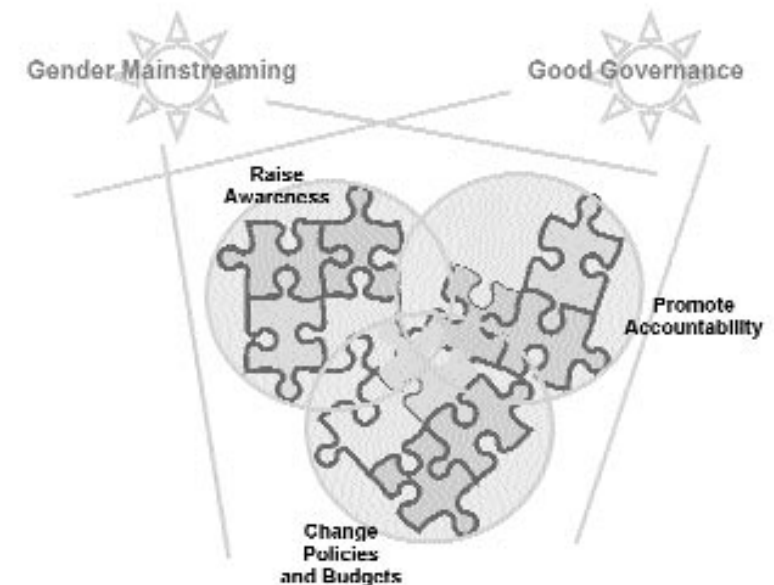
**Diagram 2: A hierarchy of goals**



## Strategies

The framework outlined in Diagrams 1, 2 and 3 conceptualizes gender responsive budgets as a transformative process involving a series of strategies designed to achieve broad inter-related and hierarchical goals. So, what are the various strategies that have been employed towards achieving the goals of GRB exercises?

**Diagram 3: Designing strategies to achieve the goals of gender responsive budgets**



### 1. Raise Awareness of Gender Issues and Their Impacts

Strategies to raise awareness and increase understanding of gender issues and their policy and budgetary impacts entail challenging the illusion of the gender neutrality of budgets and policies and making visible to government and the community the gender issues and impacts of policies and budgets. GRB exercises have to develop strategies that accommodate considerable unevenness within the state and within civil society in awareness of these factors. Finance or treasury ministries, for example, are key players in the success of GRB exercises but often have very limited awareness and understandings of gender issues. These frequently male-dominated ministries can also be characterized by a culture that is unsympathetic to gender equality, which would require targeted strategies to enable finance ministries to play an effective role in gender responsive budgets (see Sen 2000). Ministries and agencies responsible for social policy, such as education, welfare and health, may have a developed awareness and understanding of the gendered policy issues but may need to develop their understandings of the links with the budget and its impacts.

Strategies for raising awareness and understanding of the gender issues and impacts of policies on budgets on men and women can take several years to develop fully. Over time however, they should give way to a greater emphasis on accountability and budget and policy re-prioritizing strategies. Awareness-raising strategies cover issues related to data, tools of analysis, transparency of information, and training and capacity-building. These strategies need to involve both government and civil society and have included:

- devising methods for accessing, generating and storing sex-disaggregated data for use in budget preparations and policy planning and evaluations. These activities comprise an essential strategy for all GRBs but are pursued at differing levels of sophistication by different countries depending on the availability of sex-disaggregated statistics and resources. GRBs have contributed to greater use of data collected by government agencies, new data collections (e.g., time-use data) and official statistical publications on the social and economic circumstances of men and women.
- developing and applying gender-sensitive tools of expenditure and revenue analysis to budgets and policies. These can range from relatively simple gender-aware policy appraisals and beneficiary surveys to resource-intensive tax and benefit incidence studies. This strategy is shaped and constrained by many factors, including the technical skills of the people involved and the availability of sex-disaggregated data. The papers in this volume by Guy Hewitt, Susan Himmelweit and Lionel Demery provide further details on the development and application of gender-sensitive tools of analysis.
- translating and distributing budgetary and policy information so that it enables and encourages the participation of civil society in budget decision-making. This means that transparency is an inherent element of the goal of raising awareness and understanding of gender in relation to budgets. Transparency tends to be construed as a government responsibility to provide information in a low cost and accessible form to the public. This importance of this was recognized in Australia with the federal, state and territory governments publishing the results of their gender responsive budget exercises in the form of a women's budget statement as well as more accessible

executive summaries. However, civil society initiatives have also devised a number of transparency strategies. These include two South African publications edited by Karen Hurt and Debbie Budlender: *Money Matters: Women and the Government Budget* (1998) and *Money Matters, Women and Local Government Budgets* (2001), and the Tanzanian Gender Networking Programme's popular book *Budgeting with a Gender Focus*, which are designed to inform people in a non-technical and non-academic way.

- directing attention to gender issues and impacts of mainstream expenditures and revenues, not just specifically targeted expenditures to women and girls or revenue strategies that have the most direct implications for women or men. The strategy of dividing government expenditures and programmes into specifically targeted, equal employment expenditures by government on its employees and general categories has proved a useful starting point for GRB exercises (see Budlender and Sharp 1998). This approach highlights the limited understanding of many governments of the gender impacts of their budgets as they tend to refer only to specifically targeted expenditures to women and men (and less often, equal employment opportunity initiatives) which account for considerably less than a 1 per cent of total government expenditures (Sharp and Broomhill 1990; UNIFEM 2000).
- systematically recognizing care work in budgetary and policy impacts. Care work, both unpaid and paid, is characterized by a strong gender division of labor. The provision of paid and unpaid care activities is of such a significant magnitude that it can be fundamental in determining budgetary impacts. Strategies to enhance awareness and understanding of care work include utilizing the feminist critiques of orthodox economic analysis of household and paid work (see *Feminist Economics*), the development and use of time-use data, and gender-aware macroeconomic models (see *World Development* 1995, 2000).
- systematically incorporating the informal economy into analysis of policies and budgets. The importance and gendered character of the informal economy in many countries similarly requires its analysis to be part of a GRB.
- recognizing that the appropriate unit of analysis—the individual or the household—can be different in different circumstances. Also, if the household is used as the unit of analysis, then assumptions about power and access to resources need to be carefully made. The paper by Susan Himmelweit in this volume provides examples of the implications of the choice of the unit of analysis for GRBs.
- developing analysis of significant intersections of gender with other categories of analysis such as socio-economic class, race, ethnicity, locality, sexuality and age. Sometimes the differences among women or among men can be as significant for understanding budgetary and policy impacts as that of the differences between women and men. There is increasing evidence that the uneven impacts of globalization are increasing differences based on class, race, locality and so on. The South Africa women's budget devotes particular attention to the intersection of gender and race. The City and County of San Francisco local government gender responsive budget in 1999 sought to uncover a number of issues relating to different groups of women and men.

- training and other capacity-building activities in gender analysis for the bureaucracy, parliamentarians and within civil society. A strength of GRB pilot programmes in developing countries, such as the pilots of the Commonwealth Secretariat, is that attention is given to training and capacity-building, in this case, within government. A planned approach to training and capacity-building has generally not occurred with GRBs undertaken in developed countries. A notable exception has been the Canadian Alternative Federal budget (Loxley 1999). The papers in this volume by Mary Rusimbi and Warren Krafchik provide other examples.
- analyzing the budget at different levels—programme sectoral, ministry/portfolio, cross portfolio, federal, state, local. Each of these levels reveals different pictures and understandings of gender issues.

Many of the strategies discussed in the context of promoting the goal of awareness-raising can also be utilized to promote accountability. That is, the interrelated nature of the goals of GRBs can also blur the distinctions between strategies.

## 2. Promote Government Accountability for Gender Equality Commitments

Gender responsive budget exercises utilize a variety of strategies designed to increase the capacity to call governments to task for their policy and budgetary commitments to gender equality. Ensuring accountability is a demanding task and many GRBs are constrained in their success in bringing about desired budgetary and policy changes because they have been unable to devise effective mechanisms for making governments genuinely responsible for gender equality and its resource allocation implications.

Accountability strategies seek to ensure there is a match between planned and actual resources and to monitor change and progress in relation to economic and social equality between men and women. Strategies used to promote accountability have included:

- developing categories/frameworks for reporting that facilitate audit and monitoring over time. Such a strategy ranges from the use of simple gender progress indicators and targets to the incorporation of gender indicators and targets into performance-based budgeting frameworks that identify inputs, outputs, and outcomes. Diane Elson's paper in this volume outlines such an accountability framework. The South Australian women budget in the 1980s experimented with a monitoring framework using gender-disaggregated indicators that complemented the government's programme performance budgeting (PPB) system. As will be discussed below, the increasing emphasis on accountability within the public sector provides scope for linking a range of these strategies with GRBs.
- feeding analysis of the gender impacts of budgets and policies back into the planning and policy evaluation processes of government. A strategy for this in some countries has been to require gender impact assessments as part of the cabinet submission process and for new spending approvals. Other methods have included making the medium term expenditure framework (MTEF) gender sensitive—a planning exercise which the South African Government made a preliminary attempt

to do in 1998. A more advanced strategy would be to model a macroeconomic plan that has integrated gender into its variables, data and assumptions.

- reporting the progress of governments to international committees and conferences and reporting under international instruments and conventions that governments have ratified. The Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW) has served as part of the justification for governments being accountable for the gender impacts of their budgets in several countries as ratifying states are required to provide reports to the CEDAW Committee. The various human rights instruments are a relatively unexplored terrain for making governments more accountable for their gender equality budgetary commitments. The International Labor Organization conventions on maternity leave, home work, workers with family responsibilities, equal remuneration and so on could a basis for challenging government budgets and policies in the area of work. Importantly, the 1995 Platform for Action specifically calls for gender responsive budgets.
- establishing commitment for gender responsive budgets at the highest levels of government with processes that have clear lines of responsibility for key budgetary institutions such as the ministry of finance/treasury and parliament. Inside government GRBs require processes and institutions of accountability within government to be effective. This is only likely to be sustained if strong pressures for accountability from civil society is exerted.
- forging links between gender responsive budgets and the work of the general audit of government. This could make a contribution to monitoring and transparency but it has yet to be developed.
- development of civil society strategies which require (legally or politically) a response by government. Strategies utilized include accessing citizen information rights (which has been used in India), making gender equality commitments and their budgetary implications an election issue, posting report cards (using the media and other sources) on the government's progress, developing an alternative budget (e.g., the Canadian alternative federal budget), developing a people's list of budget priorities (a project undertaken in Bangladesh) or participating directly in the drafting of the budget (local government in Brazil).
- regular reporting by government to the public on the impact of its budget on men and women (e.g., the publication of a women's statement or budget paper as in the case of the Australian federal and state governments).
- incorporating gender equality goals and measures of success into the planning and evaluation processes by donors. A study of the UN system by Tony Beck (2000) provides some examples of how this has been done within an international agency. Oxfam has also done some work to develop this accountability strategy within its programmes.
- facilitating the participation of civil society groups by government in either an 'inside government' or civil society-based GRB exercise. This could include forging links with parliament, as in the case of the Ugandan and South African GRBs.

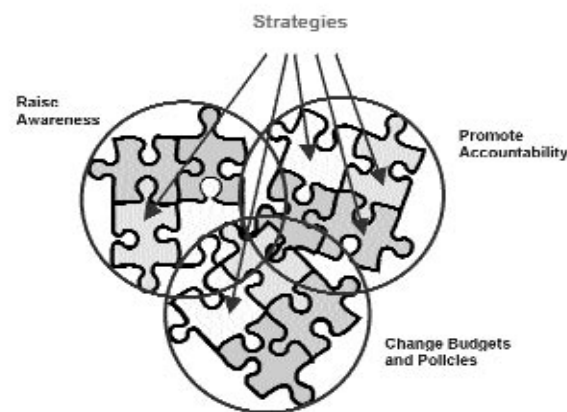
Government can also provide funding and other assistance for NGOs and university research, as in the case of Mexico. This approach can also include civil society groups in budget and policy decision-making processes with a view to ensuring that gender issues are given an agenda, as has been the case in Britain with the Treasury's consultations with the Women's Budget Group.

The discussion so far has sought to demonstrate that there are multiple strategies that are available for raising gender awareness and understanding and accountability in budgets and policies. It has also been argued that these core goals of GRBs need to be attended to as part of the broader process of achieving changes to budgets and policies that will promote gender equality. While it is assumed that these three core goals of GRBs are not readily substituted at this stage of our experience, the choice of pathways to achieve them are relatively abundant. With over 40 countries experimenting with GRBs, there are an increasing number of case studies of strategies that work and strategies that are more problematic. Clearly, research needs to continue to assist in the design and implementation of effective strategies. However, this research and choice of strategies for any country should be guided, among several other things, by the core goals of the exercises.

### Discourses on Gender and Budgets within the State: Possibilities for GRB Strategies

How might we gain further insight as to how to identify and design the most appropriate strategies to achieve the goals of GRBs? A strategic approach is to tailor the strategies of a GRB to the political, economic and social environment. One approach is to utilize and create spaces for gender equality strategies within contemporary discourses operating within the state. Two such discourses which warrant consideration are gender mainstreaming and economic governance. Can these discourses shine a light on ways to increase the effectiveness of GRB strategies, as presented metaphorically in Diagram 4?

**Diagram 4: Discourses on gender and budgets within the state**



### Gender Mainstreaming

Gender mainstreaming's ultimate goal, like that of GRBs, is to achieve gender equality. Its comprehensive agenda is outlined by the United Nations as:

assessing the implications for women and men of any planned action, including legislation, policies and programmes, in all areas and at all levels. It is a strategy for making women and men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetrated (quoted in UNIFEM 2000: 34).

Gender responsive budgets are in effect a gender mainstreaming device or strategy. The first GRB exercises in Australia emerged out of a recognition that a strategy to forge a strong link with the government budget was required if gender mainstreaming were to occur successfully (Sharp and Broomhill 2002). Gender mainstreaming continues to underscore many GRBs. For example, the paper by Mary Rusimbi in this volume demonstrates the influence of this discourse on Tanzania's GRB initiative. Moreover, gender mainstreaming has currency within both government and civil society and is being widely used to promote gender equality by donors and international agencies such as UNIFEM, UNDP, the Organisation of Economic Co-operation and Development (OECD) and the Commonwealth Secretariat.

**Diagram 5: Gender mainstreaming goals**



Clearly, gender mainstreaming and GRBs share common goals, as highlighted in Diagram 5. The goal of making gender visible in the policy process, for example, is equivalent to raising awareness of gender issues in policies and budgets. The two approaches also share common strategies, such as gender-sensitive policy analysis, the use of gender progress indicators as an accountability and monitoring strategy, and so on. Moreover, the government and civil society models of GRBs parallel the expert-bureaucratic and participatory-democratic approaches identified as the conceptual framework for understanding different gender mainstreaming strategies (Beverage, Nott and Stephen, 2000). These models provide a basis for identifying different strategies as they have different capabilities



for achieving common goals. The experience of gender budget initiatives has demonstrated that successful exercises within government include an important role for civil society while successful community-based approaches include strong institutional links with government.

The discourse of gender mainstreaming utilizes both efficiency and equity arguments to support its incorporation. One strategy has been to point out the costs of gender inequities in policies and programmes such as education, employment and health. Similarly, gender budget analysis point to the efficiency costs of gender inequity. They draw on gender-aware macroeconomic models and explanations that make visible the economics of the household (see, e.g., Diane Elson and Susan Himmelweit in this volume). There is obviously scope for further inquiry into the similarities as well as the differences in the ways in which gender mainstreaming and gender budgets address both equity and efficiency in their choice of strategies.

Gender mainstreaming provides a 'tailor made' discourse that gender responsive budgets can draw upon to assist in the development and choice of strategies to further particular goals. As an application of gender mainstreaming, GRBs have the capacity to reinforce the advantages of gender mainstreaming as well as offering new insights into effective strategies to overcome the gaps and limitations of its theory and practice.

#### Good Governance

Good governance is concerned with providing an administrative, institutional, economic, social and political framework that fosters development. The 1999 Human Development Report notes: 'Governance does not mean mere government. It means the framework of rules, institutions and established practices that sets limits and give incentives for the behaviour of individuals, organisations and firms' (UNDP 1999:8).

Within the good governance discourse, considerable focus is given to the management of the public sector. As a result, an increasing emphasis is given to the role of 'sound' systems of public revenue expenditure management, and public administration generally, in underpinning development and avoiding financial crises. A central theme of this perspective is that subject to the areas in which state intervention can be justified, goods and services should be provided at the lowest unit cost, in a timely manner, fairly and in a way which ensures that programme objectives are achieved; that is, according to the principles of efficiency, equity and effectiveness.

In order to achieve these results, the supporting pillars of good governance need to be in place. The pillars are: accountability—the capacity to call public officials to task for their actions; transparency—the availability of low-cost and relevant information; predictability—clear, known in advance and uniformly and effectively enforced laws and regulations; and stakeholder participation in policy and programme development and feedback. These goals are summarized in Diagram 6.

**Diagram 6: The pillars of economic governance**



The goals and agendas of public revenue and expenditure management are highly congruent with GRBs. Accountability is a shared goal. Accountability strategies such as results-based budgeting, promoted in the good governance discourse, should also be investigated and potentially developed as a strategy for GRBs. Transparency is an inherent element of the goal of raising awareness of gender issues in budgets and policies and an emphasis on this goal can provide an important entry point for implementing a gender responsive budget. The different strategies for participation help to distinguish approaches done within government and those done by civil society groups. Moreover, this theme of participation within the good governance discourse can be drawn upon to focus attention on the participation of women in policies and budgets. Furthermore, positive links between economic growth and development and equity are perceived as being assisted by good governance. GRBs potentially have a very important role in ensuring that policies and budgets are both efficient and equitable. Clearly the discourse of good governance has the capacity to provide a sympathetic framework which could be drawn upon to inform the choice of strategies that further the goals of GRBs.

## Conclusion

This paper has sought to outline a conceptual map of the transformative character of gender responsive budget exercises. It has argued that the rapidly expanding menu of strategies to conduct such exercises would appear less fragmented if the strategies were more closely linked with the core goals of these exercises. A closer examination of sympathetic discourses that currently influence approaches to policy and budgeting, namely, gender mainstreaming and good governance, has the potential to further inform this process. Such an approach needs to be sensitive to the problematic and contradictory issues in aligning GRBs closely to either of these discourses as well as the potential benefits.

Finally, this discussion of the goals and strategies of gender responsive budget exercises needs to be placed in a broader context. That is, while gender responsive budgets have an important role in promoting gender equality, the task of achieving equality between men and women requires much more than this.

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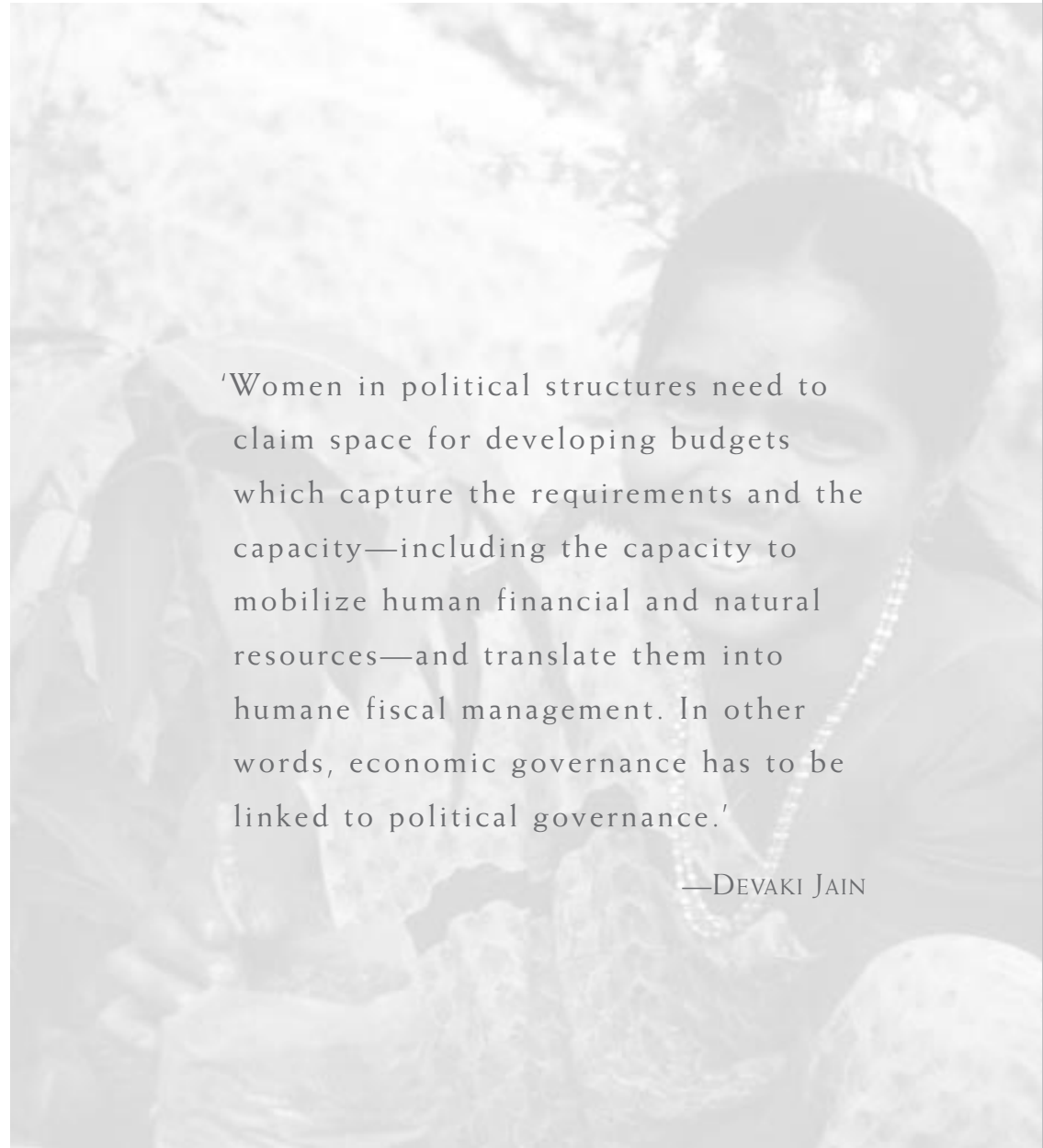
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## Country-Level Experiences



'Women in political structures need to claim space for developing budgets which capture the requirements and the capacity—including the capacity to mobilize human financial and natural resources—and translate them into humane fiscal management. In other words, economic governance has to be linked to political governance.'

—DEVAKI JAIN



# Municipal Budgets and Democratic Governance in the Andean Region

Virginia Vargas-Valente

'Municipal budget reviews do not have national impact or visibility, but they have other democratic advantages. They are capable of accounting for the country's pluralistic characteristics and are a solid first step towards initiating or consolidating interaction between civil society and the state, citizen participation, and the collective demand for transparency and accountability.'

—Virginia Vargas-Valente

UNIFEM has promoted the review of budgets with a gender perspective throughout Latin America, as part of its global effort to promote economic governance. This paper focuses on the Andean region, where budget initiatives are being conducted in three countries: Bolivia, Ecuador and Peru. These initiatives have benefited from the results of gender budget initiatives in other countries, and in turn will give support to new initiatives, such as those in Mexico and the Southern Cone.<sup>1</sup>

Budget reviews are part of UNIFEM's Economic and Social Rights of Andean Women programme, which seeks to raise public awareness about women's social and economic rights through research and advocacy and works to build the capacity of women's organizations to demand greater government accountability.

National and local budget reviews seek to incorporate a gender perspective into their design and implementation and mobilize for greater public oversight of public revenue and expenditure. This is in line with the current trend in Latin American feminism, which seeks to engage macroeconomic issues and demand government accountability as called for by The Convention on the Elimination of All Forms of Violence Against Women (CEDAW) and the Beijing Platform for Action.

<sup>1</sup> UNIFEM is working with two NGOs to mainstream gender in the Ministry of Finance and the National Statistics Institute in Mexico. In the Southern Cone it supports a gender budget initiative by the national women's machinery in Chile and an initiative by a women's regional network to review budgets in the framework of the regional trade alliance, Mercosur, as well as municipal initiatives in different countries.

## The National and Regional Context

'A more inclusive way of deciding which budget formulation is appropriate in the context of a specific country would involve a social process of dialogue and negotiation based on widespread participation, particular organizations of the poor, women and other social groups whose interests may be ignored in nonparticipatory or traditional approaches to macroeconomic policy making.' (Elson and Çağatay 2000)

Over the last few decades, Latin America has undergone profound economic, political and social transformations. The widespread consolidation of democracy in the region, not only as a way of government but also as an aspiration of society, and the desire to promote its extension have brought new civic values and expectations. At the same time, countries are, to varying degrees, carrying out state-level reforms and laying the foundation for governance processes that strive, at least theoretically, to make state functions more efficient, correct their historical deficiencies, and respond to the demands of an increasingly globalized world. Paradoxically, the widespread application of neoliberal and structural adjustment policies, despite their attempts to correct economic distortions, has undermined the social orientation of states and shifted their responsibility for social welfare to private enterprise.

This has adversely impacted the living conditions and civic rights of large sectors of the population. For women, the gains of the struggle for women's rights made over the last few decades, many of which were incorporated as recommendations in the world conferences of the 1990s, have come up against a firm barrier: namely, the reduction, violation, and ignorance of their economic and social rights. Although many studies indicate that women's participation in the economy has increased substantially over the last few decades, in terms of both paid and unpaid work, the conditions in which they work are alarmingly unfavourable and their contribution remains almost invisible.

Faced with the effects of the neoliberal model, states throughout the region have shown new anti-democratic tendencies, including blatant corruption, drug trafficking and economic stabilization at the price of recession. Political parties, which however fragmented, historically have been a driving force behind civil society and social movements, have largely lost their capacity to mediate between civil society and the state, since they themselves have resisted calls for clearly needed democratic reforms. They have opted for a static machinery of powerbrokers rather than for renewal and, in this process, they have lost touch with the citizens they represent.

Although democracy has been uneven and limited, it has been essential for the orchestration of citizen initiatives and has provided space for the partial development of the civil and political dimension of citizenship. The growing weakness of civil society's economic and social rights has also generated initiatives from both civil society (through negotiations and organized pressure) and the state, aimed at furthering social dialogue in order to restore transparency and oversight in public affairs. These are gaining momentum, albeit slowly.

Globalization has undermined the capacity of nation-states to respond to citizen demands and interests as well as their scope to address global dynamics. As a result, as pointed out by Souza Santos (1994), states now seem to be too small to address issues that are as global as the earth itself (migrations, ozone layer, sustainability of the planet, the proliferation of weapons, international terrorism, etc.), but too large to address the increasingly pluralistic and specific demands of citizens in their respective local territories.

### *Local Empowerment*

In this context, local empowerment and municipal government have become increasingly important. Despite huge budgetary constraints and centralist flaws, democracy can also be built up from local spheres more closely in touch with daily living. The possibility of building a 'democracy of closeness' (Castells 1997), based on local civic involvement, requires not only greater attention to the rights of citizens, or their greater visibility, but also the capacity to build citizenship from the bottom up, starting with local stakeholders. Social dynamics are capable of gathering momentum and expressing much more clearly the multicultural and multi-ethnic variations, nuances and realities of our societies.

This possibility of a 'democracy of closeness' has critical consequences for women: the possibility, for example, of shifting from being mere 'neighbours' to being citizens (Barrig 1989). In essence, the identity of women as 'neighbours' had led them to become intermediaries for reducing poverty and delivering community services for the family. This consolidated their domestic identity, an identity that usually does not have any repercussions on their status as citizens. The risk of this traditional identity is that, instead of giving political impetus to community living, it enlarges the scope of household responsibilities so as to compensate for the state's inability to tackle poverty efficiently. Women's move to full citizenship implies, on the contrary, that it is possible for them to claim access to their rights and take over responsibilities pertaining to them, raise their own public voice, and propose solutions to specific problems and local political orientations.

The presence of women in municipal positions of power, whether as mayors or councilwomen, has increased substantially as a result of affirmative action policies. The primary method of implementing such policies in the region is through quotas. All of the Andean countries have a quota system for congressional and municipal elections, with the result that there is now a relatively large number of women who have been elected to office.

Municipalities therefore can be critical for democratizing the relationship between civil society and the state. Modernization of the state makes democratic sense when it actively transforms the state's rapport with its citizens; permits access to, and exercise of, rights at the local level; fosters association with respect to public community matters, ensures social control over the management of public affairs; and promotes a wide-ranging and informed debate on matters of government and municipal management. Democratization goes beyond mere municipal management to extend its scope to the degree and forms of control that citizens are capable of exercising on public management of the community as a whole.

## Budgets as Instruments of Democratic Governance

'It is not a coincidence that the interest in gender budgets is happening as economic discourse is shifting to one of accounting and good governance. It is rather a signal of our collective readiness to move from an era of standard setting into an era of application.'

—Noeleen Heyzer, UNIFEM

A country's budget, as many have pointed out, reflects a society's balance of power: those who have decision-making power, whether it be economic or political, also have the power to define amounts, items, and how revenues will be obtained, as well as how and in what direction expenditures will be distributed. By distributing specific amounts to different programmes and activities, budgets reflect government priorities for national development and express its notion of the state's relationship with its citizens. For example, if the state views the target of its intervention not as a citizen but rather as a person in need, as a rule its policies will be characterized by a paternalistic or welfare approach, instead of a democratic one that highlights citizen empowerment and autonomy. When programmes and activities aimed at women rely on women's voluntary labour or view women as passive recipients, women's contribution to the economy is blurred. Instead, the household and community work of women should not only be valued, but should also be placed in a broader macroeconomic perspective, within the domain of the care economy, which constitutes a substantial part of the wealth of a community and a country (see UNIFEM 2000).

In Latin America, especially in the Andean region, the elaboration of budgets expresses the political culture of a country, not only what its priorities are but also its degree of authoritarianism or democratic openness to its citizens. Recently, budgets have also reflected the impacts of a neoliberal economic model that gives priority to the market.

Because they express competing power interests and orientations, budgets, which are a country's most important economic instrument, are at the very centre of processes aimed at broadening citizen power and democratization. For authoritarian political cultures in Latin America, however, these ideas about the orientation and distribution of a country's expenditures are not within the reach of citizens. Putting them within their reach requires both political will of governments and active mobilization by civil society organizations.

Budgets are thus crucial for governance, which currently confronts a crisis resulting from an excess of demands. The only way to overcome this crisis is either to meet demands (through specific budget allocations) or mediate them through greater cooperation between civil society and the state. Such cooperation requires trust, which in turn requires mechanisms that provide for transparency and accountability. A budget that strikes a balance between the interests of the state and the interests of its citizens, one that is transparent and participatory, avoids conflicts and facilitates consensus. Informal budget management, which does not provide for transparency, fosters corruption.

Various countries are engaged in participatory budget exercises that strive to respond to demands for democratic governance and greater accountability and transparency. These include a number of municipal initiatives, some of which are in provincial municipalities, and others in small cantons or district municipalities. The pioneer example in this field is

that of the Municipality of Porto Alegre in Brazil, with 1.3 million inhabitants, which launched a participatory experience in the elaboration of budgets in 1989. These local exercises are especially important in Latin America, because municipalities are a crucial arena for democratizing the relationships between civil society and the state. Democratization goes beyond municipal government itself to the degree and forms of control that citizens can exercise on a range of local public spaces.

Participatory budgets, while useful, are not sufficient. One of their limitations is that they are often gender-blind, and thus unable to understand the dynamics of exclusion that prevail in societies and are manifest in budgets. By failing to include a gender perspective, participatory budgets run the risk of giving an illusion of plurality and inclusion, while actually fostering exclusion.

Gender responsive budgets intend to change this. They challenge the notions that governments have not only about development but also about citizen rights, including those of women; promote democratic mechanisms that also respond to demands for democratic governance and state reform from a citizen's perspective; enlarge the arenas for consulting civil society; and enhance its capacity to influence government. For women, this potential is important because, although they formally enjoy rights as citizens, they do not perceive themselves as rights-bearing subjects. Their citizen status as subjects simply echoes their 'non-recognition' as economic subjects, with the result that they view themselves as not 'deserving' rights. At the root of this self-devaluation is the difficulty of seeing themselves as producers of wealth, not only because of their low wages, unemployment, and under-employment but also because their daily household and care-giving work is not taken into consideration.

The democratic repercussions of gender-sensitive budgets include the potential for opening a democratic debate in the realm of macroeconomic and macro-political processes, from the perspective of women's civic interests, and thereby help to bring about greater economic and redistributive justice. This holds the possibility of closing the gaps between citizens, not only gender gaps, but also ethnic, class, and age gaps, as well as gaps because of geographical residence, between regions and peoples and between women themselves. Because gender-sensitive budgets require economic as well as political decentralization, the process helps to weave a stronger social fabric, enlarging and democratizing the meaning of rights to include the right to accountability, transparency, oversight, consideration of one's opinions, and the possibility of influencing decision-making processes. It involves a pre-eminent exercise of citizen rights, especially when it has the possibility of being extended to all parts of a country.

National budget reviews are not always possible, however. The absence of institutionalized democratic channels between civil society and the state, the tendency to believe that budgets are an 'exclusive activity' of the state, with the resulting lack of transparency, and the limited experience in accountability often limit opportunities for democratic involvement. Top-level political will is fundamental for this process. The extent to which state institutions have been set up to consolidate trends towards change and to avoid 'wiping the slate clean' when there is a change of authorities or administration, is also a factor. Municipal budget reviews do not have a national impact or visibility, but they have

other democratic advantages. They are capable of accounting for the country's pluralistic characteristics and are a solid first step toward initiating or consolidating interaction between civil society and the state, citizen participation, and the collective demand for transparency and accountability.

## The Budget Review Process

Gender-sensitive budget reviews in the Andean region seek to promote a public spending policy that cuts across all dimensions to promote gender equality, to generate opportunities for social mediation between civil society and the state, and to strengthen transparency and accountability processes at national and municipal levels. Such reviews are being conducted in the following places:

Bolivia: National level: Nation's General Budget (PGN)

Municipal level: Municipality of La Paz

Ecuador: Municipal level: Villa El Salvador

Peru: Municipal level: Downtown Quito, Cuenca, Salitre

By the end of 2000, this process will start up in:

Bolivia: Municipal level: Cochabamba

Ecuador: Municipal level: Esmeraldas, Colta, Chambo

Some of the municipalities are actually capitals: the Metropolitan Municipality of Quito and the Metropolitan Municipality of La Paz. Villa El Salvador, a low-income district south of Lima, is especially important because of its autonomy, density, and the organization of its population. Others are important cities: The municipalities of Cuenca and Cochabamba. Municipalities with a large indigenous population (Colta, Chambo), municipalities comprised of inhabitants of African descent (Esmeraldas), and municipalities with mestizo campesinos from the coast (Salitre) have also been identified, so that the experiences reflect the multi-cultural and multi-ethnic characteristics of the Andean region.

### *Training and Organizing*

Following a seminar with Diane Elson in 2000, the UNIFEM Andean office organized a course on Gender-Sensitive Budget Reviews in early 2001, conducted by Debbie Budlender. This also included specialists from the region who had made progress in budget reviews, as in Mexico. The participation of a representative from Porto Alegre, a city where participatory budgets have been elaborated since 1989, also contributed to the course's success.

Given the lack of experience and materials, it was decided to translate Debbie Budlender's Training Manual for South Africa into Spanish. While this manual has been very useful, both in the Andean region and in other regions in Latin America, the team decided not to publish it until it could be revised in light of regional experiences, including examples of sound practices, and pointing out gaps and risks that have to be considered in the context of Latin America.

Following the course, research teams were set up in the three countries, giving priority not only to technical experience in budget reviews but also to political experience in gender perspective. Teams in Peru and Bolivia are comprised of one budget specialist and one gender specialist. In Ecuador, the Regional Network of Women Transforming the Economy (Red Regional de Mujeres Transformando la Economía) brings together both types of experience. In the Municipality of Cuenca, the review is conducted by the municipality itself, in coordination with women's organizations and in line with the Plan for Equality of Opportunities. The presence of a feminist deputy mayor and a mayor who is responsive and committed to a gender perspective are facilitating this process. When the research has been completed, teams will report their findings to municipal authorities and women's organizations in an ongoing training process.

In all countries, training has been expanded to include councilwomen from other municipalities, many of whom were elected through quotas. Budget analysis provides an effective way for them to raise their own profile and present their own proposals and gives them inputs for undertaking similar reviews themselves. Similarly, by sharing the budget analysis with feminist NGOs, which influence provincial and district municipalities, the research teams expand their perspective on women's rights and the need for women's empowerment to municipalities beyond those where the intervention is direct. This is the case with the Women's Coordinating Organization of Bolivia, which brings together various women's NGOs, as with the Flora Tristán Centre in Peru, which has been training 40 municipalities in the country's interior, on the coast, in the sierra and in the Amazon region about economic and social rights and budget reviews. Training in the municipalities has encouraged the formation of councilwomen's associations, which are taking responsibility for the municipalities' financial affairs. Their training is not as intense as that of the research teams, often because of the lack of resources, but it is enough for them to take a critical and informed look at municipal budgets and to propose alternatives.

### *Criteria for Selecting Municipalities*

The initial intent was to analyse both national and municipal budgets. This has been possible only in Bolivia and partially in Peru.<sup>2</sup> Elsewhere it has been limited to municipalities. Analysing budgets at the national level requires high-level political will as well as institutional commitments, which are not easy to obtain. In the municipalities the political criteria included a favourable structure of opportunities not only in municipal governments but also in civil society. The criteria included:

- degree of openness of municipal authorities to address gender equity in public policies and government programmes, including the budget;

<sup>2</sup> In Peru, the period following the resignation of President Fujimori was propitious for taking advantage of new opportunities, owing to the transitional administration's openness to initiatives from civil society. The Ministry for Women and Human Development conducted a participatory budget review exercise for 2000 to determine the impact of the budget on children, adolescents, women, men, and the elderly, including a target population matrix differentiated by sex and age for all state programmes and projects. The main programmes of the health, education, and labour sectors, as well as the Office of the President were reviewed from a gender perspective. However, the subsequent administration resulted in a change of ministry personnel, and plans for incorporating a gender perspective into the budget were abandoned.

- presence of women in executive positions in municipal government;
- municipal government policy toward citizen participation, especially that of women, in development planning, implementation and decision-making processes;
- degree of municipal institutionalization, which makes it possible to gain access to consistent information and to interact with the working team;
- the existence of women's organizations interested in becoming involved in the whole process, from the description of needs, the discussion of local priorities, and budget allocations to the monitoring of compliance.

Budget reviews in municipalities strive to mediate between civil society and the state, which can lead to transparency and accountability. The signing of agreements provides for clear commitments between the two parties, grants legitimacy to the intervention in budgets, and opens up channels for exchange. More informal agreements and/or specific support to some women's organizations have also been established. These in turn dialogue with, and exert pressure on, the municipality to incorporate a gender perspective in municipal plans.

The impact of budget reviews, however, goes far beyond municipalities. For example, in Bolivia, the research process involves women actively not only in developing the research but also in applying its results, in order to increase their capacity to dialogue and negotiate with local authorities. In Ecuador, workshops were conducted with women from municipalities and leaders of civil society organizations to jointly define their situation, understand their rights, promote the 'assimilation' of budgets with a gender perspective, define redistribution criteria, and fine-tune mechanisms for follow-up and oversight. In Peru, women's groups have come together to dialogue, exert pressure, and monitor municipal planning and development. An example is the People's Federation of Women of Villa El Salvador (Federación Popular de Mujeres de Villa El Salvador—FEPOMUVES) which has already set up a gender forum to influence the Municipal Development Plan, watch over municipal policies, and be represented in participatory budget processes and entities.

#### *The Budget Research*

The central items of the research focus on an analysis of expenditures by the respective government levels to determine whether there are expenditures that favour gender equity and equality of opportunity as well as the differentiated impact of this spending. Furthermore, recommendations will be made to develop budgets with a gender perspective for next year.

In Bolivia, the research involves two phases. The first quantifies the amount of public spending that has been planned and implemented for gender equity in order to compare gender equity policies with budget allocations to carry them out and to identify spending priorities that favour opportunities for improving the situation of women. The result will be an estimate of the explicit expenditures for the advancement of women, their funding sources, the specific policy that led to their incorporation into budget planning, and the administrative instruments that enabled them to be implemented.

The second phase will redesign a gender-sensitive spending policy that shows the magnitude of the changes in spending items, especially in investment, to guarantee their

impact on the objective of promoting equal opportunities for women. The specific objective of this second phase is to induce policymakers to incorporate equity criteria in budget allocations that embody specific spending policies, when they are formulating and implementing budgets.

To guarantee that the findings will be used by those responsible for elaborating budgets in the ministry of finance, the vice-ministry of gender, and the financial departments of selected municipalities, efforts will be made to involve these institutions and to secure the commitment of respective government entities not only in developing the research but also in the use of its results, which is a task that women's organizations will have to conduct.

In Ecuador, municipal policies, plans, programmes and projects will be reviewed to identify implicit and explicit gender issues. The following aspects will be addressed:

- spending in programmes and actions aimed specifically at women and girls (e.g., health, education, vocational training, women's rights, etc.);
- spending that, in one way or another, meets the needs of women, with emphasis on observing the different impacts of each spending item on men and women, especially those items that apparently have a neutral impact;
- income, in terms of the impact of budget constraints on the supply of basic and/or community services and the incidence of these constraints on the extension of the unpaid working day of women;
- income, in terms of its sources, comparing them with the non-monetary contributions of women stemming from unpaid community work; and
- mechanisms used to allocate resources and implement programmes and expenditures in order to identify key institutional, political, and financial aspects.

This analysis will identify critical budget items, the gender implications of which require affirmative discrimination and equity measures. This will provide the basis for proposals to redesign, administer and monitor the budget for financial year 2002.

In Peru, work is being done on the Integral Development Plan of the Municipality to the year 2010. The idea is to conduct an analysis of gender-sensitive public policies and the implementation of budget expenditures in 2000. It is based on an analysis of relevant gender issues for Villa El Salvador, gathered from the work carried out by different NGOs for the district, and intended to establish how they are embodied in the development plan and in the budget itself. Resources allocated to implement the policies will be identified: both specific spending to meet women's needs, including those aimed at improving gender equity in municipal employment; and general budget spending that enables the community as a whole to gain access to goods and services. An evaluation of municipal activities (design, conception, budget share and impact on male and female beneficiaries) will be done through interviews as well as a review of documents. The objective is to measure the differential impact of each activity on men and women, to what extent the activities meet the needs of women, and to what extent they rely on women's unpaid work to reach their objectives. A series of recommendations will then be made on how to incorporate gender issues on the future budget designs of the municipality.



## Budget Research Findings

The Andean budget research/reviews are still under way. Nevertheless, a series of findings can be highlighted. These focus not only on the dynamics of budgets and how they are developed but also on medium-term and long-term political impact trends.

### *The Dynamics of Budgets*

Many of the research assumptions are reflected in the review process. The elaboration of budgets typically involves readjustments on the basis of the preceding year's expenditures, which undermines the momentum of the process, hampers innovation, and curtails processes aimed at expanding citizen interests. Municipalities have very few resources, most of which are earmarked for infrastructure. What is planned is not always consistent with what is allocated in the budget, and what is spent is not always consistent with what has been planned. This process is very different from that involved in community planning, which is why the experience in Cuenca is so important. In Cuenca, budget reviews and alternative proposals are envisaged in the framework of the municipality's Equality of Opportunities Plan.

Many of the activities financed by the municipal budget are aimed at high-risk groups but are not clearly specified by gender. As a result, women are relegated to traditional activities whereas men take over high-level and better-paid tasks. In addition, a large part of the activities carried out by the municipality relies on unpaid work, especially that of women; for example, the female inspectors who monitor the due delivery of services in the stands of the market Villa El Salvador.

A widespread problem in Latin America is the absence of sex-disaggregated statistics to measure resource distribution, as well as the lack of indicators that show linkages between resources and beneficiaries and analyse the impact of programmes and actions promoted by budgets. A central problem is the lack of information on the gender content of municipal revenues and outlays, which hampers analysis of municipal resource distribution, as pointed out by Guerrero and Valdés (2000) with respect to Chilean municipalities, and prevents a visualization of women's contribution to the community budget (through payment of patents, circulation permits, and, above all, voluntary work). Nor does it permit an accurate differentiation of expenditures other than those earmarked for specific women's programmes and/or offices.

On top of the problems of information availability in the municipalities, there are problems in their degree of systematization and processing, especially in programmes and activities. In Villa El Salvador, for example, there is a series of activities benefiting from external funding that has nothing to do with the municipal budget and about which it is extremely difficult to obtain complete and reliable information. As a result, research must in many cases be based on qualitative information, including in-depth interviews with the players involved in administering municipal budgets, the principal users of services, those in charge of forums focusing on special issues, and other entities that are important for civil society.

### *The Political Impact of Budgets*

Probably the most important finding is that the budget, reviewed from a gender perspective, can be a democratic instrument that can lead the way to other democratic processes. The flaws of budgets reveal the flaws of democratic political cultures and the power imbalances in a country. A gender responsive budget review highlights the economic and political precariousness of municipal actions, which stem from the slowness and verticality of decentralization. A current demand is for authentic decentralization, not only of resources but also of functions. There is no doubt that this is a challenge for decentralization and the consolidation of democracy.

Budget reviews are heightening the need to transform the municipal sphere into a local government. In other words, it is starting to become evident that municipalities must stop being merely administrators of services, which are generally scarce and of poor quality, and must start consolidating themselves as hubs of local development, including improving the situation of women. That is why women's organizations in these municipalities are interested in organizing to contribute to and monitor municipal policies and budget initiatives.

One of the dimensions that has acquired the most importance in women's organizations and among female municipal authorities themselves is facilitating the exercise of transparency and the call for accountability. This involves certain costs: in some provincial and district municipalities of Peru, for example, there have been cases of harassment of female administrators who have developed budget monitoring and surveillance initiatives. This highlights the need to generate mechanisms to guarantee this right, especially in rural areas, such as Ancahuasi, Pícsac and Chinchaypuquio in Cuzco and Tiquiyacca in Puno.

The experiences of participatory budget reviews involving the entire population in some municipalities have clearly been positive, serving to raise public awareness and the will to negotiate between the government and citizens. Nevertheless, these participatory exercises retain the gender imbalances that characterize most local power entities, such as the virtual exclusion of women from leadership in mobilizing and administering these exercises, despite the fact that a large part of the activities depend on unpaid work, especially that of women.

This brings us to one of the crucial aspects of these analyses, one which is often blurred by lack of adequate data: due measurement of women's household and community work, which would help to give visibility and substance to the reproductive or care economy. Attempts are being made to overcome this weakness by means of time-use surveys in several developing countries.

Budget reviews have also generated rich inter-institutional coordination, a 'good practice' that could help to upgrade the scope of gender analysis. In Ecuador, for example, a training event focusing on participatory budgets with a gender approach was organized jointly by UNIFEM and UNICEF. This event broadened technical skills for budget reviews and help the elaboration of future proposals. There are also coordination efforts with the Economic Commission for Latin America and the Caribbean (ECLAC) to elaborate gender indicators that facilitate the use of common instruments and a more standardized and shared way of measuring progress and undertaking monitoring.

Finally, undertaking municipal budget reviews, as this paper has tried to highlight, may involve the risk of fragmenting approaches, and negotiating with poverty rather than securing resources. That is why it is important to incorporate this review into decentralization processes (many municipalities are requiring 'departmentalized' or regionalized budgets, so that their composition, income, and real amount can be determined). It is also important to reassert that the dynamics that can be achieved in municipal budgets do not lessen the importance or urgency of continuing to work on national budget reviews.

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# Lessons from Practice: The Role of Parliament in South Africa's Women's Budget

P r e g s G o v e n d e r

'Women do not want pity or paternalism. They want to have power over their own lives. They want to be able to make choices and decisions and be centrally involved in the process of changing their lives. This has to inform our approach to gender responsive budgeting.'

—Pregs Govender

'Budgets', 'Economics', 'Financial Governance': none of these are neutral terms. The question is: Who defines their meaning and in whose interests do they operate? What are the priorities? What is the agenda? Who determines these?

## The First Lesson: Budgets Are Not Neutral

South Africa's apartheid budget blew the myth of budget neutrality wide open. That budget was designed to support the political, economic, military and social wars that characterized apartheid. Its objective was simple: to oppress and exploit black people and to uphold and defend white privilege. The military and the security apparatus were a priority with regard to expenditure. So too were laws and policies on the migrant labour system, the pass system, which restricted where the black population could live, forced removals under the homelands system and Bantu education.

The apartheid budget and the systems of economic and financial governance reflected these priorities. The results of the apartheid legacy were itemized in 1994 by Sally Lund (1996). A handful of white people owned the wealth and the land while:

- 95 per cent of the poor were African
- 75 per cent of the poor lived in rural areas
- Unemployment rates nationally for Africans were 35-45 per cent
- Infant mortality rates were 86 per 1000 Africans compared to 7.3 per 1000 for whites
- 87 per cent of all African children under 12 years were nutritionally compromised.

Gender responsive budgeting could never have been implemented prior to 1994, it would have had no validity in a political system where some women had 'freedom' and some women

were oppressed. We know too well that 'injustice anywhere threatens justice everywhere.' Gender responsive budgeting can never be reduced to technocratic tinkering.

## The Second Lesson: Budgets Reflect Social Relations, Including Gender

The myth of budget neutrality holds that economics, budgets and financial governance are not just neutral – they are gender neutral. The budget target is an average citizen–Citizen X.

What the apartheid budget clearly illustrated was that the average citizen was not only white, he was male. The assumption was that the average citizen was the family breadwinner, and that his children and home were managed by his wife who supervised her domestic worker. His children had access to good education and schools and university. He had one or two cars, he owned a house. He had a job in the formal sector of the economy. His work was paid, recognized and valued.

The truth is that under apartheid, and still today, the average South African citizen is Black, female, lives in a rural or peri-urban area, is poor (many of the poorest households are headed by young women in rural areas), illiterate, unemployed or employed in the informal sector, and has to take care of her children with no access to education and health care. Her work is generally not paid, not recognized and not valued. In 1995 over 75 per cent of African women age 15 years and older were not earning any money at all. About 1 million women who do earn money, do so as badly paid domestic workers. Women have to balance caring for children, the elderly, and the sick, doing domestic chores and also working in the fields, factories, homes or offices. They are also expected to miraculously stretch time in order to do all this.

The question then arises: How do you change budgets, economics and financial governance to ensure they address the needs of the real Citizen X? It is critical to understand the intersection of factors such as race, class, gender, rural/urban location, disability, culture and sexual orientation; to make visible the underlying assumptions in policy-making. This question has driven the work on gender responsive budgets (GRBs) that South Africa has engaged in since 1994.

## The Third Lesson: Parliament Must Represent Women Too

When one is elected to parliament, one must understand one's mandate as a public representative. Be clear about women's agenda for change, which in South Africa has been articulated by the women's movement everywhere—on farms, in factories, homes, clinics, universities.

In 1994, prior to the first democratic elections, representatives to the African National Congress (ANC) Conference on Putting Women on the Agenda were clear: the new government departments must 'indicate the impact of programmes on the status and condition of women when requiring funds. When making their reports they must make specific reference to wherever the objectives spelled out in this regard have been met.'

In the Women's Charter, drawn up by the Women's National Coalition in 1994, almost 2 million women said what their own needs were and what was needed to achieve gender equality. Among women's key priorities were:

1. Poverty and the related issues of unemployment, the need for a social security system, landlessness, homelessness, water, electricity, access to healthcare and education.
2. Ending violence. Women said they wanted peace in their lives, relationships, homes, workplaces, communities, country and the world.

These priorities must then be reflected in budget choices and priorities. What are the macroeconomic choices that result in the size of the budget? What are the choices made in terms of both income and expenditure? What are the choices between departments and within departments of all spheres of government?

Women do not want pity or paternalism. They want to have power over their own lives. They want to be able to make choices and decisions and be centrally involved in the process of changing their lives. This has to inform our approach to gender responsive budgeting.

Since 1994, South African women's groups, working with parliamentarians, have used a multi-pronged strategy towards achieving gender equality. On the one hand, a process has been initiated to review and revise the legal and political structure of society, including the Constitution, general legislation, institutions and government policies. In addition, a quota of 30 per cent women was established within the ANC as well as 30 per cent women in government positions, as members of Parliament and as representatives of civil society.

## The Fourth Lesson: Change Requires Strategy

Parliamentarians must ensure that parliament and its committees have the necessary powers to bring about change and must learn how to use these powers. The South African Constitution gives Parliament extensive powers, including:

- initiating legislation that promotes socio-economic rights;
- ensuring that draft legislation from the executive conforms to the Constitution and is effective in promoting socio-economic rights;
- executing oversight over socio-economic spending and budget reprioritization;
- executing oversight over the development and implementation of policy and legislation.

The rules of Parliament give parliamentary committees the powers to summon people to give evidence, produce documents, request reports from any person or organization, receive submissions, and so on. Committees can monitor enquiries into policies and practices of government departments within their subject area and make recommendations related to any aspect of policy formulation or any other matter it may consider relevant.

While all committees are critical, the two committees that have driven gender responsive budget activities in South Africa are the Joint Standing Committee on Finance (since 1994) and the Joint Monitoring Committee on the Improvement of the Quality of Life and Status

of Women (since 1996). The latter was set up to monitor government implementation of the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), especially with regard to improving the lives of the poorest women. These committees have used budget debates to raise public awareness, by asking for reports from ministers and holding hearings with civil society on poverty, gender, macroeconomic policy and budgets. Particularly important has been commitment from the Chairs of the Finance Committee.<sup>1</sup>

So what have been some of the practical ways in which Parliament has moved us towards gender responsive budgeting? In 1994, in the first budget debate, the following objectives and procedures were proposed:

- to use a checklist of gender-sensitive questions on income and expenditures;
- to draw on the example of the Australian women's budget;
- to call for 'a range of other areas to be scrutinized', including free-trade zones, international loan conditionalities and structural adjustment policies, privatization, trade liberalization and deregulation, to determine their impact on women;
- to challenge government departments to set specific and concrete goals that were measurable, realistic and achievable within clear time frames.

The importance of this intervention was expressed by the Speaker of the South African Parliament at a meeting of international presiding officers

'I would like to highlight something to which I have referred in the past. There was something that was quite significant in our own parliamentary history. It was very, very crucial because, for the very first time, certain things were being said. In other words, during the parliamentary debate new issues were being raised.'

I am not sure if it was a shock or a revelation. However, the very fact of doing that right at the beginning, and for an ANC Member of Parliament to be questioning an ANC budget and getting support was crucial. We raised many things as far as women were concerned. It was done very positively, saying that these issues were things we hoped would actually be addressed. Our intervention brought an almost immediate response from the Minister of Finance, even though he did not come from the same party. So I personally believe that it was very important to signal the need for changes right at the beginning, right up-front, so that we did not allow a 'business-as-usual' pattern to be set.

In 1995, the Joint Committee on Monitoring the Improvement of the Quality of Life and Status of Women and the Joint Committee on Finance formed the Women's Budget Initiative in partnership with two NGOs. The initiative has included about 40 researchers who have completed a gender analysis of budget expenditures by all government departments and subsequently analysed taxation and customs and excise also. These were published as *The Women's Budget* books, edited by Debbie Budlender. A popular version of findings and recommendations, *Money Matters*, was also produced and distributed widely through civil society organizations.

In 1996, the Finance Minister in his budget speech committed the government to developing sex-disaggregated data as well as targets and indicators and a performance review mechanism. The Finance Minister also committed to counting unpaid labour. Statistics South Africa produced South Africa's first study on unpaid labour in 2001.

In 1997 the Finance Ministry in its report to the Joint Monitoring Committee on the Status of Women (Republic of South Africa 1997) noted its commitment to 'an integrated gender analysis into macroeconomic policy.' The report stated:

The Ministry of Finance is taking the proposal forward... the gender desk is developing the tools and capacity needed to incorporate some form of gender analysis into the Budgetary process. The initial stages of the pilot involved a presentation (by the Joint Monitoring Committee on the Improvement of the Quality of Life and Status of Women) on Gender and the Budget at the Department of Finance's Medium Term Expenditure Framework (MTEF) conference (11-13 August 1997), which launched the introduction of multiyear budgeting. The next step is to incorporate gender analysis alongside discussions of policy into the Budget Review. This has involved substantial work and co-operation within the Finance Ministry. It is hoped that the data and analysis, collated by some departments for the purpose of integrating it into the Budget Review, will form the basis of a wider and more systematic gender disaggregated data collection and analysis process. This project will in due course incorporate the progress of other departments and government agencies in incorporating gender concerns into their information systems and policies.

In the 1998/99 period, the government's National Budget Review committed itself to 'integrate gender analysis into budgetary processes'. The Foreword stated that the Budget Review contained 'gender-disaggregated information where available and appropriate, to permit an informed analysis of the impact of the Budget on men and women' (Republic of South Africa 1998: 5.4). In addition:

The Department of Finance has been part of a pilot which aims to integrate gender analysis into the budgetary process. This project builds on the work that has already been done by the two Women's Budget Project reports. The Department of Finance has incorporated some of this analysis into this Budget Review. This has involved cooperation with the Central Statistics and several other departments. Government envisages that the data and analysis that has been collated for the purposes of this publication will contribute to a wider and more systematic, gender disaggregated, data collection and analysis process. (Ibid.)

What did this mean? A good example is the Working for Water Programme, which decided that 60 per cent of all wages should be paid to women, 67 per cent should be paid in rural areas and special emphasis was placed on flexible working time for single parents. In the first quarter of 1998, of 42,000 jobs created, 55 per cent went to women.

<sup>1</sup> Such as Gill Marcus who is now Deputy Governor General of the Reserve Bank, and Siphon Mphahlela, now Deputy Minister of Finance.

## The Fifth Lesson: The Local Is Global

It is important to understand the interaction and impact between the micro and macro levels and also between the local and the global. At a time when the owners of just 300 companies own 25 per cent of the world's wealth, today's world is characterized by obscene wealth on the one hand and on the other, growing poverty, increased gender-based violence and increasing levels of militarization.

The military response to the tragedy of 11 September has entailed a sharp increase in defence and intelligence spending in the United States, over and above last years' \$280 billion budget for military expenditure. The question of whether more effective utilization of the existing intelligence budget could have prevented the tragedy has also arisen.

The 'collateral damage' we are now hearing of are innocent civilians—women, children and men—who have been killed by the bombing in Afghanistan. As UNIFEM director Noleen Heyzer reminds us, we need to locate peace, security and development in a specific context.

In determining economic policy and budgets we have to ask whose lives are being valued, and whose lives are not being valued? Whose work is valued and whose work is not valued? The need to clarify the values that underpin the global movement for gender justice and peace is now more urgent than ever before. We have to value all our lives and all our work.

I congratulate the broader vision that has inspired governments, donors and civil society organizations to come together to build a global vision that utilizes gender responsive budgeting to strengthen economic and financial governance. In building towards the goal of gender responsive budget initiatives in every country by 2015, we must value the work, experience, skills and insight that have been developed in the global women's movement while strengthening, supporting and building capacity within governments, parliaments, research community, educators and civil society.

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## Mainstreaming Gender into Policy, Planning and Budgeting in Tanzania

Mary Rusimbi

'It is important for Gender Budgeting Initiatives to continue to try to influence government processes, as these are responsible for much of the direction of policy priorities and resources, while at the same time advocating for transformative changes. It is essential for gender and other civil society organizations to sharpen their skills for engaging these processes as trainers, researchers and advocates, while ensuring protection of the civil society and gender agenda.'

—Mary Rusimbi

Tanzania's Gender Budgeting Initiative (GBI) began as a civil society initiative involving more than 20 non-governmental organizations (NGOs). It grew out of a shared vision by the Tanzania Gender Networking Programme (TGNP) and Feminist Activism Coalition (FemAct), to transform the conceptual paradigms of development and economic governance. Their strategy to achieve this vision focused on lobbying policy-makers, economists, statisticians and researchers to persuade them to adopt more progressive and gender-equitable approaches to development. As such, the GBI was integral to the mission and goals of TGNP, which seeks social transformation and gender equality through networking, outreach, policy advocacy, collective action, consensus building and action-oriented participatory research.

The GBI was developed in the context of the cost-sharing and retrenchment policies implemented as part of Tanzania's structural adjustment programme in the 1980s. This programme resulted in dramatic cuts to vital social services, particularly health care and education, at the same time as trade and market liberalization and privatization policies caused massive layoffs in both the public and the private sectors.

It was also a time when the majority of civil society was marginalized from policy-making and budgetary processes. For instance, the majority of women, youth and poor men were neither part of the on-going discussions around structural adjustment policies nor

being consulted about the ways in which they were affected by these policies, especially in the social sectors.

In this context, the main objective of the GBI is to strengthen consensus building, collective action and advocacy skills for women's and human rights groups as regards gender equity and equality in policy and the budgeting process. It seeks to examine the national budgeting process from a civil society perspective to see how public resources are allocated in national and local budgets and to assess how this allocation impacts women and other groups, such as youth and poor men. Finally, the exercise seeks to lay the foundation of an effective consensus-building campaign to influence the public, policy-makers, legislators and government officials on the necessity of increasing resources towards programmes to benefit women and other disadvantaged members of society.

The second phase of the campaign focuses on providing popular information which can inform the majority of women, men and communities in Tanzania (and beyond) as to how macroeconomic issues and policies, budget processes, resource allocation and implementation affect them.

Throughout the initiative, participants relied on building collective decision-making through an active coalition. Coalition-building represents an effective strategy for lobbying and advocacy work, as the sheer weight of numbers often brings attention to bear on pertinent issues or concerns and tends to have more impact. Towards this end, the GBI worked to strengthen collective action through the FemAct coalition, involving more than 15 like-minded NGOs/gender organizations in reflection and planning sessions about campaign objectives and activities.

The methods of conducting research and disseminating findings has been as important as the findings themselves, helping to build skills and raise awareness among parliamentarians, policy-makers, planners and budget officers, NGOs, donors and the general public on the need for greater democracy and transparency in government policies, programme formulation, resource allocation (budgeting processes) and implementation processes.

## Action-Oriented Research

Action-oriented research has been a central part of the initiative. Research teams included gender activists, academics and government planners and budget officers. They focused on the National Planning Commission and the Ministry of Finance, as key sectors in the planning and budgeting process. The Ministries of Health and Education were seen as vital social sector service providers; the Ministry of Agriculture as essential to the livelihood of the majority of the population; and the Ministry of Industry and Commerce as critical in the formulation of market liberalization policies.

Data collection focused on information about the main direction of policy development, planning and budgeting processes; the main decision-making structures and actors (e.g., budget officers, planners and policy-makers); sources of revenue; and actual allocation of resources both among and within sectors and in planned and actual output.

Within each sector, data was collected by a team of three researchers, one academic (economist or sociologist), one NGO activist and one government worker. Government actors were integrated into the process as researchers, providing access to data that would otherwise be considered confidential and hard to access and facilitating a good working relationship between TGNP and technical people in the respective ministries. The academics added the necessary quantitative research and economics background and the NGO researchers contributed issues of gender, participatory techniques and analysis of social impact of policies and related processes.

Using participatory techniques, research teams identified structural and social constraints to progressive and gender responsive budgeting as well as the lack of gender awareness of policy-makers, budget officers and civil society actors. Planning and budgeting processes were found to be top-down, non-participatory, and dominated by men in decision-making and technical level positions. The top-down model was shown to facilitate corruption and waste of resources, and to limit transparency and accountability. It results in a preferential view of men's needs and aspirations for development, largely excluding those of women. Many policies were people-or gender-blind when it came to outcomes. For instance, having an equal number of schools for girls and boys is not the only gender issue in budgeting for education; the quality of education for boys and girls and the number of higher achievers of each sex is also an issue for equitable resource allocation.

Reports were disseminated to different sectors of society, including activist organizations, government departments and external agencies. Findings were shared through working sessions and public forums with civil society, donors, policy-makers and technocrats within research areas, and groups of MPs, specifically women MPs, male allies and those active in parliamentary committees such as the Parliamentary Finance/Budget Committee.

One strategy for the dissemination of findings was the publication of a popular book called *Budgeting with a Gender Focus*, which outlined the concept of gender budgeting, what budgets are and the inherent gender gaps in macro-level policies in an easy-to-read and understandable format. In addition, dialogue was initiated with key policy-makers, the legislature and political parties for positive changes in discriminatory and retrogressive and gender-blind policies and laws, guidelines and structures and development programmes.

## Capacity Building Is Critical

Capacity-building efforts focused first on staff and coalition partners, and included information sharing, reflections/feedback sessions, training sessions and supporting a team of resource persons on GBI activities. Capacity-building efforts were also directed to policy-makers, planners and budget officers in selected government ministries, and supported through working sessions, training in gender as it relates to participatory planning and budgeting, as well as assistance to planners and budget officers in preparing their ministerial budgets.

Capacity-building activities on gender budgeting for government actors in six selected pilot sectors (Health, Education, Agriculture, Water, Community Development, Women's Affairs and

Children, Regional Administration and Local Government) have now become more systematic and institutionalized, as gender budgeting became a training requirement of the Medium Term Expenditure Framework (MTEF) process, and TGNP became the main resource for this. Over 200 budget officers were trained.

Capacity-building also included the development of tools for gender mainstreaming. In 1999-2000, for example, TGNP developed alternative budget guidelines for the Planning Commission. As a result, the 2000-2001 Budget guidelines mandated all ministries, departments and agencies to prepare their budgets with gender mainstreaming objectives in mind. A checklist document was developed for the Ministry of Finance to guide budget planners and government technocrats in mainstreaming gender into all parts of the process. Tools were also developed to guide planners and budget officers in the collection of sex-disaggregated data for budgeting purposes.

As a result of its research and capacity-building efforts, TGNP has gained a great deal of access into government structures and strategic decision-making bodies. The organization was invited by the Ministry of Finance to assist in developing long-term programme support to the ongoing activities of the Ministry. TGNP worked with a gender budget consultant from South Africa to support the Ministry in a more holistic gender approach to activities related to macro-financial policies, revenue and budgets.

TGNP has been invited by government and donors to be a part of the Public Expenditure Review (PER) process responsible for ensuring increasing transparency and accountability within the government machinery. In a similar way, TGNP has been taking keen interest in the Tanzania Assistance Strategy (TAS) process, which seeks to coordinate government and donor programmes and budgets. TAS has also an overall responsibility for the Poverty Reduction Strategy Paper (PRSP) aimed at poverty reduction in the country. TGNP seeks to persuade government actors involved in these processes to adopt a gender-sensitive approach, since these and other macroeconomic processes have significant impact on budget policies and priorities. In so doing it aims to promote broader civil society participation and gender sensitivity.

TGNP has contributed to the strengthening of the NGO coalition, and built capacity in their analytical, advocacy, communications and lobbying skills. There is increased knowledge in civil society about the link between gender and economics and the structures of power that are reflected in government policy-making, planning and budgeting bodies, as well as what could be done to support progressive processes within these structures.

Even within TGNP, the implementation of GBI activities has enhanced the capacity of members and staff in working with the government while guiding its own civil society agenda. For instance, the initial lobbying and capacity-building activities provided for a degree of trust between TGNP and the Ministry of Finance and the Planning Commission, which was useful in gaining acceptance of TGNP as a gender resource within government circles. As mentioned, TGNP was commissioned by the Ministry of Finance to facilitate skills building on the 'hows' of gender budgeting and to assist the respective budget officers on the actual integration of gender issues in budgeting in the six selected pilot sectors.

Backstopping activities within the pilot sectors included conducting training workshops for budget officers in the sectors and developing tools, including a checklist, for assisting mainstreaming processes.

These activities were recently evaluated by an external consultant, who reported that government actors acknowledged that they had benefited from the gender training and assistance. The Ministry of Water, which made the most active use of TGNP's services, also inserted the most wide-ranging gender perspective into its proposed budget, demonstrating the impact of capacity building efforts. Overall, the evaluator commented, 'the government's ownership of GBI processes and its technical application was a useful indication for its sustainability.'

In the long term, the Ministries of Planning and Finance plan to encourage all sector ministries to focus on stakeholders' needs. The Ministry of Planning's budget guidelines for 2001 have mandated the six pilot sectors to focus budget analysis on men and women as stakeholders with both similar and differing needs and aspirations, strengths and weaknesses.

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## Civil Society Campaign

The second phase of the Gender Budget Initiative, which started in the year 2001, will continue with data collection and capacity building of the various actors but give more organizational focus to advocacy through a civil society campaign. The direction, issues, process, and messages of the campaign were articulated through a collective process involving more than 30 women's groups.

The main focus of the campaign is to enhance civil society awareness and ownership of the gender budgeting objectives, especially in relation to holding governments at different levels accountable for resource allocations and expenditure that is progressive and gender sensitive. This involves:

- Building capacity of civil society organizations to demand a planning and monitoring role in resource allocation and expenditure;
- Advocating within government for more resources to meet the needs of poor women and men in communities; for greater representation in public decision-making and involvement in monitoring revenue raising and expenditures within government ministries, district councils and programmes;
- Enhancing coalitions with like-minded civil society partners at regional and international levels to pressure for transformation of macroeconomic frameworks and processes;
- Networking and sharing information with women's and other NGOs in both the North and the South, identifying donor allies (progressive Gender Desks) and participating in strategic processes to influence relevant macroeconomic frameworks such as HIPC, the debt relief programme for highly indebted poor countries.

TGNP and FemAct have highlighted the need to challenge macroeconomic frameworks and raise awareness of the ways in which such frameworks impact on local communities. Activities have been undertaken to challenge HIPC as a debt relief mechanism, as the

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amount of funds that return to Tanzania as a result of debt relief are token compared to the 'conditionalities' tied to them. TGNP organized a demonstration when the directors of the International Monetary Fund (IMF) and World Bank met with African Heads of State in Dar es Salaam in February, 2001 and the coalition issued a press release affirming the need for total debt cancellation as well as the opening of government and donor development processes to a larger public debate.

## Lessons and Challenges for Gender Budget Initiatives

While the Tanzania Gender Budget Initiative is still a work in process, several lessons can be drawn from the experience that offer both opportunities and challenges for gender responsive budget initiatives of all kinds

**Building capacity at various levels is essential.** One of the main challenges is the low capacity and interest within civil society on gender, policy and macroeconomic issues. In particular, many actors in the women and gender movement in the country are yet to identify macroeconomic issues as gender issues that it is vital to address. As a result, at times it is difficult to mobilize many organizations to take advantage of strategic opportunities for advocacy in a short period of time and this means that TGNP/FemAct can sometimes shoulder too much and often can become a lone voice in lobbying for change within government/donor circles. This low level of capacity of gender groups and NGOs on macroeconomic issues has also slowed down the conceptualization process of the initiative's civil society campaign.

**Serving as a role model can be difficult.** The work done by TGNP with the Gender Budget Initiative has been exciting for many organizations in the country, the region (especially Southern Africa) and internationally. While TGNP is eager to serve as a role model for similar processes in other countries and places a strong emphasis on coalition-building and networking, the needs of various actors can sometimes spread the capacity of the organization thin. At times, it makes it difficult for the organization to strike a balance between the activism focus at the national level and the regional and international demands for gender budgeting experiences. It is anticipated that continuing plans to bring more gender groups and other NGO actors into these processes will assist in addressing this challenge.

**Work with government while protecting the civil society agenda.** There has been an on-going debate within TGNP/FemAct about whether or not to continue linking to government processes, including the on-going gender budgeting efforts, Poverty Reduction Strategy Paper (PRSP) preparation and implementation and so on, as many view this as being too close to government structures. While this is an important debate for gender groups and civil society actors, TGNP has concluded that it is important for Gender Budget Initiatives to continue to try to influence government processes, as these are responsible for much of the direction of policy priorities and resources, while at the same time advocating for more transformative changes. This role, however, is a challenge. It is

essential for gender and other civil society organizations to draw lessons and sharpen their skills for engaging these processes as trainers, researchers and advocates while ensuring protection of the civil society and gender agenda.

**Challenging international macroeconomic frameworks is essential.** International macroeconomic frameworks, including structural adjustment programmes and the Poverty Reduction Strategy Paper (PRSP) processes, in our view, have compromised the government and have resulted in limited room for government to support development that is gender sensitive and owned by the people. In this regard, it is vital for women's and other NGOs to reflect on the concrete impact of such policies and advocate for more gender-sensitive development strategies and processes in a country such as Tanzania.

**North-South NGO partnership is a vital strategy.** In order to facilitate democracy and pro-people development in the global South, partnerships between civil society organizations in the North and South are critical. Northern NGOs have both access to information and opportunities to influence global macroeconomic policies and frameworks, particularly those of the International Monetary Fund, World Bank and bilateral donors. Southern NGOs are more able to assess the relevance of the policies to the local development needs of the people. In this way, forming close ties on an ongoing basis can help to ensure that the policies that are developed address global and local development concerns and are suited to the needs of the country. But this partnership requires ongoing facilitation and support at different levels, and at times, such support has not been forthcoming, especially from the donor partners. This represents a particular challenge for all women's and other NGOs, especially those in the South.

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# Parliamentary Governance and Gender Budgeting: The Uganda Experience

Winnie Byanyima

'The artificial separation of public/(market and government) and private work (mostly household and community) cheats women of the rewards for their labour and results in a misallocation of budget resources. So gender budget analysis try to highlight the very definite but different contributions women and men make to the economy and call for a more equitable sharing of the benefits from the budget.'

—Winnie Byanyima

Gender-sensitive budget analysis, or gender budgeting, is a method of examining a government budget to determine how it impacts on women and men, girls and boys of different social, economic and racial groups. Since a budget reflects a government's macroeconomic policy priorities, gender budget initiatives can also be used as a tool for analysing macroeconomic policy from a gender perspective. In fact, one objective of these initiatives is to challenge the assumption that macroeconomic policies are gender-neutral by analysing and exposing their gendered impacts.

## History and Background

Australia was a pioneer in the field of gender budgeting, when after the 1985 Third World Conference on Women in Nairobi, it introduced the Women's Budget Statement as a budget-related paper. The Statement commented on the expected impacts of each sector budget on women and men and girls and boys. Since then, the technique of gender budgeting has spread to more than 20 countries. In Africa, South Africa pioneered gender budgeting soon after the Fourth World Conference on Women in Beijing. Currently at least ten African countries in Eastern and Southern Africa are experimenting with the concept. This paper will review some of the commonalities in the South African, Tanzanian and Ugandan experiences, focusing primarily on Uganda.<sup>1</sup> However, it should be emphasized that different

approaches are being used in the different countries and that through networking a rich exchange is occurring among researchers, activists, legislators and policymakers.<sup>2</sup>

In Africa, gender budget initiatives have to be seen in the context of political and economic liberalization. In the late 1980s and early 1990s, many African countries adopted liberal democratic systems of governance. In most countries, democracy has come with the expectation of participation. The Constitution of Uganda, for example, defines the 'movement political system' as 'broad based, inclusive and non-partisan.' Among the principles to which it must conform is 'participatory democracy.'

Gender budget initiatives are a reflection of the transition to more open, participatory and responsive systems of governance. There is increasing interest in giving poor and excluded populations a political voice, and influencing allocation of public resources in favour of these groups. Democracy has come with the expectation not only of participation and inclusion but also of freedom from poverty.

Historically, budget processes have been very closed and exclusive, dominated by a few officials in ministries of finance and presidents' offices. While African parliaments are asserting their 'power of the purse' and finding ways to have a greater role in determining budget priorities, civil society organizations are conducting research and organizing to influence parliamentary debates on budgets. They are calling for more open, transparent and participatory budget processes, and for redistributing resources in favour of the poor.

By the end of the 1980s, on the advice of the World Bank and the International Monetary Fund (IMF), many African countries began implementing structural adjustment and macroeconomic stabilization programmes. These have included public sector reforms intended to reduce the role of the state in the economy, such as privatization and de-regulation; private sector development and reducing budget deficits by cutting public expenditure on social services, including health care and education. It has become increasingly clear that while these policies have generated growth, they have also had adverse effects on the poor. The cost of reproducing and maintaining the labour force is also being transferred from the public sector to women at the household level. Researchers and activists have used the technique of gender budget analysis to expose the gendered nature of the economy and economic decision-making and to advocate for a more equitable share of the gains of economic reforms.

Gender budget initiatives, which have increased since the Fourth World Conference on Women in 1995, are part of advocacy for gender equality. They bring the issue of gender equity in the allocation of resources to the attention of legislators and other budget decision-makers.

<sup>2</sup> One example is the 1998 UNIFEM workshop on Engendering Budgets in Southern Africa that took place in Harare, Zimbabwe. South African gender budget experts have been invited to Uganda, Tanzania, Malawi and Mozambique to introduce the concepts and methodology.

<sup>1</sup> The full paper focuses on all three countries; this has been shortened so as not to overlap with the papers on South Africa and Tanzania in this volume. Ed.

## Methodology

Governments frame their political agendas into policies, which are translated through budgets into decisions on how to allocate expenditure and what to tax. Gender budget initiatives analyse the extent to which budgets reflect the policy priorities of governments, and the extent to which policies reflect the different situation of women and men, girls and boys in society. Income, age, race and disability all impact differently on men and women. Therefore analyses do not consider all women or all girls as homogeneous groups. In the South African initiative, race is an important category of analysis while in Uganda disability is given special attention. For each sector, a gender analysis begins with a description of the different situations of women and men, girls and boys. Sectoral policy is then described and the extent to which it addresses the situation assessed. In most cases, this part of the analysis is fairly easy because there exists strong expertise in gender analysis of policies.

However, the innovative work concerns the budget itself. For each sector, the question is posed: To what extent does the budget reflect the gender-sensitive policies identified and to what extent does it address the gender gaps and issues described in the sectoral situation analysis?

Gender budget analyses propose resource re-allocations to address the unmet needs of poor women and girls and to close gender gaps. Areas where budget cuts can be made are also proposed. Although most initiatives concentrate on expenditures, both the South African and the Ugandan initiatives also focus on taxation. In South Africa, Tanzania and Uganda, expenditures are classified in three categories, using a framework developed by Rhonda Sharp, an Australian economist (see her paper in this volume).

- *Gender-specific expenditures:* These include all amounts of money allocated for activities that target a gender-specific population. Such funds are easy to identify. In Uganda, funds for building pit latrines for schoolgirls or the special micro-credit reserved for women are two examples of gender-specific expenditure. Expenditures on staff and activities of national gender machineries also fall in this category.
- *Expenditures to achieve equity in the public service:* These include all allocations to programmes designed to promote equal representation of men and women employed in the public service, especially in decision-making positions, and equal pay and conditions of service. An example is the allocations to a special training programme for women managers in a ministry.
- *All other mainstream expenditure:* This category includes all the expenditures not included in the two categories above. It consists of the bulk of funds in the budget. In Uganda, as in Australia, this is about 99 per cent of the total budget. The challenge of gender budget analysis therefore is to examine allocations in this category and their impact on women and men, girls and boys.

Gender budget exercises are not academic, since their objective is to influence budget decision-making. Research is conducted and findings are used to advocate for gender equity in budget allocations. To engage in effective advocacy, the cycle of gender budget analysis has to be planned in such a way that the research is completed and findings released at the

most appropriate time in the budget cycle. In South Africa and Uganda, gender budget advocates target the Budget Day as the day to launch their research. In Tanzania too, advocacy activities are planned and implemented in June and July, as the financial year ends on June 30th. In all the three countries, activities involving relevant committees of Parliament take place in order to share information with parliamentarians and to influence debate on the budget. In Tanzania, special information packages for parliamentarians have been developed and distributed while in Uganda summaries of the sectoral reports are published as Issue Briefs and circulated to all Members of Parliament. The reports are also made available to other budget decision-makers in the executive branch of government.

## Theoretical Framework

The basis of gender budgeting is gender analysis, where gender is understood to mean the social constructions that differentiate between women and men resulting in different and unequal roles, responsibilities and rewards. Gender budgets challenge the assumption that budgets and macroeconomic policies, of which they are a part, are gender-neutral. Gender budget researchers and advocates argue that public resources should be allocated in a way that recognizes the different roles that women and men play in the economy as well as the different needs they have and constraints they face. They highlight the importance to the overall economy of the 'care economy,' which is dominated by women's unpaid work.<sup>3</sup>

Gender budget analysis highlights the fact that women and men both play important roles in the economy but are not equally distributed across the sectors nor equally remunerated for their labour. For example, in sub-Saharan Africa, 90 per cent of all food processing, and water and fuelwood collection is done by women. Women contribute 80 per cent of food storage and transportation from farms, 90 per cent of hoeing and weeding and 60 per cent of harvesting and marketing. While women dominate in agriculture, men dominate in industry and services.

Women's unpaid domestic and reproductive work keeps the social framework in good repair and maintains and reproduces the labour force. The artificial separation of public work (market and government) and private work (mostly household and community) cheats women of the rewards for their labour and results in a misallocation of budget resources. So gender budget analyses try to highlight the very definite but different contributions women and men make to the economy and call for a more equitable sharing of the benefits from the budget.

By exposing the linkages and trade-offs between the household and market economy, gender budget initiatives call for creative ways of recognizing, counting and rewarding women's unpaid labour.

<sup>3</sup> Some feminist economists have argued that women's domestic and child-rearing work should be regarded as a tax they must pay before engaging in economic activity (Budlender 1996).

## Gender Budget Experiences in Africa

The budget processes of South Africa, Tanzania and Uganda are all based on the British model, and thus are quite similar. The first stage of budget formulation is an executive function. The legislature and civil society have limited or no access to the inter-sectoral and government/donor negotiations, which take place at this critical stage. The Ministry of Finance sends out guidelines on sectoral allocations based on different rates of growth in overall spending. The sectors develop draft budgets for different options, showing implications for specific programmes. The Finance Ministry later sends out a more or less final guideline of estimates of expenditure and the sectors submit their final detailed budgets. The Budget Council, which consists of provincial and national ministers of finance, makes recommendations to Cabinet. The Cabinet takes a final decision on the sectors and the budget is then released to Parliament on Budget Day. Parliament reviews and approves the budget, which is spent by the sectors according to the Treasury rules. Parliament has no powers to amend a budget. In all three countries, parliamentarians have sought greater power to alter the size of allocations to sectors or to re-allocate resources within sectors.

The Ugandan budget process, like the South African and Tanzanian processes, is male-dominated and gender issues are not yet part of the discussions. In the Budget Council, discussions are almost exclusively about fiscal issues rather than how the budget can solve the problems of different categories of people.

### *The Ugandan Gender Budget Project*

During the last three years, the budget process in Uganda has been undergoing a lot of changes to become more inclusive and transparent. The Ministry of Finance issues the Budget Framework circular to all ministries, setting out the expenditure strategy for each sector and providing indicative ceilings for non-wage recurrent spending. This is done at a budget framework workshop. Sector working groups (SWGs), which include civil society representatives, identify their sector mission and objectives; they set priorities and allocate funds to obtain achievable outcomes. The SWGs then go on a retreat and receive technical support to enable them to design activities with outcomes that can be monitored and performance indicators that can be measured. At the next stage, local government budget framework papers are integrated.

In December, the Cabinet analyses the medium-term resource and expenditure framework and sets out a three-year sectoral budget ceiling and strategy. In January, the Budget Call Circular is issued to ministries informing them of the ministerial ceilings and the timetable and guidelines for budget preparation. The budget should be prepared within two to three months, during which period a consultative meeting with donors is held at which all aspects of the budget are discussed.

Although a planned consultation with Parliament did not take place this year, the Ugandan Parliament is considering a Budget Bill that will increase its role in the process. Other stakeholders who are consulted include industrialists and some economic policy research institutions. Several advocacy groups are now involved in planning meetings throughout the budget cycle.

The draft expenditure estimates and policy recommendations that have to be agreed with the World Bank and International Monetary Fund are presented to Cabinet for approval, after which they are presented to Parliament for debate and approval. Sessional committees handle their sectoral policy statements and budgets and report to the whole House. They are able to receive testimonies and petitions from the public and to interview ministry officials. After Parliament has approved the budget, its implementation is regulated by financial rules and the auditor-general audits all funds spent from the Consolidated Fund.

The Forum for Women in Democracy (FOWODE), a non-governmental organization (NGO) that advocates for women's rights, has been implementing a gender budget project in collaboration with some parliamentarians from the special interest group caucus, an alliance of parliamentarians representing women, youth, workers and people with disabilities who are elected to Parliament by special electoral colleges. FOWODE's gender budget project (GBP), in its third year in 2001, advocates for gender-balanced budgets that address the needs of poor women and men, girls and boys, equitably and give full attention to people with disabilities and other disadvantaged groups.

The project has covered three sectors—education, health and agriculture—and some of the findings, published in summary form as issue briefs, have been reflected in parliamentary reports on the budget. The project is a partnership between gender researchers from Makerere University, parliamentarians, journalists, gender activists from civil society organizations and government planners from the three sectors as well as the Ministries of Finance and Economic Planning, and Gender, Labour and Social Development. This partnership, co-ordinated by FOWODE, has been important for the success of the project.

Members of Parliament have led the advocacy activities and ensured that the research findings are discussed in their committees or in the whole House. They have appreciated the facts and figures contained in the issue briefs and used the information in their contributions in Parliament. Whereas in the past, gender issues were only discussed as sentimental issues and were easily dismissed, the GBP findings have given credibility and respect to the subject. Male parliamentarians who have joined the project say that this work helps them to speak up for their women constituents.

The project has resulted in a new relationship between government officials and civil society representatives. Initially, the government officials questioned the right of activists to access information and critique government policy. Within a couple of months of working together, the project stakeholders had formed new attitudes and were convinced of the value of working together.

Researchers, who were selected because of their sectoral expertise, have been able to access government documents through the assistance of government planners, referred to as 'reference people', who also provide insights and comments on the sectoral analyses. In the process, they have also increased their gender awareness and gender analysis skills. Journalists participating in the project have also increased their understanding of how Parliament functions and their knowledge of gender issues.

For a country with a long tradition of official secrecy, breaking the barriers between state and non-state actors to enable sharing of information and skills has been a major achievement. For the first time ever, the Minister of Finance mentioned a gender issue—girls' education—in his budget speech. The GBP has brought legitimacy to gender issues in the budget and a discourse about gender equity in the budget has emerged.

The project's first report, covering the year 1998-99, has been published. A simplified version of this report, called *Sharing the National Cake*, (1999) is being used by other NGOs to spread the skills of gender analysis of budgets at district level. The second report for 1999-2000 is being edited. Issue briefs for parliamentarians (on agriculture, education and health sectors) have been published for two years now and their recommendations have found their way into parliamentary committee reports on the budget. Last year FOWODE started work on two district budgets. The first district reports and issue briefs are in draft form and advocacy activities are being planned.

## Strengthening Parliaments' Representative Functions

The legislatures of South Africa, Tanzania and Uganda all have over 18 per cent of the seats held by women. In the case of Uganda and Tanzania, special quota seats were created to achieve some gender balance in the parliament. For South Africa, an ANC rule guaranteeing a high percentage of women candidates on the ANC electoral lists brought women's share of seats to almost one third. The Uganda Parliament also has special seats reserved for youth, workers and people with disabilities. The principle behind these provisions is that a parliament should reflect its constituents as much as possible. To be an effective representative of a group, it is believed that one should share values, perspectives and interests as much as possible with that group. But however 'representative' one is, without the ability to articulate the views and issues of those represented and to deliver to them, one cannot be an effective representative.

Representing women is a special challenge. Articulating issues of gender inequality, oppression and discrimination and obtaining results in a legislature where the majority are men requires a different set of skills from the usual ones. Gender budget analysis is a tool that can be used to expose gender inequalities and biases in the distribution of public resources. It can be used to move the debate on gender issues away from mere sentimental or moral exhortations to concrete demands supported by economic arguments.

Female and male legislators can use the research findings of gender budget initiatives to highlight the invisible and unpaid contributions of women to the economy. They can use the information to expose the trade-offs between production and human capabilities that poor, resource-constrained women and their daughters often have to make, costing the economy much-needed revenue. The findings of gender budget analysis can be used to show in real figures what a whole nation could gain economically if the budget were to reflect different spending priorities, for example, on infrastructure to reduce the burden of water and fuelwood collection on women. Gender budgeting can therefore enhance the representational role of legislators.

## Strengthening Parliaments' Oversight Function

In the early stages of gender budget exercises, analyses tend to focus on budget estimates only up to the stage of parliamentary approval. As the technique is mastered, however, the analysis follows the whole cycle of a budget, up to the stages of implementation and auditing. When analysing these two stages, gender budgeting contributes considerably toward strengthening the oversight function of legislatures.

Beneficiary assessments, for example, can be used to find out from citizens themselves whether or not public funds are being used to solve their problems. Opinion polls, interviews or attitude surveys can be used to ask general questions about the use of public funds. Revenue incidence analysis can be used to assess how different categories of people are affected by a particular tax. This exercise is important in assessing who in terms of gender or income is bearing the larger tax burden and what the consequences of taxation can be for different groups of people. A gender analysis of value-added tax (VAT) in South Africa showed that the very poor were paying 9.02 per cent of household income on VAT, while the very high income category was paying only 5.41 per cent (Budlender 1996). It was also observed that women's involvement in the informal sector, and mostly in retail activities, made them very vulnerable to the impact of VAT.

It is also possible to examine the impact of a budget on time-use for women and men. Spending cuts often increase the amount of time women have to spend doing unpaid domestic work for their families or communities. So budget cuts must always be examined for their impact on work time. Such budget analyses assist parliamentarians to make governments truly accountable to women. The findings should be very accurate if they are to be used to challenge the executive budget proposals.

By tracking public expenditures to measure their impacts on women and men, girls and boys, gender budget initiatives also promote cost-effective delivery of services and expose corruption. The first Tanzania gender budget report observed corruption in the use of public resources in the health and education sectors. The Uganda initiative showed that almost no funds in the agriculture budget were allocated to delivering advisory services to farmers in Kabale District. The entire sector budget was spent at district headquarters.

## Strengthening Participatory Democracy

In South Africa, women parliamentarians allied with two NGOs to start the Women's Budget Initiative because they were looking for ways to continue their gender activism and other struggles against injustice. In Tanzania, an NGO formed an alliance with several other NGOs and the women's parliamentary caucus to start the Gender Budget Initiative. NGOs were looking for an opportunity to participate in determining national priorities and re-directing resources to women and disadvantaged groups. In Uganda, FOWODE started a similar initiative with a broad alliance of civil society organizations, members of Parliament and government officials. This new assertiveness by citizens reflects a new conception of democracy, understood to mean citizens' active participation in the policy-making

processes. The constitutional frameworks of the three countries, and the struggles of their people against unjust rule, provide an enabling environment for active civic participation. The legislature is seen as the people's forum where that participation can happen.

The partnership between civil society organizations and parliamentarians, which forms the basis of the three gender budget initiatives, is deepening the notion of democracy. The agenda, however, is not completely non-threatening. Promoting equality through redistributive policies can attract opposition from mainstream parliamentarians and state bureaucrats. Parliaments are by their nature elite institutions. Privileged groups can accommodate civil society demands if they are immediate and do not require important institutional changes. Sustaining this partnership is a challenge especially for the civil society leaders who are the principle architects of the initiatives. Civil society organizations have collected data, conducted research and shared recommendations. Parliamentarians have provided access to information and led the advocacy campaigns. Gender budget initiatives cannot be effective where the budget process remains mostly closed to civil society and the legislature. Therefore the executive branch through the Ministry of Finance should be willing to open up the budget process so that elected representatives and citizens can participate more fully in determining budgets.

## Reflections on Experience

Although all the three initiatives started from outside the executive branch of government, in South Africa and to a lesser extent in Tanzania, the governments have taken up the concept and initiated a process of their own. This combined strategy is better placed to sustain the initiatives. Australia, which pioneered the women's budget, had only a within-government process. It gradually turned into a public relations exercise and was eventually scrapped.

Gender budgeting initiatives thrive best in parliaments where the right of minorities to participate is already well accepted and where the governments have a background of participation in struggles for justice.

Gender analysis of budgets is a new area and does not deliver immediate results. Often it is not possible to make much headway when there is not sufficient sex-disaggregated data. Parliamentarians want quick answers to their questions. It is important to be patient, realistic and accurate rather than to use poor-quality information, which will be discredited. In addition, gender budget reports need to be summarized into easy-to-read briefs for parliamentarians, who usually find the data and arguments very empowering. It is important to provide information in a timely way, for it to be useful.

## Conclusion

Gender budget initiatives strengthen the representative and oversight functions of parliaments. They provide parliamentarians with vital information and arguments to back up demands for more efficient and equitable resource allocations. The initiatives enhance

transparency, accountability and participation by members of parliament and civil society in determination of spending priorities. Gender budget analysis is an important tool for mainstreaming gender into economic policies. The key model for these initiatives is a partnership of civil society and the legislature. However, the executive needs to give political support by opening up the budgeting process and responding positively to the criticism from gender budget analyses.

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# The Yellow Budget Paper and Gender Equality in France

Françoise Philippe-Raynaud

'A mainstreaming tool, a tool for assessing the different effects of mechanisms that are theoretically gender neutral, the Yellow Budget Paper on Women's Rights and Gender Equality can also be seen as a tool for guiding the overall direction of government action, in such a way that gender equality will progressively become a reality.'

—Françoise Philippe-Raynaud

In 1999, at the time that France's Finance Bill for 2000 was voted, members of Parliament stipulated that thenceforth each year, the government would present, along with the Finance Bill, an account of financial efforts being made to promote women's rights and gender equality. Thus it was that the Yellow Budget Paper on Women's Rights and Gender Equality came into being.

This document derives its name from the colour of the paper on which it is printed. Each of the documents produced in association with a stage in the preparation and adoption of the national budget is a distinctive colour: blue for the budget proposal, green for the approved budget, white for the schedule and so on.

Two initial observations can be made about the Yellow Budget Paper. First, it has a legislative base. Second, it reflects the legislature's concern that, during annual debates on the Finance Bill, it has the means to effectively measure and monitor financial efforts being made to promote women's rights and gender equality. This concern parallels the Government's avowed intention to implement a strong, dynamic policy on this issue, as reflected in the National Action Platform presented by Nicole Péry, Junior Minister for Women's Rights and Vocational Training, in June 1999, as well as the eight-line Priority Action Programme, decided upon by the Interdepartmental Committee responsible for women's rights, on 8 March 2000.

Thus the Yellow Budget Paper acts simultaneously as an information and monitoring instrument for the legislature. It gives the government a means to display the results of its pro-active policy, to measure the development of that policy, and to detect its shortcomings when translated into budgetary terms.

The Yellow Budget Paper on Women's Rights and Gender Equality is not the first of its kind. Over time, members of Parliament have initiated the production of some 30 Yellow Papers. The common thread in these Yellow Budget Papers is a presentation of the state's financial investment and an analysis, sometimes very detailed, of actions undertaken to support this investment, in an area involving all or several ministerial departments. The documents essentially have to do with cross-cutting sectors of intervention or action; their main function is to bring together data that are scattered over several budget lines. For example, since higher education in France is a concern not only of the Ministry of State Education, but also of the Ministries of Agriculture (for advanced training in agriculture), Health (for medical and paramedical education), Culture (e.g., training for architects) and so on, a Yellow Budget Paper presents the coordinated budget for higher education.

## A Tool for Gender Mainstreaming

Gender equality is an area of intervention that is ideally suited to a Yellow Budget Paper exercise, especially in view of the broad approach that the government has resolved to adopt. In addition to programmes and actions aimed specifically at female sectors of the public, each ministerial department must identify and itemize the actions it has taken that contribute to gender equality or that promote awareness of this issue. Each one is also called upon to state explicitly its policy on gender equality and to present the indicators it finds most pertinent in its field of competence. This makes the document an excellent gender mainstreaming tool, requiring each ministerial department to examine its activities on the basis of how gender equality is taken into account and translated into the budget.

Of course, not all measures adopted or considered for reducing the unequal treatment of men and women or for promoting equality have a financial impact. This is true for example of endeavours to 'feminize' staff at the Ministry of Defence. It is also true in the case of regulatory measures taken by the Ministry of Public Service and Government Reform aimed at improving women's access to jobs and positions in senior management as well as balanced representation of women and men on panels of examiners for competitive and professional examinations and administrative parity on advisory bodies.

The amount of effort involved in preparing the first Yellow Budget Paper on gender equality in 2000 attests to the difficulty the administration has encountered in integrating gender equality consensus throughout the different ministries. How the document changes over time will reveal how and to what extent each actor has mastered this process.

## A Tool for Gender-Sensitive Budget Impact Analysis

It is easy to identify budget allocations specifically aimed at female sectors of the public, whether they are intended to accommodate the particular risks women face or to reduce the inequalities that have been observed in the treatment of men and women. One can point to a special guarantee fund that supports the establishment of women-owned businesses, for example, which has been authorized several times over by the state, or to the financial support granted to operate shelters where women survivors of gender-based violence are welcomed, listened to, and given counseling and special support and attention. Additional examples are the systematic health screening programmes for breast and uterine cancer and the special HIV/AIDS prevention programme set up in response to the rising rate of infection in women compared to men.<sup>1</sup>

Similarly, it is not particularly difficult to identify expenditure on awareness-raising or capacity-building activities designed to enable policy-makers and budget officials to address gender inequalities. These include resources for the creation and dissemination of training modules, train-the-trainer workshops and seminars, videos, publications, and the like.

However, actual budget expenditures for these gender-specific activities are relatively insignificant compared with the overall national budget: about 40 million Euro compared to a national budget of about 260 billion Euro. The state's commitment to promoting equality for all of its citizens, female and male, goes far beyond these expenditures for catch-up activities or activities designed to correct specific inequalities. Its approach is far more wide-reaching and involves a considerable number of public mechanisms. The financial impact of this global approach is more difficult to quantify. Nevertheless, the gender-specific impact of the entire budget can be evaluated by means of the indicators that each of the ministerial departments must now supply. The Yellow Budget Paper can take advantage of the revision of the statistical system that was also initiated in March 2000: at that time, the Prime Minister requested all departments to collect sex-disaggregated statistics to reflect gender differentials, using several different indicators.

Take the case of the Ministry of Education's 2000 enrolment indicators. At the tenth grade level, more than 99 per cent of girls were enrolled in general or technology courses, representing over 55 per cent of the students enrolled. By senior year, by contrast, girls accounted for barely 43 per cent of high school students enrolled in science courses. Another example: one of the indicators that the Minister of Sports has adopted is the female share of people licensed to participate in sports federation competitions. In 2001, this figure stood at 33 per cent.

Thus, the Yellow Budget Paper can help to evaluate how mechanisms that are thought of as being gender neutral do in fact have different effects on men and women. This then makes it possible to analyse the nation's entire budgetary activity in terms of the extent to which it promotes or retards gender equality. For example, the budget devoted to combating

unemployment can be compared to changes in the respective unemployment rates for men and women, or an analysis can be made of the sectors of the population that receive a state-provided minimum income, and so on.

The Yellow Budget Paper, the initial purpose of which was to simplify Parliament's supervision over the budget, can thus be seen as having considerable importance. A mainstreaming tool, a tool for assessing the different effects of mechanisms that are theoretically gender neutral, the Yellow Budget Paper can also be seen as a tool for guiding the overall direction of government action, in such a way that gender equality will progressively become a reality.

<sup>1</sup> In 1998, one woman was infected for every three men, up from one woman for every seven men, in 1988.

# Institutionalizing a Gender and Development Initiative in the Philippines

Celia M. Reyes

'In recent years, women's groups have seen that the next stage beyond the focus on gender and development is gender and governance. They realize that lobbying outside the corridors of power can only get women so far, and that until women themselves are in position, their concerns will remain marginalized'

—Celia M. Reyes

During the 1990s, the government of the Philippines introduced a comprehensive initiative on gender and development (GAD). Carried out in stages, the initiative was designed to implement the constitutional recognition of the fundamental equality of men and women and the role of women in nation building, as well as government commitments to women through international agreements such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Beijing Platform for Action. While support from the President of the country was an important factor in its implementation, what has made it meaningful has been the sustained political commitment of the National Commission on the Role of Filipino Women (NCRFW), supported by an active women's movement.

In the first stage of its GAD strategy, the Committees on Women in both the House of Representatives and the Senate worked closely with the NCRFW and with women's groups to secure passage of the Women in Development and Nation Building Act (RA 7192), which the Government enacted in 1992. This mandated the review and revision of all Government regulations and procedures to remove gender bias, along with the active participation of women and women's organizations in development programmes. It also specified that a certain percentage of official development assistance (ODA) should be allocated for 'women's concerns.' Following a presidential directive in 1993, in which the Department of Budget and Management was instructed to find resources for gender or women-related programmes in pursuance of RA 7192, a provision was included in the General Appropriations Act (GAA) mandating all Government agencies to allocate a percentage of their annual budgets to GAD programmes. In the GAA 1995 this allocation was fixed at 5 per cent.

Ermelita Valdevilla, former executive director of the NCRFW, explains that the GAD policy is not about who gets what but about the gender impact of the spending that Government ministries and agencies make possible. 'It is based on the principle that those who spend public funds should be responsible for ensuring they address gender concerns,' she notes (2002).

Compliance with the GAD policy was initially slow, partly as a result of resistance, partly owing to lack of capacity on the part of planning and budget officers. NCRFW held meetings with planning and budget officials in each ministry to clarify concepts and methods and continually pressed for monitoring and evaluation at critical points in the process.

The 1995 General Appropriations Act (RA 7845) subsequently required all departments, bureaus, offices and agencies to set aside at least 5 per cent of their appropriations for projects designed to address gender issues, and provided for a reporting mechanism to enable the NCRFW to monitor compliance. Departments and agencies, as well as state universities and colleges, Government-owned and controlled corporations and other Government-funded bodies are to formulate Gender and Development Plans that must be submitted to the NCRFW prior to approval by this department. As a result, NCRFW members now attend technical budget hearings conducted by this Department as well as congressional sessions at which agency officials present their budgets.

The GAD Plan refers to a set of interventions systematically designed and implemented by the agencies over a given period of time to address the gender issues in their respective sectors. Interventions can either be input/start-up activities or mainstream activities. Input/start up activities are designed to create an enabling environment that starts or facilitates gender mainstreaming in the agencies' functions and procedures. Mainstream activities, on the other hand, are the agencies' regular programmes, projects and activities that have been reviewed as to their gender responsiveness and are being implemented.

In general, the plan is required to be consistent with the agency's mandate and objectives and must take its direction from the Philippine Plan for Gender-Responsive Development, 1995-2025 (NCRFW 1998). This seeks to address the concerns of women for equality and development across six major spheres: individual, family, socio-cultural, economic, political and legal. Three basic goals cut across each of these spheres:

1. Establishment of mechanisms for gender-responsive policy and programme formulation and implementation. This includes coordination across Government agencies and with non-governmental organizations (NGOs), institutionalizing sex-disaggregated data bases and mainstreaming of gender issues in all aspects of government concerns.
2. Attention to women in special circumstances and how these circumstances are impacted by other national policies and programmes. This refers to victims/survivors of violence and armed conflict, as well as other groups such as prostitutes, adolescents, women with disabilities, indigenous women and migrant women.
3. Consciousness-raising, advocacy and affirmative action. This entails training and educational programmes, information dissemination, research and documentation, and a concrete plan for revision or creation of gender responsive laws.



## Implementation at National and Local Levels

Guidelines for the implementation of GAD programmes and projects were formulated by the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM) in coordination with the NCRFW. As mandated by annual appropriations acts, government entities are required to submit annual reports to Congress, DBM, and the NCRFW, indicating the accomplishments and amounts utilized in implementing GAD-related programmes, projects and activities.

Agencies involved in implementing the GAD policy are the NCRFW, NEDA, DBM and the Department of Interior and Local Government (DILG), which have the following respective responsibilities:

### *National Commission on the Role of Filipino Women (NCRFW)*

- Acts as central policymaking and coordinating body for women and gender concerns;
- Conducts training programmes on gender sensitivity and GAD planning;
- Assists concerned agencies in identifying experts, resource persons, and consultants who shall provide them with more focused and sectors specific interventions;
- Develops a gender responsive data base and indicator system to assist agencies in all phases of the development process from planning to monitoring and evaluation;
- Monitors GAD plan compliance.

### *National Economic and Development Authority (NEDA)*

- Integrates gender concerns in macroeconomic planning;
- Ensures the participation of women as recipients in foreign aid, grants and loans;
- Determines and recommends the amount to be allocated for the development activity involving women;
- With the assistance of NCRFW, ensures that different Government departments effect the participation of women in national development.

### *Department of Budget and Management (DBM)*

- Prepares guidelines on GAD budgeting.

### *Department of Interior and Local Government (DILG)*

- Provides technical assistance to local government units on how to operationalize GAD planning and budgeting at all levels.

In addition, mechanisms to mainstream women and gender concerns in development include:

- establishment of women/gender and development (WID/GAD) focal points in key Government agencies;

- formation of the Government-NGO Women's Network;
- formulation of guidelines for the formulation and implementation of gender responsive programmes and projects.

NCRFW reported that from 1995 to 2000, compliance among government agencies in integrating gender concerns in planning and budgeting rose from 19 to 140. Even so, this total represents only about 40 per cent of the total of 334 agencies.<sup>1</sup> Similarly, while NCRFW recorded an increasing aggregate GAD budget allocation over this period, the share of the GAD budget to the total national budget remained very low. The largest share was in the years 1997 and 1999, at 0.62 per cent and 0.58 per cent, respectively (see Table 1).

NCRFW noted that one reason for the low rate of compliance is the fact that total budget appropriations cover all three branches of government, that is, executive, legislative and judicial, while the NCRFW monitoring mandate covers only the executive branch. Another major factor, however, is the fact that the reporting categories were not well understood, or were not appropriate for the activities undertaken (NCRFW 1999a).

Reports received by NCRFW from both national and local government agencies listed activities to be implemented in compliance with the GAD policy, many of them input or start-up activities. At the national level, agencies identified the following:

- establishment of indicators and a system for monitoring gender mainstreaming;
- participation in national and international events in recognition of the role of women in rural development;

**Table 1** GAD budget and total budget appropriations: 1995–99

(billions of pesos)			
Year	GAD Budget Allocation	Total Budget	GAD Budget as Percent of Total Budget
1995	0.99	387.40	0.26
1996	1.50	394.86	0.38
1997	2.70	433.81	0.62
1998	2.69	546.74	0.49
1999	3.42	585.10	0.58
2000	3.39	665.09	0.51

Source: NCRFW 2001.

<sup>1</sup> Not all Government agencies source their funds from their corresponding agency appropriations, namely, Government Service Insurance System, National Irrigation Administration, the Home Development Mutual Fund, Technology and Livelihood Resource Centre, Livelihood Corporation, and the National Power Corporation.

- involvement and participation of men in the process to effect change in socio-cultural perception, attitudes and practices;
- advocacy for gender and development within the bureaucracy;
- networking with other institutions working on GAD.

At the local level, NCRFW received compliance reports from local government units only for the year 2000, and no plans were submitted for the year 2001. Among the most frequent activities identified were:

- livelihood training and socioeconomic assistance;
- public education on gender issues, child abuse, violence against women, family violence;
- health care and maternal child care programmes (e.g., purchase of medicines, immunization, medical assistance, de-worming).

However, at both the national and local level, there was no clear indication whether or not these projects were actually being implemented. In addition, there was no measure of the impact of these programmes and activities on target beneficiaries.

NCRFW identified a low awareness of gender issues in general, and the gender budget policy in particular, among all Government agencies, national and local. Some (if not all) local government units see the GAD plan as a separate system, and thus treat the GAD plan as if it has nothing to do with the annual development plans. The report concluded that an effort should be made to help the agencies understand the GAD plan as a complementary document that would eventually enhance their development plans.

Although the policy is still in its infancy, NCRFW noted that there are already reports of misuse of GAD funds. Because of the absence of clear-cut rules and regulations on the implementation of the policy, misinterpretations and subsequent abuse have cropped up. As an example it pointed to the creation of government positions with commensurate compensation that are not in support of gender concerns.

In order to increase compliance, NCRFW proposed that GAD focal points at all levels of government should be reconvened to tackle issues regarding the implementation of the budget policy within the framework of GAD planning and policy-making. It noted that local government units should not depend on implementing guidelines or directives from national agencies, but should take it upon themselves to identify their own implementation strategies based on the peculiarities of their communities; and they should ensure that they have their own system for addressing their needs.

A recent study of the experience of gender budgeting in the Philippines (Budlender and Buenaobra 2001) noted that the country was one of the first to pass a law on gender and budgeting, and that the country's political decentralization offered an opportunity to implement it in meaningful ways. It acknowledged the vision and leadership taken by the NCRFW and its close relationship with women's groups and networks. It concluded, however, that to date, implementation has been inconsistent and half hearted, in large part due to a somewhat narrow approach to gender. Before taking on the budget process, it pointed out,

agencies have to look at the needs of women and men and draw up a plan to address them. In general, however, GAD budgeting is not integrated into overall planning and budgeting cycles of government agencies. The study attributes this not only to a lack of technical skills and limited understanding of gender but also to a lack of political will.

Among its recommendations was the need for a comprehensive monitoring system. Given the difference between what is written in budgets and what happens in practice, monitoring needs to ensure that allocated money is spent, and to check whether the expenditure has made a difference in the lives of women and men, girls and boys. Accordingly, NCRFW, as the lead coordinating body on GAD initiatives, plans to conduct a study on the reasons behind the low level of compliance among agencies and the low awareness of gender budget policy among local government units and determine ways to increase them. It will enhance coordination and cooperation with DILG to increase compliance among local government units and establish a partnership with the Commission on Audit to help ensure that GAD funds are used for GAD programmes and activities. Among the priority issues that it will address are economic empowerment, good governance and protection of human rights.

In addition, NCRFW plans to establish programme-level indicators to measure the short-term results of programmes and activities. Work is also underway to establish a mechanism to monitor the impact of the GAD budget using macro-level impact indicators.

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## The Way Forward

In March 2001, the President expressed support for the GAD policy and instructed DBM to include the 5 per cent gender budget allocations in the 2001 budget. NCRFW was authorized to formulate a Framework Plan for Women that contains the twin objectives of protecting women's rights and widening their economic opportunities. In April 2001, the president directed NCRFW, DBM and NEDA to work together to ensure the formulation of GAD plans at the local government level with funds of at least 5 per cent.

However, as an NGO review of the GAD Budget Policy observed, NCRFW cannot be expected to address all of the shortcomings. This responsibility rests with the Government, which so far lacks the political commitment to pursue gender equality in the country. Securing this commitment, however, requires that civil society organizations, especially women's groups, become more actively involved in the monitoring process (Caharian and Lampauog 2001: 37). On the one hand, it is the activism of women's groups that keeps the GAD policy alive. They provide comments and criticism on the qualities of programmes and activities funded by GAD and how the money is actually used. Each year, for example, the Women Action Network for Development reviews GAD implementation, especially at the local level (Valdeavilla 1999). But successful budget advocacy requires more than this. In order to harness the opportunity provided by the Government budget process for 'gender equality and other causes,' the NGO review concludes, NGOs must 'equip themselves with the technical skills needed to scrutinize government's fiscal policy and budget processes. Commitment and competence must go together' (Caharian and Lampauog 2001: 38).

Women, the authors suggest, have a special challenge. 'In recent years, women's groups have seen that the next stage beyond the focus on GAD is gender and governance. They realize that lobbying outside the corridors of power can only get women so far, and that until women themselves are in position, their concerns will remain marginalized' (ibid.).

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## Building Budgets from Below: Women Design Fiscal Policy in Karnataka, India

Devaki Jain

'A summation of the budgets prepared at local level, pyramided upwards to determine a national budget, is the only method that can really shift the development paradigm (revenue and expenditure) such that gender equality and the needs of the poor, especially poor women, are accommodated.'

—Devaki Jain

It is well recognized that the budget is the most important economic policy instrument of government and, as such, it can be a powerful tool in transforming state, district, municipal and village economies to meet the needs of the people. The budget reflects the choices government makes and is the tool it uses to achieve its economic and development goals. Currently there is a worldwide interest in enabling women to participate in the budget-making exercise.

This paper, like the project that will follow its framework, is neither critiquing nor informing the budget from a gender perspective. Instead it attempts to construct budgets such that the interests of women and other subordinated groups are safeguarded. The main thrust of this proposal is that gender budgeting is meaningful only if budgetary support is put in the hands of institutions that are representative in character, operate at ground level and are accessible and accountable.

The paper argues that influencing policy, especially by historically subordinated groups such as women, requires:

- (1) linking economic governance to political governance;
- (2) building fiscal policy direction and fiscal balances from below, working upwards from ground level plans all the way to the national balance sheet;
- (3) reordering the larger picture, the political economy paradigm, so as to usher in a pattern of development that is rooted in promoting equity gender concerns.

The argument is based on the premise that the primary interest of gender budgeting is to remove poverty, especially women's poverty. It thus focuses on building the space and method which would enable poor women to move themselves out of poverty. The paper also argues that it is possible to make such changes in the Indian context due to certain constitutionally mandated arrangements and the capability of women. Women can design and construct fiscal policy.

The exercise that is intended to be undertaken, called *building budgets from below*, suggests that a summation of the budgets prepared at local level, pyramided upwards to determine the national budget, is the only method which can really shift the development paradigm (revenue and expenditure) such that gender inequality and the needs of the poor, especially poor women, are accommodated. Thus the exercise is not only about decentralization, but about enabling women to determine fiscal policy at the national and sub-national levels. It is an attempt to upturn the system of budget-making, rather asking to be accommodated within that system.

The paper also suggests that other attempts to achieve these goals, such as through earmarked funds and special programmes for women or through budget scrutiny from a gender perspective, have not delivered the required outcomes.

## India's Efforts to Decentralize Government

An institutional arrangement that puts political power in the hands of women is India's panchayati raj, institutions of local self-government by popularly elected bodies at the village and urban municipal level, with a quota for women as well as for the traditionally oppressed castes and tribes.

This constitutional mandate of 1993 added about 3 million elected representatives to the 5000 existing Members of Parliament (MPs) and Members of the Legislative Assembly (MLAs). At the same time, more significantly, it raised the total number of women in formal politics from 400 to 1 million. The Constitution also placed development funds in the hands of these bodies, directing that at least 29 specified functions, and funds for carrying them out, be assigned to them. I regard this as a deepening of democratic development. The intention is:

- to extend the command of governance beyond the central and state levels;
- to include a larger number of persons in governance;
- to introduce accountability through a system of five-yearly elections with a multi-party system to three tiers of government—village, clusters of villages and district;
- to improve social justice through affirmative action, namely, reservation of seats for women and underprivileged castes in the elected local government structure;
- to politicize development, put it back in the hands of the people;
- to accommodate diversity in every way—geographical, ethnic, linguistic, religious as well as historical. This is a necessity in a heterogeneous country such as India.

## Review of Past Experience

Recent reviews of the progress of implementation of this admittedly unique paradigm of local self-government over a decade show success and road blocks. In terms of success, over 350,000 local institutions have come into existence with about 3 million elected representatives of whom 1 million are women. The National Finance Commission and State Finance Commissions have given financial awards to local self-governing institutions, and the Ministry of Finance has issued guidelines for budgetary devolution.

As for roadblocks, the central and state governments, which allocate huge amounts for economic/social development activities at the local level (especially in regard to the 29 functions mandated by the Constitution for local self-governing institutions), continue to maintain highly centralized control over the entire development programme, budget and sectoral staff—which remain unaccountable to local representative bodies.

In most cases, even where 'untied' funds (funds without a design for their expenditure) have been devolved to gram panchayats (GPs), the focus on social sector schemes has been marginal.<sup>1</sup> For example, a study of 17 gram panchayats in Madhya Pradesh (PRIA 2000), reveals that expenditure on any social sector schemes has not been more than 3 percent, although 'women headed GPs have taken more initiative in social sector.' The study adds that this 'does not imply that villagers are not concerned about their health, education and other needs...The reasons behind such skewed expenditure are conditions attached to the grants from the governments.' Thus funds are not really 'untied.'

A study of panchayats in Kerala (SAHAYI 2000), where budgetary devolution has been far more extensive than any other state, concludes: 'Even now most of the powers are exercised by the bureaucrats.' Although budgets for government dispensaries and primary schools have been transferred to the panchayats, their supervision and administration are still carried out by the concerned government departments.

## The Larger Picture: Macroeconomic Constraints

Advocates for gender budgeting need to note the constraints at the macroeconomic and financial levels that restrict the potential for budgets, even under sensitive leadership, to give more than elbow space to new socially sensitive initiatives.

Social development and productive avenues for employment and income (economic and financial) are the two most eligible areas for serving gender-sensitive interests. But previous beneficiaries are firmly entrenched: for example, claims of interest payment on loans contracted by the governments, salaries and allowances of government staff, defence, police and the like. The objective situation is that the revenue and expenditure sides of the budgets have little flexibility or space for accommodating gender sensitivity. This is true both of the central and state budgets.

India, for instance, is facing what successive finance ministers have described as 'fiscal crisis' (Singh 1992:A.1; Sinha 2001: A.3). Today in the central budget, for example:

<sup>1</sup> Gram panchayat is a village-level institution of self-government, responsible for planning for its area for economic development and social justice and related development activities at the grass-roots level.

Interest payments, salaries, allowances and pensions, defence, internal security, major subsidies, and non-plan grants to States account for about 95 per cent of non-plan expenditure and about 70 per cent of total expenditure. Interest payment is indeed the single largest component of the non-plan revenue expenditure arising out of past borrowings. The budget for 2000-2001 has estimated interest outgoing at Rs. 10,1266 crore.<sup>2</sup> The share of interest payments in the non-plan revenue expenditure is over 44 per cent in 2000-2001. Interest payments are estimated to absorb over 69 per cent of total tax receipts (net to Centre) during 2000-2001. (Sinha 2001: A.3)

The crisis is accentuated as state government finances are also in a disturbing state. According to the Reserve Bank of India (2001):

The finances of State Governments have shown signs of deterioration in the nineties as compared to the eighties with the year 1998-99 witnessing a very high gross fiscal deficit (GFD)-GDP ratio taking into account the data of all the State Governments together. (The debt of States as a result has gone up.) Administrative services, pension and interest payments together, account for almost 33 per cent of the total revenue expenditure of all the States in 1998-99 as against 31.5 per cent in 1997-98.

In trying to extricate the situation from this tight corner, one option is to raise additional revenues—both tax and non-tax revenues. But as the Economic Survey, 2000-2001 of the Finance Ministry points out, 'despite significant progress on the tax front, encompassing reduction and rationalisation of duty rates is not possible as the tax base continues to be narrow and porous' (Government of India 2001). In the circumstances, state governments are increasingly resorting to market borrowing. The majority (over 90%) of these loans are absorbed by payment of interest on past loans, while relentlessly increasing the volume of national debt. Obviously fiscal management at the macro level is not working out well.

## What Are the Options?

There is a hypothesis that devolving the powers to raise and spend funds to the local level will yield a larger sum of resources than when this operation is conducted at the state level and departmentally. This argument rests on the premise that people will give more if they know that it will flow to them. A related argument is that in a situation of scarce resources for development, especially social development, the only way to secure funds for poverty reduction programmes is to devolve revenue-raising powers to the local bodies.

Several currents now favour the notion that domestic resources must be galvanized for development, based on the argument that too much dependence on debt and official development assistance is unhealthy, encroaches on sovereignty and creates dependence, apart from the fact that it will not be forthcoming in the near future. Mobilization of domestic resources was one of the items on the agenda of the United Nations Conference on Financing for Development in 2002.

<sup>2</sup> Rs 1 crore = US \$220,000.

Gender responsive budgeting can provide a tool to design new financial architecture and a more democratic institutional structure for economic management. The Karnataka Women's Information and Resource Centre, in collaboration with UNIFEM, has designed a module suggesting that devolution of the political economy and its governance has potential for increasing resources for social and economic security for the poor. At a World Bank/UNDP International Conference in New Delhi on Decentralization (2000), it was even argued that local government and district-level political economy management is the best safeguard against the negative impacts of globalisation on the poor, and better than financial safety nets which are temporary and one-off efforts.

## The Potential of Local Initiatives

There is immense potential in unleashing the energies and the resources of the people. This can only be done through the local organizations, and that only when they are given the opportunity to design programmes as well as a stake in their success. An example is the experience of 'thrift movements,' which currently consist primarily of women's self-generated self-help groups, but are apparently now being imitated by men. In addition, traditional methods of growing crops, harvesting water, managing forests and so on are revealing how the resource base can be expanded without large expenditures if voice and space and power is given to 'the people.' Therefore the greatest potential for 'new' mobilization is local initiatives.

**Table 1: Funds Earmarked for spending at local level, 2000-2001**

	Rs. in crore	
	Annual budget of central ministry	Annual budget of states
Total for 29 items of which main items: (US \$ 1.5 billion)	31600	40800
Poverty alleviation and employment programmes	3900	2700
Education	5000	5400
Medical/public health and family welfare	3200	3300
Housing	3900	1900
Welfare SCs / STs	1000	2000
Social welfare / nutrition	2200	1600
Agriculture / minor irrigation	2500	6200
Village & small industries	1100	800
Roads / bridges	5500	8100
Non-conventional sources of energy	900	—

In India there are provisions for 29 items of development expenditure for the year 2000–2001 in central and state budgets, amounting to Rs. 72,000 crore (equivalent to US\$ 1.5 billion) specially earmarked to be expended at the local level. These items of expenditure relate to local development, though some of the items include salaries of existing staff.

If even one-third of this sum of \$1.5 billion is untied from the top, and its use left to the discretion of local bodies, (which have local representatives including women) there could still be qualitative gain in the direction of economic/financial gender sensitive budgeting (See Jain 1994). Unfortunately, despite mandates by the Constitution and the Finance Ministry, there are many programmes which by-pass this elected government structure. This is the case, for example, with the latest women's empowerment scheme called Swa shakti, as well as the World Bank's social development projects, which set up parallel mechanisms for delivery and for use of these funds. In other words, they are not in the hands of women, in local government.

Two other sources that could be used for reducing gender disparity and strengthening the power of women are taxes and local contributions by local populations for activities taking place in their areas. There are numerous examples of such community contribution—notably in the storage of rainwater for drinking, irrigation and recharging groundwater resources and construction of buildings to house local schools, health centres and other facilities that increase women's access to education, health and social services.

## The Potential in Karnataka

Here the experience in Karnataka is relevant. In the earlier phase of decentralization in Karnataka in the 1980s, when substantive powers were devolved along with budgetary resources, the results throughout the state were remarkable. An evaluation committee appointed by government, comprising senior economists and administrators, recorded the all-round achievements (Krishnaswamy 1989: Annex III).

Karnataka passed the Karnataka Panchayat Raj Act, 1993, in conformity with the 73rd Constitution Amendment, and conducted elections to village panchayats in December that year. This was the beginning of a three-tier system of local government in Karnataka, making use of the 11th Schedule in the Constitution to decentralize power and functions to panchayat raj bodies at all the three levels.

The Karnataka Panchayat Raj Act provides 33 per cent reservation for women, 33 per cent for Other Backward Classes and 28 per cent for Scheduled Castes and Scheduled Tribes, in keeping with the constitutional provisions. In other words, 94 per cent of the seats are preempted for subordinated groups. In Karnataka, 43 per cent of those elected to village panchayats are women, though the reserve is only 33 per cent. In districts such as Dakshina Kannada, this number goes up to 50 per cent.

Karnataka has introduced a system called 'panchayat jamabandi,' where an audit of accounts and spending on public works is carried out with public participation and the report of the jamabandi is put before the gram sabha village council for further action.

All panchayat raj bodies are expected to display large outdoor boards containing information on receipts and expenditure and development works.<sup>3</sup>

There are two sources of funds—development funds and taxes. Government gives a statutory development grant of Rs. 3.5 lakhs to every gram panchayat. Of the total plan and non-plan state budget, Rs. 4,589 crores (US \$ 0.98 billion) are devolved to the three-tier panchayat raj institutions—Rs. 1,697 crores for plan and Rs. 2,892 crores for non-plan.<sup>4</sup> The idea is that plan and non-plan schemes at the three levels should be supervised by the elected panchayat bodies to ensure better implementation, public participation and accountability. The powers and functions have been devolved to elected bodies at each level and not to any individual. No elected body is subservient to any other but only to the State Panchayat Raj Act, which specifies the duties, powers and functions of each (*The Hindu*, 3 October 2001).

### Tax Revenue

Presently the resources of the panchayats are very lean. The narrow tax base comprises tax and non-tax revenues from obligatory and discretionary sources, although the distinction is not always clear. The position in Karnataka is shown in Table 2.

While the scope for raising tax revenues by local bodies is admittedly circumscribed by utilization of much of the tax potential by the central and state governments, there is considerable untapped potential for raising additional revenues. The National Finance Commission (2000) pinpoints this potential, saying 'States legislations provide for levy and collection of certain taxes, fees and tolls.' The Commission adds, however, that 'the rules relating to fixation of rate structure are not periodically done and reviewed.' The Finance Commission has recommended the following measures to supplement the resources of panchayats and municipalities:

- a. *Land taxes*: In many states, either land revenue has been abolished or landholdings up to a certain size have been exempted. However, taxes on land/farm income in some form may be levied to strengthen the resource base of the local bodies. The rate structure should be fixed suitably, keeping in view the present economic conditions.
- b. *Surcharge on state taxes*: Surcharge on land-based taxes and other state taxes/duties may be levied to mobilize resources to augment civic services and improve their quality. For example, a surcharge of 10 per cent on sales tax, state excise, entertainment tax, stamp duties, agricultural income tax, motor vehicles tax, electricity duties, and the like may give significant additional revenue which could be devolved to the local bodies for improving basic civic services and for taking up schemes of social and economic development.

<sup>3</sup> The practice of writing budgets on the walls was made mandatory by the government, but is often not implemented. Where the elected representatives are strong, they have insisted that this be done as it improves accountability and transparency of panchayat budgets. The budgetary allocations as well as the expenditure incurred for the year, are mentioned under the headings of general administration, social security, development works, health, water supply and sanitation, and education.

<sup>4</sup> Plan expenditures and those included in the five-year development plan are for new programmes. Non-plan expenditures are for continuing existing programmes.

**Table 2: Resources available to different levels of government Karnataka State**

Village Panchayats			
Obligatory Sources		Discretionary Sources	
Tax revenue	Non-tax revenue	Tax revenue	Non-tax revenue
1. Tax on buildings (@ 10% of annual letting value) 2. Tax on lands (not subject to agricultural assessments @ one rupee per annum for every 100 sq. km. of area.	1. Transfer by government on account of collection from local cess levied on land revenue. 2. Grant of 1 lakh rupees (annually). 3. Rent / sales proceeds	1. Tax on entertainment other than cinematography shows (@ Rs. 25 per show) 2. Tax on vehicles other than motor vehicles 3. Tax on advertisement and hoardings 4. Pilgrim management fee 5. Market fee on persons who expose their sales 6. Fee on registration of cattle	1. Water rate 2. Fee on buses, taxis, autostands for providing facilities 3. Fee on grazing cattle on grazing lands.
Intermediate Levels			
	1. Grants to cover expenses of establishment matters by government 2. Rent 3. Sales proceeds	1. Surcharge on stamp duty	
District Panchayats			
	1. Grants to cover expenses of establishment matters, by government 2. Grants, assignments, loan, contribution made by the Government 3. Fines / penalties 4. Interest profits, gifts, etc.		

c. *Profession tax*: Article 276 of the Constitution provides for levy of a tax on professions, trades, callings or employment for the benefit of the state or local bodies at a rate not exceeding Rs. 2,500 per taxpayer per year. Many states either do not levy this tax or levy it at very low rates. States should levy this tax to supplement the resources of local bodies or they should empower the local bodies to levy it.

The first reports of State Finance Commissions (SFCs) have been submitted in all the states (except Bihar) and in some states, second SFCs have been set up. They have taken into account the imbalances between revenues and expenditure responsibilities of local bodies (see Table 3).

These first reports have been successful in creating the concept of a divisible pool between the state and the local, almost similar to the pattern of transfer of central revenue to the states. In at least nine major states, such as West Bengal, Uttar Pradesh, Tamil Nadu, Rajasthan, Kerala, Karnataka, Assam and Andhra Pradesh, the respective SFCs have recommended a certain percentage of the net proceeds of the total tax revenue of the state for transfer to the local bodies. The recommended share to local bodies, however, ranges from as low as 2 per cent in Assam to nearly 40 per cent in Andhra Pradesh. In some other states, certain taxes have been earmarked, a certain percentages of the proceeds from which could be transferred to the local bodies. Some SFCs have identified innovative parameters for distribution of divisible pool fund among different local bodies in order to ensure horizontal equity.

Taxes on professions, trades, callings and employment under Article 276 have been a traditional source of revenue for the local bodies. Of late, there is however a tendency for the state government to take over such powers from the local bodies. One of the impediments in generating substantial revenue from the levy and collection of this tax is that the upper ceiling (presently, Rs. 2500) is constitutionally fixed. While there is a need for fixing this upper ceiling centrally in order to avoid the charge of double taxation on 'income', constitutional provision for this is not only unnecessary, but also troublesome.

**Table 3 Revenue Receipts and expenditure panchayat raj, 1998-98 (Rs. In lakhs)**

States	Own revenue		Total expenditure		Own revenue as % of total expenditure	
	GP	PR	GP	PR	GP	PR
Assam	234	345	2919	4056	8.04	8.53
Gujarat	3158	4036	5908	226880	53.45	1.78
Haryana	5295	5301	13652	14642	38.79	36.20
Karnataka	3013	3013	24365	369640	12.37	0.82
Kerala	9909	9909	44057	73056	22.49	13.56
Madhya Pradesh	2718	3203	70767	178529	3.84	1.79
Orissa	699	699	14573	64002	4.80	1.09
Punjab	4610	5386	12382	15954	37.23	33.76
Rajasthan	1344	3074	82123	153738	1.64	2.00
Tamil Nadu	2575	3403	23753	49061	10.84	6.94
Uttar Pradesh	382	4665	74361	90714	0.51	5.14
West Bengal	1296	1959	31515	55487	4.11	3.53

Source: Report of the Eleventh Finance Commission for 2000-2005, Annex VIII.2A and VIII.2B

Note: 1 Lakh = 100 Rs., equivalent to US \$2.00

GP = gram panchayat

PR = panchayat raj

## The Way Forward: Building Budgets from Below

Several steps are outlined as a way to move forward. The first is a greater recognition that political and financial devolution is imperative for the future, as well as a last resort, in this financial situation.

The second step is to foster autonomous and accountable representative institutions as envisaged by the Constitution, which provides for a minimum representation of one-third for women in each local elected body. The importance of institutions is well stated by Chandni Joshi in the Preface to 'En-gendering the Ninth Five Year Plan of India (1997-2002): 'to sustain and institutionalize a process whereby women can come together themselves to gender-sensitize and gender-audit policies, take decisions, plan programmes and shape attitudes.'

The third step is to claim the financial assistance mandated by the Finance Commission and Finance Ministry. Here is where political mobilization and women's voice in administration is crucial. Women's knowledge base is also crucial.

The fourth step is for these elected bodies to develop local area plans for economic development and social justice with wide consultation, as done in Kerala through a people's campaign for planning. This should be done with the aid and advice of voluntary groups where available and a strong political caucus of local women politicians. All-round pressures must be mounted for acceptance of such a demand. The Karnataka Women's Information Resource Centre (a window of the Singamma Srinivasan Foundation) is working with elected women representatives and is engaging them in both making the claim for devolution and preparation of their plans for their area.

The fifth step is to convert such plans into schemes that will provide a purposeful tool for securing budgetary changes consistent with the content and priority of the local plans.

The sixth step is to pursue vigorously the lead provided by the Eleventh Finance Commission and the follow-up steps evolved and elaborated by the Union Ministry of Finance in the form of 'Guidelines' for raising revenue

The seventh step is to ensure that the pro-women budgetary allocation for any ministry is conditional on their detailing the process employed in formulating the programme (see Joshi 1997) and detailing also the manner and institutional means of implementation.

Some of these steps have already been taken. For example, work has begun on a section of the Karnataka government official document stating that the government's policy towards women and gender budgeting has been incorporated as part of the economic empowerment strategy. In doing this, one municipality (Tumkur) and one gram panchayat (Tikota) were studied to find out how their budgets are prepared and whether they have freedom to utilize available funds according to their priorities. The Karnataka Women's Information and Resource Centre held discussions with elected women representatives and other interested officials.

The government has yet to devolve adequate resources and authority and local taxation powers to gram panchayats to enable them to formulate their own budgets. Presently, the government only indicates the amounts provided in its budget at the state level for

expenditure on various activities/services in a village. Just as the 73rd Amendment to the Constitution created an elected institution of self-government at the rural village level, the 74th Amendment has provided for similar institutions of self-government in urban areas by way of elected municipal bodies. The municipalities formulate their own budgets.

## Budget Process in a Municipality (Tumkur)

The Karnataka Women's Information and Resource Centre investigated the budget process in Tumkur, and discussed priorities for expenditure with women elected representatives. The process comprises four main stages:

1. The draft budget is prepared by the accounts superintendent of the municipality by December each year, taking into account the available income and expenditure and the anticipated income and expenditure for another three months up to March.
2. The draft is discussed by the municipal commissioner, the president of the municipality, the Standing Committee president and the accounts superintendent.
3. Thereafter, the draft is placed before the Standing Committee (consisting of some elected members) for approval.
4. A portion of the budget is earmarked to the committed works under certain heads. Thereafter, the budget is presented to councillors for final approval, with very little scope for modification.

Overall, about 1 per cent flexibility is available (i.e., for re-appropriation from one head to another). Revision of property tax is undertaken only once in four years.

The centre held discussions with 13 elected women representatives/councillors. Most of the women are educated and aware of the budget, but they receive no training in understanding or preparing it. Those present, including the woman president, prioritized the amenities required as follows:

### I : Civic amenities:

- i.) Water, especially drinking water facilities
- ii.) Sanitation - drainage and toilet
- iii.) Electricity - street lights
- iv.) Construction of roads
- v.) Community halls (in the slum areas too)

### II: Job training centres (to include the following courses):

- i.) Tailoring
- ii.) Computer skills
- iii.) Beautician courses
- iv.) T.V. repairs



### III: Construction of buildings:

- i.) Anganwadi centres (pre-school centres)
- ii.) Community halls (for discussions on the problems faced by the urban poor)
- iii.) Job training centres

### IV: Life-skills training camps (to include the following courses):

- i.) Health and hygiene
- ii.) Family planning
- iii.) Child labour

In addition, all of the councilors suggested that for women, a loan facility should be provided with low interest without asking for surety. Further, the subsidy should be provided not only for scheduled castes and scheduled tribes but for all those who are below the poverty line. They also suggested that there should be a common building/training centre where about 1000 women could be trained in various skills so that they can set up self-employment ventures and income-generating activities. It was mentioned that Asian Development Bank-funded Women's Training Centre is almost completed and will enable women to get trained in various skills.

## Budget Process in a Panchayat (Tikota)

Budgets for the village panchayats are funded in two ways: 1) allocation of funds from the state/central governments; and 2) revenue obtained through the local taxes and the annual grant. The action plan for grants is classified into two separate parts. Part I consists of the spill-over works of the previous year, that are to be completed in the current year. Part II consists of the new works that are to be taken up in the current year.

The action plan, prepared using the revenue obtained from levying local taxes, house tax, library tax, is small. All the development works—such as construction/repair of panchayat roads, improvement of drainage systems, drinking water facilities and so on are budgeted in the action plan based on the total revenue obtained. All the administrative expenses, and the salaries of the panchayat staff (apart from the secretary) have to be considered in preparing the budget. The draft action plan is tabled in the meeting consisting of all the members of the panchayat and after making necessary modifications, it is approved and sent to the taluk panchayat for endorsement.

Some of the elected women representatives/councillors were aware of the schemes, including those exclusively for women, being implemented at the gram panchayat level, such as Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training Rural Youth in Self Employment (TRYSEM).

Some of the councillors were aware of the sources of budget revenues: namely, house tax, agriculture tax, water tax, electricity charges, besides the government grant of Rs. 2 lakhs. They were also aware that the money was utilized for developmental works. Some complained that the benefits are available to very few people. The secretary stated that they are given according to the targeted number under each programme. Women councillors also observed that the target number should be increased.

If training is given with regard to the understanding and preparation of the budget, elected women would be enabled to participate in the budget preparation, giving priority to works needed at the grass-roots level.

## Building from Below in Kerala

While budgetary earmarking and special programmes are important, the prior issue is who designs the plans and programmes—which alone can ensure that the budgets and related policies will promote gender and other social objectives. A statewide exercise done in recent years in Kerala developed 3,000 plans from below by representatives of elected panchayats (about 150,000 persons, men and women) with help from hundreds of voluntary resource persons (SAHAYI 2000). The Kerala Government also earmarked 40 per cent of the state budget to finance the local plans.

A recent study brings out the significant success achieved by this planning exercise (ibid.). However, here too, budgetary support did not materialize to fund the elaborately developed local plans because of failure to devolve administrative powers to panchayats and corresponding curtailment of the pre-existing powers of the government department and officials, as noted earlier.

The People's Campaign for the Ninth Plan was one of the initiatives by the government of Kerala to ensure people's participation in grassroots planning. This is in accordance with article 249 G of the Constitution, which gives the panchayats power and authority to formulate and implement plans and projects for economic development and social justice. The primary objective of the campaign has been to motivate and empower local self-governments to take up the new challenge of development planning. It sought to achieve this by mobilizing people regardless of their political affiliations, religion, caste or gender to help the local governments in all stages of development planning from plan formulation and implementation to maintenance.

During the second phase, a development seminar was conducted in all local bodies. In the third phase, task forces were constituted for all sectors expected to convert the solution suggested in the development seminar into projects/schemes/proposals in a format that would be included in the plan. The task forces were to undertake a detailed review of the suggestions made at the seminar and draw up the project / schemes / proposals, giving them necessary technical, cost-benefit, time frame and other details needed by the State Planning Board.

The fourth phase of the campaign was to formulate the actual plan of local bodies. The last phase was an appraisal of the technical feasibility and financial viability of the projects and plans. Since District Planning Committees (DPCs) did not have sufficient technical expertise, Voluntary Technical Corps (VTCs) were formed for this purpose.

One of the positive outcomes of the campaign was the revitalization of gram sabhas. For the first time, the people in the villages came together to discuss their needs and priorities and local level panchayat development plans were prepared on that basis.

The women came up with points which then led to the drafting of a section of the policy document, to include gender budgeting, especially at the village and district levels. The list of recommendations incorporated in the policy document include:

1. There is need for training for elected women representatives to enable them to understand the concept of budget and the preparation of budgets;
2. There is need for training of trainers in the field of budgets;
3. Budget planning should be simplified and taught so as to enable even illiterate elected women representatives to follow the process;
4. There is need to train elected women representatives about their fundamental duties, functions and responsibilities, including budgets;
5. Training enables women representatives to better supervise resource utilization;
6. Just like urban local bodies, gram panchayats should be able to raise their own resources, which is not the case for most of them at present. This requires strict monitoring and accountability. If gram panchayats want more power, they should in turn take up more responsibilities in terms of collecting taxes;
7. There is a need for greater flexibility in allocation of funds, coupled with targets for performance;
8. Material on schemes being implemented should be widely disseminated. Hence there is need for transparency and Right to Information campaigns;
9. Elected women representatives should be given space to voice women's issues so as to enable them to direct additional expenditure to women's needs, such as employment for widows and destitute women, support for deserted women and school dropouts, as well as providing for an honorarium for women elected representatives;
10. There is need to undertake research to understand various aspects of the budget, (the 'is'), and to evolve a meaningful dream budget (the 'ought'), so that the advocacy base for influencing budgets can be developed.
11. Local-level fiscal plans should be summarized by a network of local self governments, including gram panchayats, taluk panchayats (covering about 100 gram panchayats) and district panchayats (covering all taluk panchayats, ranging from 10 to 15 per district) in order to become the state budget. A convention of elected women should place their alternative budget proposals before the finance minister each January before the budget session begins.

The Karnataka Government is partnering with the Karnataka Women's Information and Resource Centre in this project. Elected women representatives have already begun to use the practice of writing government's expenditure on the walls of the office building during their meetings, thus improving accountability. But that is not the same as actually directing the budget.

## Conclusion

We conclude where we began: that women in political structures need to claim space for developing budgets which capture both requirements and capacities—including the capacity to mobilize human, financial and natural resources—and translate them into humane fiscal management. In other words, economic governance has to be linked to political governance.


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# Advocacy and Mobilization

*Statements by Representatives of Government  
and Donor Agencies to the Conference on  
Strengthening Economic and Financial Governance.*

**BRUSSELS, 16-18 OCTOBER 2001**



'Accountability, efficiency and transparency depend not only on the will of governments but on the active engagement of their citizens. Engagement in turn implies progress toward social equality and empowerment of those marginalized from decisions that affect their lives.'

—RANDY SPENCE IDRC

## Advocacy and Mobilization

Noeleen Heyzer

EXECUTIVE DIRECTOR, UNIFEM

'Gender budget analysis is contributing to the great international debates of the day—around financing for development, poverty reduction strategies, globalization and governance. Our purpose is to support the mobilization of political and financial support to meet the increasing demand for these initiatives in programme and donor countries alike.'

We understand, each day with greater clarity, how injustice, inequality and conflict undermine efforts to improve governance, to which all of us are committed. In a very real way, I believe our deliberations about gender responsive budgeting can help advance the economic governance agenda.

After five years of piloting and experimentation, gender budgeting initiatives are taking place in more than 40 developing countries, along with 13 countries of the Organisation for Economic Cooperation and Development (OECD). Denmark, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland and UK have all supported gender budget initiatives within their cooperation programmes, and the World Bank and the European Union have also promoted the idea. Gender budget initiatives across the globe share a universality of cause and are beginning to join forces as a global campaign. Money matters everywhere—in the North and in the South. Budget lines in the United States are as revealing about women's status as they are in Morocco, Viet Nam, the Netherlands or Japan.

Four driving forces explain this groundswell of interest. The first is the political drive for *accountability*. The five-year reviews of UN World Conferences on Women, Social Development, and Population and Development have showed mixed results. But the idea of linking political commitments to gender equality with the generation and allocation of resources has provided a concrete way to measure a government's accountability to nearly half of its population. For example, Sweden's commitment to provide decent child care at an affordable price can be seen in its budget: it spends almost 2 per cent of GDP on publicly provided child care and has one of the highest rates of female employment in Europe.

Gender analysis has also shown how budget allocations may bear little resemblance to actual expenditures. And while expenditures sometimes exceed allocations, more often there is under-expenditure, particularly in relation to gender items. In South Africa, a gender analysis of the resources allocated to the national Domestic Violence Act resulted in greater will and capacity to spend the 2 million rand allocated for implementation.

The second force is *transparency*. Gender budget initiatives offer a way to encourage public participation in the budget process. Budget formulation is generally an exclusive process, and women are typically on the periphery of political and economic discourse. In Uganda, women parliamentarians challenged the budget process as a whole—demanding a greater role for parliamentarians in its design. And the success of participatory budgeting in Porto Alegre, Brazil, is credited with increasing access to water services, sewage, paved roads and a doubling of children's enrolment in public schools.

The third driving force is *equality*. Gender responsive budget analysis provides a way to hold governments accountable for their commitments to gender equality and women's human rights. This is achieved by linking commitments made through instruments such as the Beijing Platform for Action, or the Convention on the Elimination of All Forms of Discrimination Against Women, with the distribution, use and generation of public resources. National budgets may appear to be gender-neutral policy instruments. But government expenditures and revenues do not impact equally on men and women. For example, most countries' education budgets are gender neutral in design, but because in many countries more boys than girls actually attend school, boys can derive more benefit from educational expenditure than can girls. In Ghana, girls received only 40 per cent of total expenditure on secondary education.

The fourth driving force is *efficiency*. The World Bank has shown that gender inequality results in significant losses in economic efficiency and human development. And gender budget initiatives have provided essential information about how well a budget achieves its intended objectives. A gender budget analysis in the UK revealed that only 8 per cent of funds for programmes for the unemployed go to 'lone parents,' of whom 95 per cent are female, while 57 per cent go to young unemployed people, of whom only 27 per cent are female. The gender budget analysis by the French Ministry of Economy, Finance and Industry shows that in 2000, 31 per cent of working women held part-time jobs, as compared with 5 per cent of men. It also shows that women who worked part time did not do so by choice—especially single women raising children, who headed 84 per cent of single-parent families in 1997. Both these trends are factors in the increasing feminization of poverty.

Clearly, gender budget analysis is beginning to contribute to the great international debates of the day—around financing for development, poverty reduction strategies, globalization and governance. To advance these agendas while advancing progress for the world's women, requires international support. Our collective goal is that all countries in the world undertake gender-sensitive budget analysis by 2015. Many donor countries and organizations have stepped forward to provide support for those countries that lack the means to do so. We hope that you will join this growing consensus.

There are moments in history when the time is right for action. For gender responsive budgeting, that time is clearly now. Gender budget analysis offers tools to measure progress of the world's women. It is not a coincidence that this interest in gender budgets is happening as economic discourse is shifting to one of accountability and good governance. It is rather a signal of our collective readiness to move from an era of standard setting into an era of application.

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## Eddy Boutmans

STATE SECRETARY OF DEVELOPMENT CO-OPERATION, BELGIUM

'The persistence of inequalities is the result of biased resource allocations taken within the institutions of the household, the market and the state, which interact in a rather complex way.'

The European Union and the European Commission are becoming increasingly aware of the importance of an active gender policy among member states and in development policy. As current president, Belgium has put gender on the agenda of the European Union. It is not by accident that the Gender Equality Unit of the European Commission is currently organizing a brainstorming session about the integration of gender issues in public finance and labour, financial and capital markets.

Gender awareness is also in line with Belgian Development Cooperation policy. Belgium was one of the first to support the Gender Budget Initiative programme of UNIFEM, IDRC and the Commonwealth Secretariat. We have done this for a period of five years and through a financial contribution of 1.98 million euro (about \$2.3 million). We endorse its two-pronged approach: global thinking and local practice.

Careful budget impact analysis along gender lines and re-prioritization of budgets from a gender perspective is crucial for a number of reasons. First, evidence from UNIFEM, UNDP, the World Bank and others indicates that despite progress, male bias persists worldwide, in terms of access and control over human capital goods, such as education and health care; productive resources, such as land and working capital; and basic human rights. The latest Human Development Report indicates that worldwide 24 per cent of primary school age girls are not in school as against 16 per cent of boys.

The persistence of inequalities is the result of biased resource allocation decisions taken within the institutions of the household, the market and the state. These institutions do not operate in isolation but interact in a rather complex way. When studying allocation and how to alter it, it is important to take account of the various mediating institutions.

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Decisions about allocation are first and foremost taken at the household level. Evidence from diverse settings shows that parents invest more in education and health care of sons than of daughters. Parents however do not take decisions as an isolated unit (and often not even as an unit because preferences of mothers and fathers do not necessarily coincide) but they are strongly influenced by extra-household environmental factors. These are factors which might be at least partly influenced by governmental policy and budgetary allocations. Government itself, most of the time, does not weaken but rather reinforces the already existing biased allocation at the household level. This is the case, for example, if more public spending goes to facilities and services that are primarily used by men and boys. High public spending for tertiary education, for example, at the expense of investments in primary and secondary education, will in most cases mean that a larger portion of public spending goes to boys as more boys are enrolled in tertiary education. By investing more in facilities primarily used by girls, such as basic social services, and by allocating more resources to increase the supply of appropriate facilities for girls, a government may intervene in the allocation process and may help to close the existing gap.

One should not forget, however, that there is not only a supply side but also a demand side. Even if large investments are made in appropriate schooling and health care facilities for girls, this does not automatically mean that girls will make use of these facilities. It is therefore important not only to analyse the impact of budgets but also to get a clear vision of all factors underlying the gendered allocation of services.

Thus research on intra-household allocation could add some valuable insights to the results from budget impact analysis. Research from various regions shows that mothers and fathers do not necessarily have the same preferences and that deliberate targeting of public spending to mothers does seem to have beneficial effects on the portion of resources that are allocated to daughters.

Second, living in an international environment where such terms as 'efficiency,' 'competitive environment,' and 'economic growth and development' are key words, it is increasingly realized that the existing biased budgetary allocations are counter-productive. Competition is severely compromised as women face several barriers that prevent them from starting from the same position. Adjustment of existing inequalities is necessary to enhance women's full participation, which should finally lead to a win-win situation for all. However, we should not only—and not primarily—strive for gender equality in outcomes because of its potentially beneficiary effects on overall economic growth and development. Gender equality might indeed be instrumental in terms of reaching other objectives, such as efficiency, but it is first and foremost a well-justified final objective in itself.

Third, what I find interesting in the Gender Responsive Budget Initiative is that its implications are not limited to the content of budgets, but also talk about underlying processes. Here advocates of gender responsive budgeting are not alone. The same demands for more participatory, results-oriented, accountability-enhancing processes are also made by advocates of pro-poor and environmentally sensitive accounting and budgeting.

While some OECD-countries have begun initiatives, it is clear that our partners from the South are political entrepreneurs when it comes to gender sensitive budgeting, and we

have a lot to learn from them. The participation of high-level representatives from diverse OECD ministries in this conference might help to elevate the practice in our own countries.

One of the main rationales underlying a country's fiscal policy is to redress existing inequalities in distribution of wealth and resources. If one acknowledges that gender is one of the most persistent axes of inequality and if one shares the assumption that an equitable distribution between men and women is an important policy goal, then it is clear that this should be translated in a country's fiscal policy.

Our first question is then whether there indeed exists a male bias in allocation. There is by and large agreement among academics and policy makers that in the overall majority of the countries of the world a male bias persists in the allocation of human capabilities and rights. A quick glance at reports of several leading international organizations shows that despite progress over the past 20 years, gender remains a crucial factor when it comes to allocation and distribution. The latest Human Development Report reveals that in 43 countries, including India, Mozambique and Yemen, to name a few, male literacy rates are at least 15 percentage points higher than female rates. While there has been on average good progress in eliminating the male bias in primary and secondary enrolments with a ratio of girls to boys in developing countries of 89 per cent for primary education and 82 per cent for secondary education, there are also 27 countries, including Eastern European countries such as Bulgaria and Romania and Latin American countries such as Bolivia and Ecuador, where the girls' net enrolment declined at the secondary level between the mid-1980s and 1997. In 20 countries girls' secondary enrolment ratios are less than 2/3 of boys' enrolment ratios.

Our second question is whether one shares the assumption that an equitable distribution between men and women is an important policy goal. Several arguments can be used to justify the policy option of gender equality. Recently, the rationale has favoured the efficiency argument. The basic idea is that inequality in allocation of human capital and rights is bad not only for women but for everyone. Investing in women is a kind of win-win game where everybody will be better off in the long run. Investing in women will enable them to fully participate, which will make the total cake for distribution larger.

I do not doubt the assertion that investing in women leads to higher economic growth and development. It is built on quite strong evidence. The latest World Bank Policy Research Report 'Engendering Development,' for instance, shows that if countries in South Asia, Sub-Saharan Africa, the Middle East and North Africa had closed their gender gap in schooling at the same rate achieved by East Asia over the period 1960-1992, their income per capita could have grown by an additional 0.5 to almost 1 per cent point per year.

I feel, however, that the efficiency argument places an unbalanced emphasis on the importance of full participation of women in production, whereas equal participation in the distribution of the benefits of production is much less emphasized. And how far do we need to invest in women? What would be a fair share? Suppose that impact on economic growth is highest if investment in women's human capabilities is about 70 per cent of investment in men's human capabilities. Should we accept this ratio? It is clearly risky to build the

rationale for an equitable distribution completely on efficiency arguments. A gender equitable distribution might indeed enable us to reach other objectives but we should not forget that it is a well-justified objective in itself.

A lot of governments, including Belgium, have already indicated that they share the vision that gender equality is an important policy goal. We have for instance endorsed the Convention on the Elimination of All Forms of Discrimination Against Women and the Beijing Declaration and Platform for Action. The latter explicitly referred to the importance of integrating a gender perspective in budgetary decisions. More recently we committed ourselves to an internationally agreed set of development goals and time-bound targets through the UN Millennium Declaration. Greater gender equality is one of these goals with one target being equal access for girls and boys to primary and secondary schooling by the year 2015. Reaching this target will necessitate appropriate budgetary provisions, since declarations without corresponding allocation of resources are meaningless.

What can we learn then from the Gender Responsive Budget Initiative of UNIFEM and its partner organizations and from other ongoing initiatives? While it is difficult to summarize lessons learned, I will emphasize two.

First, gender responsive budgeting is not only about the content of budgets. It is also about the underlying budgetary processes. Essential words here are good governance, accountability and transparency. While budget formulation is mostly an exclusive process, often not even allowing for parliamentary participation, gender budget initiatives offer ways to encourage public participation. Budgets become the instrument through which citizens can assess their government's policy and its effective implementation.

Second, it is clear that lessons on how to integrate a gender perspective in fiscal policy are also important for the integration of other important policy goals in budgets and budgetary processes. Initiatives to make budgets more pro-poor and environmental-sensitive and those that strive for more gender responsiveness need to exchange views and share lessons, since they have a lot of demands and recommendations in common.

There is no uniform and clearcut pattern of a successful gender budget exercise. Initiatives have been diverse in outlook and scope, involving a wide range of actors from various backgrounds. Some, such as the Australian and Philippine initiatives have been based within ministries of finance and national women's machineries while others, such as those in Uganda and Tanzania were primarily led by parliamentarians or by civil society actors. Each has its advantages and drawbacks, with government initiatives being often more influential and directly effective while civil society-led actions are more broad-based and sustainable. Especially interesting are initiatives where efforts of government and civil society go hand in hand and reinforce each other, as in South Africa.

And finally, what is the role of development policy? I consider this to be one of 'supporting' and surely not as 'imposing.' In this initiative it is extremely important not to fall in the trap of donor conditionality. The Government of Belgium supports the Gender Responsive Budget Initiative of UNIFEM and its partners and their global objective that all countries engage in gender responsive budgeting by 2015. The three organizations have proved that they have knowledge on this issue. Challenges they face are threefold.

First, the knowledge base needs further refinement with special emphasis on the budget revenue side. Second, additional resources are needed to meet the growing demand for widespread replication. Support needs to go to newly arising initiatives but on-going ones also need further back-up as to increase their sustainability. A third challenge is to put gender responsive budgeting on the agendas of international organizations engaged in governance and economic reform programmes. The collaboration of organizations such as the OECD and the Nordic Council of Ministers in organizing this conference and the high-level representation of diverse institutions are important indications that gender responsive budgeting will be more than a vogue word.

Until now, Belgian development cooperation has invested primarily in the support of organizations that are innovators and leaders in this topic. In the future, we also want to support country-led initiatives for gender responsive budgeting through our bilateral development policy. It is crucial is that partner country strategies should be the template. We thus explicitly recognize the primacy of country ownership. As we share the vision that budgetary processes should be transparent and accountable, country-driven, participatory, performance and results-oriented, we will try to promote this in our development policy.

I personally also hope that experts from finance ministries and development agencies will benefit from this encounter, taking home knowledge about tools and approaches and lessons learned from actual experiences in order to convince their ministries to commit themselves politically and financially to support this initiative.

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## Tony Hutton

DIRECTOR, PUBLIC MANAGEMENT DIRECTORATE, OECD

*'It is in the budget where policy objectives are reconciled and implemented in concrete terms, thus giving effect to countries' economic and political priorities.'*

The importance of gender for the OECD was highlighted by our Ministers in the Communiqué this summer when they welcomed the success of two conferences last November: on Gender Mainstreaming and on Women Entrepreneurs in Small and Medium Enterprises. Ministers also left the OECD with a clear mandate to further integrate gender analysis into our work.

OECD views gender responsive budgeting not just as a social issue. Rather, we view it as an issue of economic growth that can help to ensure that our member countries make full use of their resources in this increasingly competitive world. For better or for worse, budgets are the key decision-making structures in the governments of member countries. It is in

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the budget where policy objective are reconciled and implemented in concrete terms, thus giving effect to countries' economic and social priorities.

We recognize that it is of prime importance to be able to analyse the budget in terms of its impact on specific population groups, including—but not limited to—women. We need to be able to show the impacts—good and bad, intended or otherwise—of government budgetary decisions. This is also very important in terms of increasing trust in government by citizens and, as such, is at the heart of the good governance agenda.

We are not at this stage, yet. We believe there are several issues that must be tackled for the effective use of budget impact analysis by governments. I will discuss four of them.

First, the potential of this exercise extends beyond gender to other social divisions, including young and old, employed and unemployed, and those at different income levels. I think a term such as 'Budget Impact Analysis,' more accurately captures this potential.

Second, the exercise needs to be done with a methodology that is analytically robust and is recognized as such. Otherwise, we risk that the efforts will be judged as 'special pleading' rather than as an objective tool for achieving more effective resource allocation. In this context, further refinement of existing tools needs to be made and we need greater consensus on the methodology. Having governments systematically produce data on the beneficiaries of their programmes by demographically disaggregated groups, such as women, is the first step. However, that is in many ways the easy step; what we do with that data and how it is interpreted are the difficult elements. Two examples show why we need good analytical tools:

- Women are greater consumers than men of health care services (where giving birth plays a very large role) and women live longer on average than men. Does this mean that women should pay higher premiums for health care and old-age pensions?
- Similarly, showing that programmes geared towards specific groups are ineffective does not always mean that funding should be reduced for the programmes, as would be the classic interpretation. Often it means quite the opposite.

Third, work on gender budget analysis needs to be integrated into the work of finance ministries and the budget committees of parliament. The risk is that it will be undertaken in specialized units outside of the mainstream budget decision-making process and be less effective as a result. Worst case: this whole exercise could be nothing more than a public relations activity.

In this context, I am reminded of the difficulties governments face in where to locate management reform units. Option 1 is to have them as stand-alone units, allowing them to focus exclusively on these issues. However, the downside is often that they have no clout to ensure the implementation of management reform by line ministries. Option 2 is to have them integrated with the work of finance ministries. This certainly gives them the necessary clout to have line ministries take notice, but the downside is that the work could be overwhelmed by other issues. However, with the political emphasis placed on gender issues in member countries, I do not think that should be as much a cause for worry as many other areas of finance ministries' work.

Fourth, the appropriate role of NGOs needs to be acknowledged. Governments can

make 'raw' information available on public expenditures and specific beneficiary groups. In fact, this is at the heart of the development of a robust analytical framework. Governments could use this information in their decision-making, but it would be unrealistic to assume that they would automatically become an advocacy group based on this data. How NGOs fit into the overall design needs to be planned from the outset.

The OECD believes it can play an active role in all these areas of concern. We have unique access to the relevant officials in our committee structures. We have one committee composed of the budget directors from member countries and another composed of the chairpersons of parliamentary budget committees. At the last meeting of budget directors, we devoted a session to gender budgeting. I am pleased that Ms. Noeleen Heyzer, Executive Director of UNIFEM, was able to attend that meeting and address the budget directors on this question. I think that marked an important staging post—it 'opened the door'—to further work in this field. The key messages that I've discussed emerged from that meeting and I believe addressing them is the prior requirement for this work being accepted.

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## Sigurdur Helgason

DEPUTY SECRETARY GENERAL, NORDIC COUNCIL OF MINISTERS

'It is important to involve men and the issues connected to their roles into gender equality work, including gender budget analysis.'

The culture and history shared by the Nordic countries have made it possible to co-operate closely and constructively in different sectors, including gender equality. Gender equality means that power and influence are equally distributed, and that women and men have the same rights, obligations and opportunities in all areas of life. Achieving gender equality and fairness in society requires a comprehensive gender equality policy. This applies to both men and women. Gender equality is connected to important values and factors, such as respect, equal worth, understanding, quality of life and identity.

The basic starting point of the Nordic Co-operation Programme on Gender Equality 2001-2005, adopted this year, is that gender equality, equal value and equal opportunities among women and men must be promoted. This must be done in an increasingly goal-oriented manner in all areas of society. Factors that inhibit development for women and men must be eliminated. The programme is intended to reinforce the overall effort to incorporate the gender equality perspective into all areas of policies. At the same time, the

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programme should yield concrete measures in the most important sectors that have something new to teach us or have received less attention previously.

The co-operation programme focuses on three main target areas, which today are all central to the Nordic gender equality debate:

- *Gender and equality perspectives in Nordic economic policy.* Incorporating a gender equality perspective into national budgets and economic policy is a very challenging task that cannot be addressed only through the means that are available to the Nordic co-operation programme on gender equality. The Nordic Ministers of Finance have also agreed to start a joint Nordic project to evaluate Nordic economic policy from a gender equality perspective.
- *Men and gender equality.* It is important to involve men and the issues connected to their roles into gender equality work, including gender budget analysis. A conference entitled 'Men Can,' financed by the Nordic Council of Ministers, in Copenhagen, Denmark on 28 October 2001, takes up relationships of men, working life and male values.
- *'Peace for women' –End violence against women. Kvinnofrid—Peace for Women—*is the third main target area in the co-operation programme. An extensive research programme, 'Gender and Violence in the Nordic Countries,' started in 2000 and will continue till 2004. Next year a campaign on Trafficking in Women will be carried out in both the Nordic and Baltic countries.

In recent years, Nordic countries and the Nordic Council of Ministers have launched a process for incorporating a gender equality perspective into every policy area. This mainstreaming process will not replace so-called traditional gender equality work. Without such integration, gender equality experts and decision-makers will not be able to engage in the dialogue that is so essential.

The Nordic countries have committed themselves to incorporating gender equality perspectives into all political decision-making. This applies to national budgets that are of central importance in economic policy and in implementation of central government policies. To create Nordic societies where gender equality flourishes requires budgets that include a coherent, visible and carefully formulated gender equality perspective. Incorporating a gender equality perspective into budgets also encourages the generation of new data. This perspective will help illustrate the impact of the governments' use of money on equality between women and men.

Another method is the systematic incorporation of the gender and equality perspective into the budgets, administration and policies of the Nordic Council of Ministers itself. Challenges include obtaining data about the practical implementation of mainstreaming, developing new working methods, providing employee training in gender equality issues, and reshaping and adapting the organization and its employees to incorporate a gender equality perspective so that all aspects of each activity are encompassed.

It is also important to incorporate a gender equality perspective into welfare policy. Nordic countries are in transition, their welfare societies are being remodeled, and so far we have little information about the impact of these changes on the lives of women and men.

The public sector employs many women, and the changes will inevitably affect the terms and conditions of their employment, wages and wage structures, influence and power.

A gender equality perspective also helps us to understand how dependent we are on the services provided by a welfare society. One of the preconditions for gender equality is that society continues to take primary responsibility for children and young people, the sick and the elderly, thereby affording women and men the same opportunities for influence in society, working life and family life. The Nordic Council's research programme on welfare, approved in 2000, is an important tool in mapping out and analysing the effects of the changing welfare society on gender equality.

The main goals of incorporating a gender perspective in economic policy are:

- to incorporate gender and equality perspectives into the activities of the Nordic Council in accord with the Co-operation Ministers resolution in June 2000;
- to develop methods to assess the impact of Nordic Council budgets on gender equality;
- to cooperate with ministries of economic affairs and other actors in order to evaluate economic policy from a gender equality perspective;
- to make gender and equality issues visible in the transition period of Nordic welfare societies;
- to assess the experiences and practices that resulted from incorporating gender and equality perspectives into economic policy.

Nordic ministers of gender equality and finance have begun an initiative to evaluate economic policy from a gender equality perspective. A working group will be set up with representatives from both the gender equality sector and the finance sector to design a project on gender mainstreaming and state budgets. This is the first example of cooperation between these two sectors and is a new challenge for Nordic cooperation.

Applying the budget as an instrument for gender equality is a challenging task as the budget has a tendency to reflect the society, including its inequalities. The budget can on the other hand be a powerful instrument for changing and developing the society and should be designed to improve gender equality.

The budget process is highly complex and affected by numerous perspectives and interests, such as macroeconomic objectives, policy/political priorities and microeconomic and institutional objectives. Balancing these is challenging and it can be difficult to have a voice in the process. The gender perspective is more likely to be heeded if it is integrated into both existing and new budgetary tools and processes. It is also important to be realistic and to design the process carefully. It can be useful to focus on practical examples and identify barriers to the introduction of gender sensitive budgeting.

Decentralization of the budget process means that budgetary decision-making is increasingly shifting from ministries of finance to line departments and local government, so that initiatives need to decide on the appropriate decision-making level. It is often easier to start at the local or departmental level than at the level of the budget as a whole.

Broad changes in the budget process such as increased transparency, accountability and

results-orientation are vital preconditions of gender responsive budgeting. The development of results-oriented budgeting means that the budget process focuses not only on the input side but also on the output and outcome side of the budget. Gender responsive budgeting needs to approach budgeting in a similar manner, as there is no mechanical relationship between inputs and outcomes. Focus on the input side may not improve gender equality if barriers are institutional rather than due to a lack of resources.

In the Nordic countries public policies are increasingly intertwined. Policy outcomes may often be unpredictable as changes in one policy may affect others. Focus on outputs and especially outcomes as opposed to inputs will thus often be more likely to provide information that can be used to improve policy design and the use of public resources.

The Nordic Council will strengthen gender responsive budgeting by facilitating cooperation among Nordic countries, focusing on developing methods and approaches, exchanging information and practical experience. The Nordic Council is also responsible for promoting gender equality in its own activities, institutions and programmes. Thus the Nordic Budget will increasingly be analysed from a gender mainstreaming perspective.

International data show that Nordic societies have come far in achieving gender equality. To ensure that the development remains positive, it is vital that the Nordic countries do not have to compromise their achievements. Let us hope that the Nordic perceptions will evoke a response within the European Union and in other international fora.

Gender responsive budgeting is not a simple exercise and there are many hurdles to overcome. We are convinced that its implementation creates greater opportunities for establishing gender equality within the Nordic countries and in Nordic cooperation.

## Laurette Onkelinx

DEPUTY PRIME MINISTER AND MINISTER FOR EMPLOYMENT  
AND EQUAL OPPORTUNITIES, BELGIUM

'I am convinced that the gender mainstreaming approach has great potential for increasing the quality and efficiency of policies by making them more transparent, more consistent and comprehensive and by making full and effective use of human resources.'

As has already been underlined, this conference is in keeping with the EU's two-pronged approach during Belgium's Presidency, namely:

- to give visibility to a theme which is not well-known either by the public or by the political authorities;
- to raise awareness in the world of politics, Belgian and European, about the important results of this initiative in order to convince national and community authorities of the need to pursue gender budgeting in countries throughout Europe.

Gender mainstreaming forms the common basis on which to pursue this double objective. The EU's commitment on gender mainstreaming has been constructed in four stages:

First, Articles 2 and 3 of the Amsterdam Treaty formalize the Commission's commitment to gender mainstreaming by establishing equality between men and women as a specific task of the Community as well as a cross-cutting objective affecting all Community tasks.

Second, the Commission's 1996 communication entitled 'Incorporating equal opportunities for women and men into Community policies and activities' gives a definition of the concept of gender mainstreaming and states its commitment to take all measures needed to achieve it.

Third, as part of its follow-up to the Fourth World Conference on Women in Beijing, the Council has committed itself, since 1998, to developing indicators for one of the themes in the Beijing Platform for Action. Finland has chosen to present indicators on women's representation in politics, France to develop indicators on the articulation of private and working life and Belgium to present indicators on gendered wage inequalities.

Finally, a 2000 European Meeting of the Ministers in charge of equal opportunities decided to incorporate issues related to equality in at least two Councils apart from those on Employment and Social Affairs. The objective is closely linked with gender budgeting work, in that it seeks to examine the gender aspect of all policies, not just those that relate to women. Thus a number of experts have been invited to review the four chapters of the Broad Economic Policy Guidelines and to suggest a first impact assessment from the perspective of equality between men and women.

As Deputy Prime Minister and Minister for Employment and Equal Opportunities Policies, I am more and more convinced of the relevance and the validity of the gender mainstreaming approach and have started to institutionalize it at the federal government level through the creation of a specific action system called the 'mainstreaming section,' set up on a one-year experimental basis in 2001. Its main objective is to address the difficulty of comprehending and implementing gender mainstreaming in all governments policies.

An intermediate assessment shows the efficiency and utility of the system even though it needs to be improved. It cannot be denied that real progress has been made and that for some departments, the explanation of the gender mainstreaming approach and its methodological management have facilitated not only the creation of an action plan but also the first concrete results. Even so, problems remain. It is still very difficult for some departments either to accept this approach or to mobilize the human resources and materials necessary for its implementation, even if it has been approved in principle.

I am convinced that the gender mainstreaming approach has great potential for increasing the quality and efficiency of policies by making them more transparent, more consistent and comprehensive and by making full and effective use of human resources. The gender budget analysis is obviously at the heart of that approach. I do hope that the launch, in Belgium, of the gender budgeting exercise will be successful and that my country will soon be numbered among the daring countries that have understood that respect of the equality principle is first of all a matter of material and financial means.

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## Winston Cox

DEPUTY SECRETARY GENERAL, COMMONWEALTH SECRETARIAT

'Government commitment and leadership and broad country ownership are critical for effective formulation and implementation of gender responsive budget initiatives.'

The involvement of Commonwealth countries in gender responsive budget initiatives began with Australia in 1984 and spread to Canada and South Africa in 1993 and 1994, respectively. The Commonwealth Secretariat's programme began in 1995 and since then nearly half of the approximately 40 known initiatives are in the Commonwealth. This involvement originates in a number of factors:

- Commonwealth commitment to the principle of equality and non-discrimination creates the need to develop public expenditure tracking systems to measure how consistent national decisions on resource allocation are with these and other fundamental principles;

- Reaffirmation of commitment to gender equality by Heads of Government through the 1991 *Ottawa Declaration (on Women and Structural Adjustment)*, the 1995 *Commonwealth Plan of Action on Gender and Development and Advancing the Commonwealth Agenda for Gender Equality into the New Millennium* in 1999.
- Exploitation of the Commonwealth's comparative advantage in encouraging governments to integrate gender concerns into economic policy dating from the 1989 Commonwealth Expert Group on Women and Structural Adjustment report, *Engendering Adjustment for the 1990s*;
- The need to ensure that gender issues form part of the Commonwealth Secretariat's work on 'Integrated Economic and Social Development Policy Management';
- Contributing to the achievement of the International Development Targets (IDTs), especially those dealing with poverty reduction, primary and secondary education, and infant and maternal mortality.

The Commonwealth Secretariat has advanced this work through the development of analytical tools and frameworks, international advocacy and building strategic partnerships.

### *Analytical Tools and Frameworks*

The Secretariat commissioned a set of analytical tools for budget expenditure analysis that could be used by governments, including: gender-aware policy appraisal; beneficiary assessments; public expenditure incidence analysis; gender-disaggregated analysis of the budget on time-use; gender-aware medium-term economic policy framework; and gender responsive budget statement. With the Australian Agency for International Development (AusAID), we commissioned a training manual to apply these tools at the country level. The manual is based on a three-way categorization that distinguishes: gender-targeted expenditure; equal opportunity expenditure for civil servants; and mainstream expenditure (the rest) considered in terms of its gender impact.

### *International Advocacy*

The Commonwealth gender responsive budgeting programme emerged out of the 1995 *Commonwealth Plan of Action on Gender and Development*. At their Fifth Meeting in 1996, Commonwealth Ministers Responsible for Women's Affairs endorsed the expenditure tools and recommended that the Secretariat assist governments to implement gender responsive budgets. At their Sixth Meeting in 2000, they requested that Finance Ministers endorse the integration of a gender analysis into the national budget. That year, Commonwealth Finance Ministers reaffirmed the importance of the programme on gender equality, welcomed the Gender Responsive Budget Initiative and 'looked forward to the review of the pilot stage.'

The Secretariat has sought to raise awareness about gender responsive budgeting including at the UN General Assembly Special Session on Beijing+5, at meetings organized by the OECD, the Nordic Council of Ministers, and UNDP, and also on a regional basis.

### *Building Strategic Partnerships*

The partnership with UNIFEM and IDRC is crucial to responding to the emerging demands of the programme and the diverse support required at the country level. UNIFEM

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works towards enhancing the role, capacity and participation of women at all levels: national, regional and international, whereas IDRC seeks to help developing countries find solutions to social and economic problems through research, recognising that equitable and sustainable development requires an understanding of the differential impact of policies on women and men.

Our involvement in gender responsive budgeting has taught us three critical lessons: the importance of country ownership; the importance of collaboration between government and civil society; and the need for work on revenue and tax systems. While the specific economic impacts of this new global initiative are still difficult to determine, several benefits can be highlighted: greater ability to determine the real value of resources targeted towards gender-specific groups; a challenge to the notion that many policies and programmes are gender neutral; and strengthening the collection and analysis of gender-disaggregated data.

#### *The Need For Country Ownership*

Government commitment and leadership and broad country ownership are critical for effective formulation and implementation of gender responsive budget initiatives. There is no universal blueprint or pre-determined process on how to successfully implement an initiative. Each one must evolve from the local circumstances that generate the development priorities of the countries, determine the capacity of different stakeholders (governments, civil society organizations, NGOs, women's groups, research institutes), and that determine the resource constraints, which include budgetary constraints, human resources and technical skills.

#### *The Need for Government and Civil Society Collaboration*

Once the initiative is locally owned, the best condition for sustaining a gender responsive budget initiative is a process of dialogue between government and civil society to enhance synergy between the aims, expertise and capabilities of each group. Civil society agencies have a vital role in research on the impact of public spending, advocacy for policy changes and more accountability, and in service delivery. The Commonwealth Secretariat articulates a principal role for governments in this programme, based on two key factors:

- Governments have central responsibility for implementing initiatives to promote gender equality, based on their roles as the representatives of the democratic will of the people, the principal architects of development strategies, and as the signatories to the global declarations on gender equality.
- National budgets are the responsibility of governments. Although governments recognize the value of wide consultations with civil society in formulating the budget it is the executive and legislative branches of government that ultimately must decide on and allocate resources i.e. determine 'what to do' and 'how to do it'.

#### *The Need for a Gender Analysis of Revenue and Tax Systems*

Although the programme has mainly focused on the expenditure side of the budget, attention is now being paid to the gendered impact of revenue and tax systems, including those on personal and corporate income, payroll, goods and services, foreign trade, wealth, gifts and inheritances. Issues relevant to pro-poor and gender responsive budgeting include:

- **Direct tax:** Global income taxes are typically the source of gender bias. This can take the form of marriage penalties, where couples incur greater tax liability filing joint returns than filing singly or where the tax liability on the second income in a household begins at a rate higher than the base rate of tax. Gender bias can also occur when all non-labour income (from assets, savings, property or business) or tax expenditures (subsidies, deductions, exemptions or credits) are allocated to the male spouse only or not available to a married woman who is the sole earner.
- **Indirect tax:** The current trends towards reducing trade taxes and greater ease in collection has led to indirect taxes constituting a larger percentage of tax revenue than direct taxes in many countries. While these taxes may seem to be gender-neutral as they are attached to products and services, they can have significant gender implications, given that women and men tend to consume different goods and services, and also play different roles in the way in which household income and expenditure is managed and distributed.
- **User fees:** user financing of basic social services has become common practice in many developing countries. Efficiency, effectiveness and even equity arguments have been made for applying these charges, yet supporting evidence is limited. There is disturbing evidence of equity losses through reduced utilization of services among the poor and through the negative effects on well-being and health following the introduction of user fees.
- **Other areas:** Other tax issues include corporate taxes and tax incentives; the impact of globalization, specifically the reduction in customs and trade taxes; and the debt crisis and the fiscal drain of debt servicing.

Gender responsive budgeting provides a mechanism by which governments, in dialogue with civil society, donors and other partner agencies can integrate a gender analysis into public expenditure policies and budgets. By combining social and economic policy, it promotes the complementarity of efficiency and equity, reducing areas of trade-off between equity and growth. It also provides a strategy for promoting efficient and equitable economic policies as an integral component of national development. The techniques and methodologies developed under the initiative can potentially be modified and adopted to assess the gap between the words and actions of governments to eliminate inequality and discrimination against all underserved groups in society.

The Commonwealth Secretariat believes that these achievements can be consolidated and that implementation of gender responsive budget initiatives at the country level can be increased by endorsement of the *Brussels Communiqué*.

## Notes on Contributors

WINNIE BYANYIMA, MP, Uganda, chairs the Forum for Women in Democracy (FOWODE), which focuses on increasing women's participation in local and national legislatures. Formerly Uganda's Deputy Permanent Delegate to the UN Educational, Scientific and Cultural Organization (UNESCO), she currently serves on the African Capacity-Building Foundation executive board, the Gender Advisory Board of the UN Commission on Science and Technology for Development (UNCSTD), UNDP's Independent Commission for the Africa Millennium Project and the Advisory Council of Equality Now, a global women's human rights group. She holds an M.Sc. in mechanical engineering and was Uganda Airlines' first female flight engineer.

DR. DIANE ELSON is a Professor of Sociology at the University of Essex, UK, and a member of the UK Women's Budget Group. In 1998-2000, she was Special Adviser to the Executive Director of UNIFEM and was responsible for the UNIFEM report, *Progress of the World's Women 2000*. She is the author of numerous books and papers on international development, gender equality and economic policy. In 1996 she advised the Commonwealth Secretariat on their pilot project on gender budgeting. She has consulted with international development agencies and participated in gender budget workshops in South Africa, Sri Lanka, India, Peru, Mexico, Spain and the UK.

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PREGS GOVENDER, MP, South Africa, chairs the Joint Standing Committee on the Improvement of the Quality of Life & Status of Women in South Africa, which monitors government's implementation of CEDAW and the Beijing Platform for Action. In 1994 she proposed that South Africa initiate a gender budget and as a member of the parliamentary Finance Committee was instrumental in establishing the Women's Budget Initiative in 1996. Prior to being elected to Parliament, she was Education Officer of the national clothing and textile union, and founded and headed the first Worker's College in South Africa. From 1992 to 1994, she headed the Women's National Coalition.

GUY HEWITT is Senior Programme Officer in the Gender Affairs Department at the Commonwealth Secretariat, and programme manager of the gender responsive budget initiative, which assists governments in implementing gender responsive budgets and provides support to intergovernmental organizations and developmental agencies. He coordinates the Commonwealth Secretariat's gender mainstreaming programme and supports a new programme on integrating economic and social development policy.

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DR. DEVAKI JAIN is a development economist who has taught at universities in India, the United States and Europe. In 1999, she received an Honorary Doctorate from the University of Durban for her contribution to international development. She was a member of the Planning Board of the State of Karnataka for 12 years and has served on several Indian government policy committees as well as UN expert groups. She has edited and authored numerous publications on the social, economic and political aspects of gender, including *Tyranny of the Household* (1985), and *Speaking of Faith: Cross-cultural Perspectives on Women, Religion and Social Change* (1986).

WARREN KRAFCHIK is an economist trained at the University of Cape Town, where he also taught for several years. He is Director of the International Budget Project in Washington, DC, which works to nurture civil society applied budget analysis capacity in developing countries. Before joining this Project, he initiated and managed the Budget Information Service at the Institute for Democracy in South Africa.

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MARY RUSIMBI is Executive Director of the Tanzania Gender Networking Programme, where she has been involved in coalition building, advocacy and lobbying initiatives on gender budgets. An expert in adult education and gender with degrees from the Universities of Dar es Salaam, Auckland (New Zealand) and Essex (UK), she has worked with Tanzanian and bilateral organisations as a trainer, project designer and manager. From 1993 to 1997 she advised on gender mainstreaming initiatives at the Local Women Fund, financed by the Government of the Netherlands.

DR. RHONDA SHARP is a member of the Research Centre for Gender Studies and Associate Professor of Economics, School of International Business, University of South Australia. In 1985-86 she was seconded to the South Australian Department of the Premier and Cabinet, where she developed and implemented the first state-level gender-responsive budget. She has advised governments and international agencies on gender responsive budgets in Europe, Africa, Asia, the Pacific and the Caribbean. She is the author of several articles and papers on gender budgets, including, with Debbie Budlender, *How to Do a Gender-Sensitive Budget: Contemporary Research and Practice* (1998).

DR. JAN VANDEMOORTELE, a specialist in Development Economics, is Principal Adviser and Group Leader on Social Development at the United Nations Development Programme (UNDP). Prior to that he headed Policy Analysis at UNICEF, served with UNDP as Senior Economist in Malawi/Zambia and with the Regional Bureau for Africa in New York and worked for 12 years for the ILO, mostly in Africa. He has published widely in the field of development economics, focusing on labour market policies, public finance, income distribution, poverty reduction and social policy.

DR. VIRGINIA VARGAS-VALENTE, a sociologist and gender expert, is co-ordinator of UNIFEM's Economic and Social Rights Programme for Women in the Andean Region. Founder of the Flora Tristán Centre in Peru in 1978, she is the author of several books and articles on democracy, citizenship, state and globalization from a feminist perspective. She was Latin American and Caribbean Coordinator for the NGO Forum at the Fourth World Conference on Women and has served on the World Bank's Gender Advisory Council and the Gender Advisory Council of the Inter-American Development Bank.

## Conference Communiqué

### Towards Gender-Responsive Budgeting: Strengthening economic and financial governance through gender responsive budgeting

17 OCTOBER 2001, BRUSSELS

1. As support to strengthening economic and financial governance through gender responsive budgeting, the Government of Belgium hosted a High Level conference in Brussels on 16-17 October 2001 sponsored by the Organisation for Economic Cooperation and Development (OECD) and supported by the Nordic Council of Ministers, the Government of Italy, the United Nations Development Fund for Women (UNIFEM), the Commonwealth Secretariat, and the International Development Research Centre-Canada (IDRC).
2. The conference brought together ministries of budget, finance, employment, industry, gender, social affairs, transport, development cooperation, and agriculture from governments worldwide, as well as experts and international institutions. The goal is to mobilize political and financial support to strengthen the capacity of governments as well as civil society organizations to strengthen capacity to carry out these initiatives and to support the global vision of gender responsive budget initiatives in all countries by 2015.<sup>1</sup>

<sup>1</sup> Support for gender budgeting and good economic governance has been found internationally through the following initiatives:

- The Nordic Council of Ministers decision to apply gender mainstreaming to areas traditionally considered 'gender neutral' such as economic and finance policy, both in Member states and in their development co-operation activities (see Nordic Co-operation Programme on Gender Equality 2001-2005);
- The 22nd Annual Meeting of the Senior Budget Officials of the OECD in Paris (2001) noted that new analytical tools which illustrate how the budget impacts different population groups are becoming increasingly common in OECD Member countries;
- The communiqué by the 2000 Commonwealth Ministers Responsible for Women's Affairs Meeting in New Delhi encourages Governments' to integrate, where appropriate, a gender analysis into the national budgetary process ... and to consider integrating a gender perspective into macroeconomic policies such as debt management and structural adjustment policies, and international trade policy';
- The United Nations ECOSOC Resolution E/RES/1998/26 requests 'the governing bodies of the United Nations funds and programmes to monitor the implementation of gender mainstreaming in their programme of work, including in the budgeting of their organizations';
- The 2001 United Nations – Inter Agency Meeting on Women and Gender Equality and the OECD/DAC Working Party on Gender Equality communiqué from the joint workshop on governance, poverty reduction and gender equality (Vienna) states that 'accountability, transparency, participation and legitimacy are core elements of good governance and that gender responsiveness is essential to all of these, and is a measure of good governance.' It also underscored the principle of including citizen participation;
- At the Millennium Summit, all members of the United Nations endorsed a set of development goals which include the achievement of gender equality and the empowerment of women. The Millennium Development Goals build on the International Development Targets composed by the OECD in 1996.

3. Gender responsive budget initiatives are an important tool for strengthening economic and financial governance and for promoting accountability and equality. National budgets reflect how governments mobilize and allocate public resources, and how they aim to meet the social and economic needs of their people. Gender responsive budgeting analyses the impact of government policies on men and boys as compared with women and girls within and across any given socio-economic category. Gender analysis is an important part of accountable and responsive budget procedures. Fiscal, financial and economic policies help reduce poverty and redress inequalities in the distribution of resources.
4. Governments worldwide made a commitment, in the 1995 Beijing Platform for Action, to 'incorporate a gender perspective into the design, development, adoption and execution of all budgetary processes as appropriate in order to promote equitable, effective and appropriate resource allocation and establish adequate budgetary allocations to support gender equality and development programmes that enhance women's empowerment.'
5. Gender responsive budget initiatives can make an important contribution to the growing practice of civic consultation and participation in the preparation of budgets and in the monitoring of their outcomes and impact, at local, regional and national levels. In particular, they can ensure that women and girls are not marginalised from such processes. This strengthens economic and financial governance by promoting transparency.
6. Mounting evidence shows that gender inequality leads to major losses in social cohesion, economic efficiency and human development. Budgetary policy can increase, reduce, or leave unchanged the losses to society from gender inequality through changes in expenditure and revenue, primarily through adjustments in fiscal policy. Thus gender responsive budget policies can contribute to achieving the objectives of gender equality, human development and economic efficiency.
7. Gender responsive budgeting can enable governments, that are parties to the Convention on the Elimination All Forms 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 fulfilment of the human rights of women.

**The conference therefore urges governments, international and intergovernmental organizations, multilateral institutions and non-governmental organizations to:**

1. Encourage the examination of budget processes and objectives to ensure that women's and men's needs and priorities are considered equally;
2. Encourage women to participate in this examination, including as elected representatives and members of women's organizations; and involve the research community, development banks and civil society;

3. Encourage the incorporation of gender analysis in the preparation, implementation, audit and evaluation of government budgets at all levels; and show commitment to transparency and accountability by encouraging the application of gender analysis in government budget reports, including by setting out and reporting on the impact of past budgets and the expected impact of the proposed budget on gender equality objectives;
4. Recognize the use of gender responsive budget initiatives as a tool to enhance the way civil society preferences and needs are incorporated into the budget, to improve transparency and equality, reduce poverty and achieve good economic and financial governance;
5. Encourage and support gender responsive budget initiatives worldwide and call on the Nordic Council of Ministers, the OECD, and UNIFEM in cooperation with the Commonwealth Secretariat and the International Development Research Centre—Canada and other relevant bodies, to continue to provide research, and technical or methodological support for these initiatives;
6. Promote the catalytic and supportive role of international and development cooperation, including through increasing support for gender budget initiatives.

## Glossary

**Aggregate demand:** The total demand for a country's output, including demands for consumption, investment, government purchases and net exports.

**Aggregation:** The combining of two or more kinds of an economic entity into a single category. Data on international trade necessarily aggregate goods and services into manageable groups. For macroeconomic purposes, all goods and services are usually aggregated into just one.

**Beneficiary assessment:** Assessment by the public about the extent to which public spending is meeting their needs, done by way of attitude surveys, public opinion polls, group discussion, etc.

**Budget:** The budget is the annual announcement of the government's fiscal policy changes. It announces the tax changes proposed for the following tax year, and also how the government plans to spend that revenue.

**Budget deficit:** When government expenditure exceeds government income.

**Budget surplus:** When government income exceeds government expenditure.

**False economies:** A 'false economy' is where an attempt to reduce or contain financial costs in one sector in fact transfers or perpetuates actual costs in terms of time-use for individuals and groups, and lowers their overall productivity. Hence there are no actual savings for these individuals and groups, particularly women

**Gender:** The notion of gender as distinct from sex refers to the socially constructed roles and socially learnt behaviour and expectations associated with males and females. Women and men differ biologically, but all cultures interpret and elaborate these innate biological differences into a set of social expectations of what behaviours and activities are appropriate and, consequently, what rights, resources and powers men and women possess. While societies vary in terms of their expectations from women and men, they nonetheless all have gender asymmetries that are deeply entrenched (though not static).

**Gender-blindness:** Ignoring the different socially determined roles, responsibilities, and capabilities of men and women. Gender-blind policies are based on information derived from men's activities and/or assume those affected by the policy have the same (male) needs and interests.

**Gender-disaggregated data:** Identifying and generating gender statistics is a complex process, which extends beyond the simple disaggregation of indicators into the categories of women and men. Gender-disaggregated data focus on issues of particular relevance to women and men, girls and boys, and their different roles and positions in society. Statistics on household distance from water or fuel, for example, have different implications for women and men since it is usually the former who spend time collecting these necessities when they are not readily available.

**Gender mainstreaming:** 'Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.' (*Agreed Conclusions of the UN Economic and Social Council 1997/2*).

**Gender neutral:** Gender-neutral policies are not specifically aimed at either men or women and are assumed to affect both sexes equally. However, they may actually be gender-blind (see above).

**Gender responsive budget (GRB):** GRB is the term used by most contributors to this volume to refer to such processes and tools such as a 'gender-sensitive budget', 'gender budget', 'women's budget' and 'women's budget statement'. These processes aim to assess the impact of government budgets, mainly at national level, on different groups of men and women, through recognizing the ways in which gender relations underpin society and the economy. Although the focus of these exercises has been on determining the impact of budget expenditure on women and girls, they are not separate budgets for women. They include analysis of gender targeted allocations (e.g., special programmes targeting women); they disaggregate by gender the impact of mainstream expenditures across all sectors and services; and they review equal opportunities policies and allocations within government services.

**Good governance:** While good governance is defined in different ways, it is primarily considered to be a process of improving opportunities for the delivery of goods and services to the people in a fair, just, effective and responsible way. Key features are transparency, accountability and participation.

**Gross domestic product (GDP):** The market value of all final goods and services produced in a given time period, usually a year.

**Gross national product (GNP):** The market value of all final goods and services produced by national residents, no matter where they are located.

**Initiative:** Debt relief programme for Highly Indebted Poor Countries.

**Macroeconomics:** The study of the behaviour of the overall economy, including inflation, unemployment and industrial production. It focuses on the level of income or output of the economy, including the level of employment, aggregate investment, total consumption and the money supply.

**Means-tested benefits:** A benefit in cash or in services provided by the state to people whose means (i.e., their income and assets) are below a stipulated level.

**Medium term expenditure framework (MTEF):** A three year rolling budget for national and/or provincial budgets.

**Microeconomics:** The study of the behaviour of small economic units, such as that of individual consumers, households or companies. It focuses on the determination of the



prices that induce these agents to act, including wages for labour and return rates of investment funds. These concerns cover issues of demand and supply, welfare and distribution.

**Monetary policy:** Monetary policy is the control of the money supply and interest rates by a government in order to achieve its economic objectives, in particular the restraining of inflation.

**Poverty Reduction Strategy Papers (PRSPs):** The framework in which many developing countries now present their poverty reduction programmes to international financial institutions.

**Public expenditure incidence analysis:** An estimate of budget resource distribution done by measuring the unit cost of providing a given service and multiplying that cost by the number of units used by each group.

**Reproductive sector:** The reproductive sector is concerned with caring for the present and future labour force, and the human population as a whole, including providing food, clothing and shelter in the household. Diane Elson refers to it as the 'care economy' (1995). The reproductive sector is generally unpaid and usually excluded from national accounts. Reproductive labour is mainly performed by women, and takes up an extremely high proportion of their time allocation.

**Sector-wide approach (SWAP):** A process in which funding for the sector—whether internal or from donors—supports a single policy and expenditure programme, under government leadership, and adopting common approaches across the sector.

**Structural adjustment programmes (SAPs):** Policies adopted to restore a sustainable balance of payments, reduce inflation and create the conditions for sustainable growth in per capita income. Typical measures are spending cuts in the public sector and tight monetary policy. At least 75 developing countries undertook SAPs in the 1980s, with loans from the World Bank and IMF. It has been argued that these policies have a disproportionate effect on women because they fail to take into account women's roles in the reproductive sector, the gender division of labour and inequalities in household allocations.

**Time-use studies:** Also called 'time budgets' and 'time allocation studies', time-use studies are used to investigate the allocation of time among different tasks (and leisure). Time-use budget surveys have revealed the failure of conventional labour statistics to capture the extent, range and complexity of activities in which individuals engage, particularly in developing countries and particularly among women, for whom multi-tasking is common.

Source: Budlender, Debbie, Diane Elson, Guy Hewitt and Tani Mukhopadhyay. 2002. *Gender Budgets Make Cents: Understanding Gender Responsive Budgets*. London: Commonwealth Secretariat.

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