

Promoting Gender Equality Through Public Expenditure*

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Introduction

The Commonwealth's impetus towards encouraging member countries to integrate gender concerns into economic policy dates back to the 1980s and the report of the Commonwealth Expert Group on Women and Structural Adjustment, *Engendering Adjustment for the 1990s* and the *Ottawa Declaration on Women and Structural Adjustment*, endorsed by Heads of Government in 1991. The Expert Group report called for the incorporation of gender concerns in the areas of public expenditure, taxation, credit policies, exchange rate policies, pricing policies, wage policies, trade liberalisation and privatisation. Gender equality has long been an objective asserted and affirmed by Commonwealth member countries and the Commonwealth Secretariat in various national, regional and international fora.

In the framework of the 1995 *Commonwealth Plan of Action on Gender and Development*, Commonwealth Finance Ministers at their meeting held in Malta in 2000 'reaffirmed the importance of the Commonwealth Secretariat's programme on gender equality'. They also welcomed the Commonwealth Gender Budget Initiative and 'looked forward to the review of the pilot stage of their project'. Such a review is undertaken in this section, which uses a gender analysis, implemented through gender responsive budget (GRB) initiatives, as a pivotal

*This paper was prepared for the September 2001 meeting of Commonwealth Finance Ministers. However, like many other international meetings due to be held that month, the meeting was cancelled following the tragic events in the USA.

We pledge the Commonwealth and our countries to work with renewed vigour, concentrating especially ... [on] equality for women, so that they may exercise their full and equal rights.

Harare Commonwealth Declaration, 1991

Under the Commonwealth Plan of Action governments agreed to the integration of gender issues in all national policies, plans and programmes; and to conduct gender policy appraisals of macroeconomic policies.

1995 Commonwealth Plan of Action on Gender and Development

Ministers of Finance [are] requested to endorse the integration of a gender analysis into the national budget.

Sixth Meeting of Commonwealth Ministers Responsible for Women's Affairs, New Delhi 2000

theme and tool with which to assess budgetary performance and impact.

The section outlines some of the issues that have been raised about making the design and management of public finances more gender responsive. It focuses on Commonwealth experiences of GRB work, drawing on those initiatives that have been undertaken at national, provincial and/or local levels and initiated or supported by the Commonwealth Secretariat programme or linked to it through processes of collaboration or information sharing. A conceptual framework for gender responsive budgets is also provided, supplying the rationale for public expenditure for gender equality within a wider context of promoting economic growth and supporting social inclusion and human resource development. Finally, based on these experiences, suggestions are made for strengthening GRB initiatives for implementation on a wider scale.

Background

States need to take primary responsibility for creating social infrastructure, which is largely beyond the capacity or interest of the private sector. Stiglitz (1996) argues that a vital role of all governments is to establish infrastructure in the broadest sense: *financial, physical, technological, educational, environmental and social*. Within these six areas of responsibility, Stiglitz suggests that the State in developing and transitional economies should take on further specific responsibilities due to the greater incidence of market failure in comparison with the developed world.

However, as the human, financial and institutional resources are often limited, particularly in developing and transitional economies, the formulation of development strategies needs to combine both the requirement for governmental intervention and the reality of the limitations to governmental action. This calls for balancing the strengths and limitations of markets and governments and determining how they best complement each other. Such a pragmatic approach needs to be adopted in the development of a framework for determining the specific requirements of countries and the role of governments in promoting socially responsive policies within their particular political and economic contexts.

Sound macroeconomic policy is undoubtedly a necessary basis for sustained and rapid economic growth. Central to this understanding is the recognition that social investments, such as the provision of basic healthcare, education and other essential services, can have prohibitively high social and economic costs if left to chance in the market place. There is also an increasing recognition that economic growth is a necessary but not sufficient condition for the reduction of poverty. Rather, the distribution of resources in a society has a crucial bearing on the manner in which growth impacts on poverty and, consequently, the development strategy pursued by governments in tackling inequalities is crucial (Watt, 2000).

State intervention in the market is therefore necessary to ensure that both efficiency and equity objectives are met. This recognises the fact that inequality not only slows growth but is also socially and politically costly. The reduction of poverty and

promotion of social equity make good economic sense and are also considered to be moral imperatives. The recognition that distributional issues are central to eliminating poverty and inequality has prompted international organisations and countries to pursue developmental goals that redirect resources to poor and marginalised groups. Yet there remains a gap between declarations and commitments to these objectives and actual policy implementation. GRB initiatives are a useful tool to bridge this gap.

Public finance management is increasingly integrating developmental concerns, particularly those relating to social inclusion, human resource development and poverty eradication, within budgetary requirements of fiscal prudence, economic growth and political realism. This is undoubtedly a necessary but difficult task as hard choices have to be made in the face of competing demands, given the limited resources for financing various social priorities.

As the equity and distributional objectives have to be provided within the limited budgets and public funds available to governments, 'targeting' is the most cost-effective way of reaching those left behind or those most at risk. This means the concentration of resources towards meeting the needs of vulnerable groups within society. Undertaking gender responsive budgets helps to provide a more effective strategy for targeting, and a basis for the wider integration of gender analyses in macroeconomic planning.

What are Gender Responsive Budgets?¹

Gender responsive budgets provide a means for determining the effect of government revenue and expenditure policies on women and men. GRB initiatives can consist of different components and vary considerably across countries and regions given their specific social, political contexts, and the nature of the institution implementing them. These initiatives, led either by governments or civil society groups, involve the examination

¹ There are a variety of names for processes aimed at assessing the gender impacts of government budgets (see glossary).

of how budgetary allocations affect the economic and social opportunities of women and men. The exercise does not propose separate budgets for women nor necessarily argue for increased spending to women-specific programmes.

GRB initiatives seek to create a direct linkage between social and economic policies through the application of a gender analysis to the formulation and implementation of government budgets. Other categories, such as race and ethnicity, caste and class, age or geography could additionally disaggregate GRB initiatives. For instance, the South African 'women's budget' exercise combined a race analysis with its gender analysis in order to determine the impacts of government expenditure on white men and white women compared to their counterparts in other racial groups. However, because gender relations, that is, the power relations between and available opportunities for women and men, permeate all levels of economic, political, social and cultural life, gender analyses have been the primary focus. A gender analysis can also demonstrate the ways in which social institutions that are seemingly 'gender neutral' do in fact bear and transmit gender biases.

In Barbados, the exercise sought to incorporate and respond to notions of 'male under-performance' by examining correlations between expenditure and examination performance in the single sex schools. The research indicated higher performance at the girls' school compared to the boys' school, despite lower expenditure. However, the study was not designed to assess the impact of predominately female teachers in both schools.

Source: St Hill, 2000

The Commonwealth Secretariat exercise, for reasons of resource constraints and the limitations in the existing body of work, focused on the analysis of public expenditure. This involved the separation and examination of government expenditures in the following three categories (Sharp and Broomhill, 1990):

- A. Gender specific expenditures:** these are allocations to programmes that are specifically targeted to groups of women, men, boys or girls, such as programmes on men's health (e.g., prostate cancer) or violence against women.

- B. Expenditures that promote gender equity within the public service:** these are allocations to equal employment opportunities, such as programmes that promote equal representation of women in management and decision-making across all occupational sectors, as well as equitable pay and conditions of service. This is distinct from programmes that promote the employment of equal numbers of women and men.²
- C. General or mainstream expenditures:** these are allocations that are not covered in the two categories above (A & B). The analysis focuses on the differential impact of the sectoral allocations on women and men, boys and girls. Although the analysis is challenging due to the lack of gender-disaggregated data in many instances, these expenditures are also the most critical because more than 99 per cent of government expenditure usually falls into this category.

The six broad categories of tools³ that the Commonwealth GRB initiative has used to integrate a gender analysis into the budget are:

- ◆ 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
- ◆ Gender Responsive Budget Statement

The Rationale for Gender Responsive Budgets

A gender responsive budget is an important mechanism for ensuring greater consistency between economic goals and social commitments. Some of the more compelling justifications

² Having equal numbers of men and women does not prevent a situation where, for example, with 100 employees, the 50 men are managers and the 50 women are secretaries.

³ See the Annex to the section by Diane Elson, above.

are presented below, taking into account economic, political, legal and rights-based factors, including mandates from the various international agreements and declarations to which Commonwealth members and other states are signatories. These justifications have been listed individually below, although the subsequent discussions will indicate that they are often interlinked and mutually reinforcing:

1. Economic Efficiency
2. Good Governance
3. Right to Information
4. International Development Commitments and Commonwealth Mandates
5. Gender Mainstreaming

Economic Efficiency

The most widely used argument for undertaking GRB initiatives is that they lead to a more efficient use of resources. Gender analyses of government budgets are crucial for improved targeting, thereby avoiding 'false economies', that is, where attempts to reduce or contain financial costs in one sector may transfer or perpetuate actual costs in terms of time use for individuals and groups, and lower their overall productivity (Elson, 2000). In such cases, actual savings do not result for individuals and groups, particularly women. Similarly, growth has to be accompanied by the reduction of inequalities in order for sustained prosperity and human development to occur. The complementarity of efficiency with equity, referred to as 'new growth theory' (or endogenous growth theory), advocates for state investment in broad infrastructure (financial, physical, technological, educational, environmental and social) that supports and 'crowds-in' private sector responses to achieve this (Palmer, 1995). The framework for GRB analysis involves the examination of inputs, activities, outputs and impacts of government interventions and provides comprehensive feedback on the effectiveness and efficiency of public expenditure. This results in a more optimal use of limited public resources and improved budgetary performance.

Financial cutbacks in medical services in hospitals may reduce provisions for post-operative recovery, resulting in patients being discharged early from hospitals and into 'community-care'. This transfer of the burden of convalescent care to the community and, in turn, to the women in the home, can have a knock-on effect as it places additional burdens on women, often forcing them to be absent from paid employment and lowering their productivity.

Source: Elson, 2000

Research on human development and the reduction of poverty has established beyond doubt that, while distinctions have to be made between rich and poor households, there is a need for assessments of individual well-being within each unit. This is because there are differential impacts of public expenditure on individual members within households, with the more vulnerable having less access to available resources. Crucially, GRB initiatives provide an opportunity to evaluate not simply the nature and extent of the paid economy but also to evaluate the unpaid work, in particular the provision of care which individuals undertake, both in the community and in households. The recognition of this interaction enables policy-makers to avoid 'false economies' and the loss of output.

The new gender-aware approaches to macroeconomic analyses have three basic underpinnings:

- ◆ *The recognition that economic institutions may not be intrinsically gender neutral, but instead may bear and transmit gender biases through their assumptions and practices.*
- ◆ *The recognition that the cost of reproducing and maintaining the labour force in a society includes the critical contribution from the unpaid economy and that, to make the value of unremunerated work visible, macroeconomics has to be reoriented and redefined.*
- ◆ *An understanding that gender relations are primary social determinants in the division of labour, and thus that the distribution of employment, income, wealth and productive inputs have important macroeconomic implications.*

Source: Elson and Cagatay, 1999

There is a large body of research which demonstrates the ways in which macroeconomic policies and institutions which are not gender sensitive not only impact negatively on women relative to men but, through the perpetuation and exacerbation of gender inequality, also impact negatively on the achievement of set macroeconomic goals.⁴

The role of the state, as previously mentioned, goes beyond that of addressing market distortions: It has primary responsibility for redressing inequalities and issues of distributive justice. This position expands on the poverty-reduction framework for pro-poor policies in market operations that Poverty Reduction Strategy Papers (PRSPs) advocate. It also considers the contributions and costs of citizens not directly engaged with the productive economy. When incorporated with gender issues, and those of exclusion and marginalisation, this approach provides a more comprehensive analysis for targeting purposes.

UK Treasury officials, in a meeting with the Women's Budget Group, expressed an interest in gender responsive budgets in terms of the relationship between the effectiveness of budgetary measures to end child poverty and the budgetary measures that reduce gender inequality.

Source: UK Women's Budget Group, 2001

To inform policy, it is important to have gender-disaggregated data to show how men and women may be differently affected. These gender differences are important for understanding other policy concerns, such as the characteristics of the poor, in order to enhance efforts to reduce poverty through targeted spending.⁵

4 For a comprehensive discussion, see *World Development*, Vol. 23 (11) (1995) and Vol. 28 (7) (2000); Beneria, L. (1995); Elson, D. (ed.) (1991); Palmer, I. (1991); Sen G. and Grown, C (1988).

5 There is a large body of literature that demonstrates the ways in which benefit incidence approaches and gender disaggregation exercises can be readily incorporated into a methodology (Demery, 1998).

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. Gender responsiveness is essential to the key features of good governance: transparency, accountability and participation. The analysis of gender issues, the participation of women as well as men in decision-making processes at all levels and the recognition by institutions of women's rights and needs are all central to good governance and are strong features in GRB initiatives.

Growth and equity need not be contradictory goals. While dominant economic growth models do not emphasise the link between economic growth and human development, evidence suggest that investments in improving skills and meeting basic social needs can contribute to sustained economic growth (Klasen, 1999). However, while there have been examples of countries managing to improve human development in situations of economic hardship, it is usually not possible to sustain human development without economic growth. It is only in instances where the linkages between the two have been reinforced with policies and procedures for good governance that economic growth has effectively improved human development. In this respect, GRB initiatives can be an important instrument of such governance.

Clearly good governance is a prerequisite for, and an essential component of, sustainable human development. By promoting accountability and transparency, it has also had a direct as well as an indirect impact upon the reduction of opportunities and incentives for corruption. Fostering these important aspects and values of good governance in the public domain requires a more participatory approach in the design, implementation and evaluation of projects and programmes. This strengthens the mechanisms for inputs of and reactions by communities and associations of local beneficiaries and users, particularly women in the case of GRB work (Dollar *et al.*, 1999a). GRB initiatives within governments have contributed to these processes.

Gender responsive governance depends upon dynamic and active partnerships in the social and political forums that

elaborate and redefine public policy. If these strategic partnerships are to jointly uphold the right of citizens to participation, information and accountability, they need to include civil society, especially women's networks at grassroots, local, national and global levels. This requires building alliances and includes:

- ◆ Strengthened role of women's groups in negotiation processes at different levels.
- ◆ Identification of new allies and partners, especially supportive men.
- ◆ Enhanced donor and developmental agencies support.
- ◆ Improved access to public information through the mass media and new information and communication technologies.
- ◆ Increased national capacities, in particular national mechanisms for promoting gender equality and the empowerment of women to participate in policy analysis and dialogue.
- ◆ Enhanced accountability and participation at the local level, by giving greater importance to decentralisation processes and decentralised development cooperation.
- ◆ Strengthened capacity for gender analysis and governance.

The Right to Information

The demands for transparency and accountability have also been articulated in debates regarding the right to information as a global public good. The key idea posed is that knowledge is a critical component in economic production, and the degree of access to it represents one of the main divides between rich and poor. Increasingly too, information and the tools for manipulating and communicating it are 'controlled' or owned by individuals or corporations rather than being public goods available to everyone. It is crucial to recognise that without a strong and sustained demand for public sector information, accountability initiatives and anti-corruption strategies are likely to fail.

The quantity and quality of available information is changing dramatically every day in every country in the world. Citizens are gaining greater and greater access to information, too. And perhaps, most importantly, the spread of information is making accountability and transparency facts of life for any free government. The consent of the governed – the conditions of any free society – must be an informed, enlightened consent.

UN Secretary-General Kofi Annan, Global Knowledge

Freedom of information – and, more specifically the right to seek, receive and impart information – is a fundamental human right; indeed a prerequisite for many others.

UNESCO, Many Voices, One World

GRB initiatives require the availability of accurate records and of gender-disaggregated data, which can help support other measures designed to improve public expenditure accountability. They are, therefore, pioneering experiments for encouraging open government and maintaining an informed civil society. At the same time, they provide a monitoring tool and framework for objective comparison of the developmental achievements of governments gained through public expenditure.

A mass-based organisation called Mazdoor Kisan Shakti Sanghathan (Movement for the Empowerment of Peasants and Workers) or MKSS, in one of India's poorest areas, seems to have given new meaning to the demand for the right-to-information in the context of development. Since 1990 MKSS has sought to ensure transparency and accountability in development projects of the government at the panchayat (the lowest local government unit). They now convene public hearings (jan sunwayi), which elected officials and local government officials are invited to attend, to address discrepancies in official records of expenditure and villagers' own experiences as labourers on public-works projects, as applicants for anti-poverty schemes and as consumers in ration shops.

Source: Jenkins and Goetz, 1999

International Commitments and Commonwealth Mandates

There has been growing recognition that the processes of globalisation are having varied impacts upon different groups and communities. Following a decade when stabilisation and macroeconomic adjustment were the dominant priorities, poverty reduction has reappeared on the international agenda and leading multilateral and bilateral agencies have adopted poverty reduction as their overarching objective and the benchmark for measuring performance. The Washington consensus, which influenced much of the thinking in the Bretton-Woods Institutions in the 1990s and the structural adjustment programmes thereafter, was generally unable to restore growth, despite relative success in instilling fiscal discipline. The emerging view is that macroeconomic policies need to be accompanied by a set of social policies that target social and gender equality, poverty reduction, environmental regeneration and basic labour standards, amongst other areas.

The Commonwealth commitment to gender equality was declared by Heads of Government at Harare in 1991 as a fundamental principle. This was reaffirmed by Heads in their endorsement of the *Commonwealth Plan of Action on Gender and Development* (and its update, 'Advancing the Commonwealth Agenda for Gender Equality into the New Millennium, 2000–2005') and the *Beijing Platform for Action* from the UN Fourth World Conference on Women (1995). The promotion of gender equality by Commonwealth member states reflects that governments, as the representatives of the democratic will of the people, the principal architects of development strategies and the signatories to these global declarations, have primary responsibility for implementing initiatives to promote gender equality.

However, there has been a tendency for commitments to gender to flounder for lack of resources. Many governments desire to do more but are restricted by limited resources. GRB initiatives, by supporting the targeting and effective use of those resources that are already available, provide a practical strategy to build upon the global consensus on the priority of gender equality. Gender responsive budgets allow for increasing outcomes within the confines of available resources. They could also

provide an initial step in the monitoring of the implementation and impacts of programmes at the local, national, regional and global levels and the nature of participatory decision-making, thereby strengthening accountability and responsibility for upholding the commitments made to goals of poverty reduction and gender equality.

GRB initiatives, by directly linking stated policy commitments to the distribution, use and generation of public resources, offer a way of enhancing government's ability to respond to gender issues within a context of fiscal propriety. The Women's Budget Initiative in South Africa, a coalition of parliamentarians supported by civil society agencies, provided data on the impact of government programmes on women and has encouraged the introduction of more gender-sensitive programmes in many sectors including education, land distribution, water and sanitation.

Source: Budlender, 1996

Gender Mainstreaming

GRB initiatives were designed as an application of gender mainstreaming, the current international approach to promoting equality between women and men. The Commonwealth's unique and innovative contribution, *Gender Management Systems* (GMS), is a holistic and system-wide approach to gender mainstreaming developed by the Commonwealth Secretariat for use in governments in partnership with other stakeholders, including civil society and the private sector.⁶ Along these lines, the Organisation for Economic Cooperation and Development (OECD) held a ministerial conference on gender mainstreaming in November 2000 to illustrate how it 'promotes strong economies, competitiveness and growth'.

⁶ The GMS, a comprehensive network of structures, mechanisms and processes to enable governments and other organisations to integrate gender equality through all policy-making, planning and activities, is being introduced to Commonwealth countries through regional workshops and has been offered directly, through capacity building missions, to 13 Commonwealth governments.

As budgets involve all government ministries and departments, GRB initiatives provide a practical opportunity for government officials across ministries to develop skills to apply gender tools to their work programmes. In addition, the focus on engaging Ministries of Finance, given their pre-eminent role in budget management, introduces gender issues into the core of both government operations and finance management.

The Government of St Kitts and Nevis requested that the Commonwealth Secretariat provide technical assistance to implement a gender responsive budget initiative following the previous implementation of the Commonwealth's GMS.

Source: Ministry of Finance, 1998

The Commonwealth in seeking to create an environment conducive to its commitments to economic development, gender equality and good governance, advocates for gender responsive budgets to be implemented to further these goals.

Commonwealth Country Experiences

Attempts to apply a gender analysis to government budgets began in Australia in 1984. The exercise was undertaken by the government and coordinated by the Office of the Status of Women. At its height, it was integrated into the budgetary preparations of the federal and all state and territorial budgets. Canada followed in 1993, with a one-off non-governmental organisation (NGO) exercise which focused on the reallocation of defence spending to social services. The South African initiative began in 1994. In 1995 the Commonwealth Secretariat sought to build on the successes of these pioneering initiatives and began a five-country pilot project.

GRB initiatives have now been implemented in forty countries, nearly half of them in the Commonwealth, at national, provincial or local levels. These Commonwealth countries include Australia, Barbados, Botswana, Canada, Fiji Islands, Kenya, Malawi, Mauritius, Mozambique, Namibia, South Africa, Sri Lanka, St Kitts and Nevis, Tanzania, Uganda, UK, Zambia

and Zimbabwe.⁷ Many of these initiatives have been exploratory and, while this evaluation provides a number of lessons that can be used to develop and implement such programmes on a wider scale, the specific economic impacts are still difficult to determine.

The nature of GRB initiatives varies from country to country. Some were coordinated and led by governments and others by civil society agencies. In a small number of countries, a parallel and complementary dual-track approach, both government and civil society activities, was used, with connections between the separate initiatives. Based on the responsibility of the executive and legislative branches for national budgets, the Commonwealth Secretariat promotes government-led initiatives, implemented in collaboration with civil society groups.

The number of participating countries, donor agencies and other supportive actors involved in the programme continues to increase.⁸ The groundswell of support is a consequence of the capacity of GRB initiatives to advance the process of gender equality in a tangible and practical way, that is, by linking objectives related to gender equality directly to public resource allocation and use. A further strength of the programme is the central involvement of the state, in collaboration with civil society institutions, in the design and implementation of country initiatives.

The role of different country-level actors and the strategies and

7 The Commonwealth Secretariat coordinated the implementation of programmes in Barbados, Fiji Islands, St Kitts and Nevis, South Africa and Sri Lanka. The programme in the Fiji Islands was postponed in light of their suspension from the Councils of the Commonwealth. The Government of Belize has submitted a proposal to the Commonwealth Secretariat for technical assistance and the Government of Malaysia is considering beginning an initiative.

8 Initiatives in developing countries have also been supported by a number of agencies and bodies including the Asian Development Bank (ADB), the German Technical Cooperation Agency (GTZ), the Swedish International Development Cooperation Agency (SIDA), the Swiss Development Corporation, the UK Department for International Development (DFID), the governments of Denmark, the Netherlands and Norway, UNDP and UNIFEM. The World Bank has in its gender publications promoted the idea of GRB analysis, and particularly the models used in South Africa and Tanzania. The UN European Economic Commission also has plans to support work on gender and budgets and, in particular, to develop initiatives in Eastern Europe.

components in the programme are examined below in order to identify what worked but also to indicate what changes may be required to ensure greater effectiveness and the sustainability of the programme.

The Role of the Ministry of Finance

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

1. The Ministry of Finance has the requisite technical expertise to implement this process within the government.
2. For GRB initiatives to be effective, they have to be implemented within the context of the annual budget cycle and the medium-term expenditure framework, which are usually coordinated by the Ministry of Finance.
3. Within a framework of gender mainstreaming, the ministry/department responsible for the programme area, in this case the budget office, is encouraged to take the lead on the implementation of the programme.

The initiative in Sri Lanka, coordinated by the Department of National Planning in the Ministry of Finance, brought together government officials across a wide range of departments. An Inter-Ministerial Steering Committee, including representatives of the Ministry of Women's Affairs and Department of Census and Statistics, met each month to assess progress. Findings and implications were presented in six sectoral reports at two workshops for officials from key line ministries along with NGOs, research institutes and donor agencies.

Source: Department of National Planning, 2000

The Role of the Ministry Responsible for Women's Affairs

Although the participation of the Ministry Responsible for Women's Affairs is vital, it will tend to play a supportive rather than a leadership role because of a lack of the requisite technical skills and resources to coordinate the implementation of the programme. Rather than being a criticism, this recognises the severe financial, human and technical resource constraints these Ministries often face.⁹ Alternatively, given the cross cutting nature of these Ministries' mandates, instead of programme implementation they may also see their role more as advocates and catalysts to mainstream gender and encourage action within government as a whole on gender equality.

The Role of the Political Directorate

Budgetary resource allocations are inherently political. Given the scarcity of resources and the competing demands that exist, politicians have to establish strategic priorities based on their understanding of the needs and preferences of their key constituencies. The effectiveness and success of GRB initiatives, therefore, depends on the degree of political support that the process is able to secure from the highest levels of government: from Ministers of Finance and Ministries Responsible for Women's Affairs and, given the cross-cutting nature of the initiative, from their Cabinet colleagues.

The Minister of Finance of Mauritius, in his endorsement of the initiative's aim 'at influencing resource allocations that reduce gender discrepancies and inequalities', supported the use of the budget 'to translate gender-oriented policies into concrete action programmes'. Mauritius began work on gender responsive budgets in February 2000.

Source: Ministry of Finance, 1999

⁹ The 2000 Report by the Commonwealth Secretary-General to the Sixth Meeting of Ministers Responsible for Women's Affairs, held in India, indicated that the need for additional resources was 'one area which has not shown improvement since 1996 (when the previous Ministerial Meeting was held) where 76 per cent of ministries indicated that their human resources were inadequate.'

The Role of Lawmakers

Institutional arrangements to maintain fiscal discipline can range from formal constitutional restraints on aggregate expenditure through formal laws to public commitments by the Executive. Within the context of GRB initiatives, the thrust towards incorporating the State has been to engage the Legislative as well as the Executive branch. Although it is ministers and officials of national or sub-national governments who draw up budgets, representative institutions such as parliaments, local councils or district assemblies have an important role to play in the budgetary processes through debates and, in some situations, their powers to amend budgets. The focus on lawmakers is also important given the recent efforts towards strengthening governance through increased accountability and participation. In Uganda, for example, the GRB initiative emerged as an outside government exercise, the result of collaboration between the Parliamentary Women's Caucus and the Forum for Women in Democracy (FOWODE), an NGO. In 1997, the Women's Caucus embarked on a three-year initiative to examine the effect on women of shifts in public expenditure arising out of structural adjustment packages. After the first year, the initiative was extended to the district level.

The formal process of budget formulation may find additional support and greater success through the active engagement of the elected representatives who, using gender sensitive measurements, could support and monitor the attainment of economic and social goals specified in the budget.¹⁰

The Role of Civil Society Groups

Civil society participation is important in the Commonwealth. At the 1999 Commonwealth Heads of Government Meeting in Durban, Heads declared that, 'people-centred development implied that people must be directly involved in the decision-making process and in the implementation of development plans and programmes through their own organisations'. They

10 International Budget Project (IBP) and the Inter-Parliamentary Union (IPU) are working to increase economic literacy among members of parliaments.

The South Africa Women's Budget Initiative has from its inception been an alliance forged among those parliamentarians who, entering parliament for the first time in 1994, were eager to continue their work on gender and other forms of discrimination. The parliamentarians and members of the Joint Standing Committee on Finance came together with two NGOs who had the expertise and time necessary to collect information, undertake the research and produce the analysis. For their part, the parliamentarians were able to provide access to information, focus in terms of key political issues and a strong advocacy voice.

Source: Budlender, 2000

noted the significance of civil society involvement in empowering people to benefit from globalisation and in contributing towards the goals of the elimination of poverty, equal opportunity and the fair distribution of resources (Commonwealth Secretariat, 1999).

Civil society groups engaged in GRB initiatives, primarily women's organisations and NGOs, usually support the process by identifying social needs and by examining the budget in terms of the use of public funds to address social concerns. They have also used the analyses as advocacy tools to encourage governments to create a synergy between their economic policy goals and their social policy commitments. Policy research institutes and academic centres have contributed to research and the development of the tools used in the analysis.

Since a government's budget directly or indirectly affects the life of all its citizens, it is important for all levels of civil society to be consulted. Frequently, it is people with modest means and little political influence who are most affected by budget decisions. For these groups, income assistance and social insurance programmes are especially important to their family's well-being, and expenditure in areas such as education and health have a considerable effect on their current vitality and future prospects. Given women's social reproductive roles and their over-representation among the poor, there is a direct interest in examining the effects of budget policies, allocations and expenditures on women. In the UK, the Treasury has begun a process of consultation with the UK Women's Budget Group on the impact of taxes and state benefits on women.

The Women's Budget Group in the UK now has regular meeting with the Treasury to review existing and planned policies and programmes. Such meetings are consistent with the UK Government's commitments to mainstreaming gender and consultation with and involvement of the greater public in policy formulation. The Women's Budget Group has commented on a number of programmes including the Working Families Tax Credit.

Sources: Himmelweit, 2000 and Elson, 2000

The *World Development Report 2000/01*, in the section on 'making state institutions more responsive to poor people', speaks of the need to create decentralised mechanisms for broad participation in the delivery of public services. Towards this end, the report underscores the value of engaging civil society and, specifically, working with NGOs. This is because the 'social and educational background of many NGO staff enables them to interact easily with the staff of national institutions, and they can help create bridges between these institutions, external agencies, and grassroots organisations' thereby contributing to transparency and sustainability.

Participatory approaches to budgets – pro-environment, pro-poor and pro-gender – are being pioneered in some countries, reflecting a new understanding of governance, democracy and policy-making processes. In these exercises, participation means incorporating the voices of those whose needs are often ignored. The Tanzanian Gender Networking Programme (TGNP), a national NGO, is currently providing assistance to the Government to incorporate a gender perspective into their national budget.

In the 2000/01 budget process in Tanzania, gender concerns were included in the guidelines. All Ministry, Department and Agency (MDA) budget submissions were mandated to include a gender focus. The Tanzanian Gender Networking Programme was commissioned by the Ministry of Finance to mainstream gender into six sectors of the budget.

Source: Tanzanian Gender Networking Programme, 2000

Decentralisation and Devolved Management

The process of budget formulation, monitoring and appraisal has traditionally been a function of the central budget office or the Ministry of Finance. The budget office functioned as a central command and control post, specifying the levels of expenditure, monitoring compliance with regulations, ensuring that the inputs are those agreed in the budget and intervening when deemed appropriate (Shick, 2000; Sen, 1999).

However, the recent moves towards fiscal decentralisation in both developed and developing countries mark a movement towards more broad-based participation and may transform the central governments' decision-making role (Yilmaz, 2000). Recommendations are for shifts in the decision-making authority from central institutions to line agencies and from headquarters to subordinate units and field offices. In order to reorient its managerial role, the central budget office would have to transform some of its approaches towards its basic functions; the ways in which the totals are controlled, priorities established and efficiency sought would have to be conducted in an environment of devolved management. This is a crucial entry point for GRB initiatives that can facilitate ways in which such devolution can be undertaken with mechanisms of participation and accountability in place for public expenditure impact assessments.

Several countries, including South Africa, Tanzania and Uganda, have already initiated GRB work at the sub-national level. Local level interventions are necessary since functions and budgets are increasingly being decentralised, often under advice from multilateral and bilateral institutions.

Lessons Learned: Opportunities and Challenges

The review of the outcomes of GRB initiatives should be seen within the context of the programme having recently been developed and the need to devise new and more sustainable strategies based on lessons learned. Nonetheless, there have been a number of positive benefits, which should be highlighted:

- ◆ an enhanced ability to determine the real value of resources targeted towards gender-specific groups;
- ◆ the challenge to notions of 'gender-neutrality' of many policies and programmes; and
- ◆ the strengthening of the collection and analysis of gender-disaggregated data.

Significant factors such as the leading role of the state, especially the budget office and the policy-makers, as well as the incorporation of civil society institutions, are proving of critical significance and need to be focused on in a structured way. Tools for the gender analysis of revenue measures also need to be developed. Gender responsive budgets are proving to be crucial tools for increasing the effectiveness of resource use, strengthening economic management and advancing the pursuit of gender equality.

Opportunities

1. ***GRB analysis provides the opportunity to objectively determine the real value of resources targeted to women, men, boys and girls.*** The emphasis is on analysing the mainstream core government programmes. Since budget allocations to gender-specific programmes do not normally exceed one per cent of total government spending, high-profile programmes such as national gender plans or interventions for girl's education or against domestic violence should not be interpreted as evidence of an overall gender responsiveness in a government budget (Budlender and Sharp, 1998).
2. ***The GRB process uncovers the scarcity of gender-disaggregated statistical data and information on the situation of women and men, which is a particular constraint to effective programme design and implementation.*** Regarding the gender debate in the Caribbean, a country coordinator of the GRB initiatives in the region noted that 'officials in government are not always aware enough of the [gender] issues nor seized with the empirical data surrounding the subject to make an

informed comment or contribute to the process [of addressing gender concerns]. This notwithstanding, comments abound and there is a massive debate' (Dalrymple, 2000).

The strength of the South African GRB initiative was its linkage to the collection of gender-disaggregated data by the national statistical office. The introduction to the government statistical publication Women and Men in South Africa, notes that: 'gender statistics are urgently required. The Office of the Status of Women, the Commission on Gender Equality, and the gender desks within national departments ... need information on the situation of women and men. All spheres of government need gender-disaggregated information to fulfil their planning functions, and as time goes by ... to measure whether policies and programmes are succeeding in addressing gender inequalities.

Source: Budlender, 1998

- 3. Given that the budget is a paramount, system-wide and participatory process, GRB initiatives provide the opportunity for the key officials in the government to get exposure to a form of easily applicable gender training.** Gender responsive budgets provide the most practical opportunity for government officials to understand that nearly all government policies have gender impacts and that the perceived notion of 'gender neutrality' is very often a result of inadequate information or analysis. The Commonwealth GRB training focuses on individuals considered strategic in terms of their institutional role in programme and budget formulation: senior officials, policy advisers, planning officers, budget analysts and information/data managers.

A review of the Australian women's budget process indicated that one of the purposes of the initiative was 'to build into each department a clear awareness that everything they do, every dollar they spend, has an impact on women – and that that impact is very often different for women than for men.'

Source: Sharp and Broomhill, 1990

4. ***GRB initiatives examine equal opportunities in the public service.*** The component of GRB initiatives that examines public sector employment, as a category of budget expenditure, is likely to reveal unequal opportunities in the public service even in countries where women have equal access to tertiary education and strong career prospects in that field.
5. ***GRB initiatives have the capacity to address other social concerns.*** In South Africa the research into the impact of budgets and the distribution of resources focused not only on gender, but issues of race as well. Vivienne Taylor (1999) suggests that the annual budget cycle 'could include criteria to measure how the budget responds to race, gender, caste/class [age] and other social disparities'. The process has the potential of promoting greater effectiveness and transparency in decision-making on expenditure allocations or revenue measures as it adds the practical and human dimension of 'who will benefit' to the questions of 'what to do' and 'how to do it'.

Challenges

1. ***The need for political support.*** Although the Ministries of Finance approved the Commonwealth Secretariat's initiatives, there has only been a moderate response from governments in terms of political commitment to the process. While Ministers Responsible for Women's Affairs have been strong advocates, their limited capacity to address macroeconomic issues and their lack of political influence in many governments constrains their ability to mobilise the necessary support. There is a critical need for support by the Ministers of Finance and those in the sectoral ministries.
2. ***While the Ministry of Finance is best placed currently to implement GRB initiatives, its staff very often regard gender issues as the remit of social sector ministries. They also find difficulty in making the link between gender and economic policy issues.*** This uncertainty among finance officials is possibly the most significant

factor in determining whether GRB initiatives become a sustainable process within governments. Work towards integrating social policy issues into public expenditure training and management processes needs to be expanded.

3. **Generally, government officials lack gender knowledge and expertise and require additional gender sensitisation and training.** Although many countries are implementing gender-training programmes, this training is usually generic and lacking in practical application for effective knowledge transfer. The practical outcome is for officials to remain ambivalent and for junior staff to be allocated responsibility for gender related activities. This then has little impact as the latter have neither the experience nor the authority to commit resources to these initiatives. This absence of high-level commitment is compounded by the rotation of junior staff, which affects continuity.
4. **The need to analyse revenue impacts.** To balance the expenditure-oriented analysis of GRB initiatives, there is a need to examine the gender impacts of revenue-raising measures. A serious constraint to gender and revenue analysis has been a lack of data. Official statistics reflecting gender breakdowns are not readily available, and although the revenue offices collect gender-disaggregated data on individual personal income taxpayers, data is not collected in most countries when it comes to indirect taxes. Even when data is available, there is usually no perceived need to incorporate a gender dimension into tax incidence analysis.
5. **The need for effective programme coordination.** The wide range tasks associated with the implementation of this initiative at the country level – training, the establishment of coordination structures and implementation processes, research, monitoring and the sharing of information – requires a significant commitment to coordination. Attempts to add these responsibilities to the existing duties of a government official or group of officials, especially without a sense of priority, has not been effective. Consideration needs to be given to ensuring that country programme coordination is structured in such a way that the necessary

skills, time, commitment, participatory mechanisms and decision-making responsibility are available to successfully implement the initiative.

6. ***The issue of continuity is important as the application of a gender analysis to government budgets takes time.*** Although the budget is an annual process and therefore results from efforts to integrate a gender analysis can be available relatively quickly, to conduct gender analyses of all ministries/departments and to implement the results of the analyses requires a longer period of time. This is usually to accommodate capacity building, competing demands on staff time and the shortage of available expertise. In South Africa the process of conducting a gender analysis of all the portfolios took three years.
7. ***The minimal budgetary power of many lawmakers has been a limitation.*** In many countries, there is an absence of legislative responsibility to amend planned government expenditure or revenue, while in others the situation can be one in which, for political reasons, the budgets are approved without significant critical debate.
8. ***Government and civil society collaboration.*** The best condition for a sustainable initiative is a process of dialogue and complementarity between the government-led initiative and civil society activities, ensuring that a synergy occurs between the aims, expertise and capabilities of each group. This enhances the accountability, efficiency and effectiveness of GRB initiatives. Generally, both governments and civil society agencies have reservations about working together. This is due, in many instances, to historical tensions between the two groups regarding perceived differences in goals and objects, issues of mandates and representativeness, concerns over confidentiality, or varying time-horizons. Nonetheless, experience suggests that to ensure effective implementation and sustainability of gender responsive budgets, there needs to be leadership by the government and, where possible, the involvement of civil society agencies in the design and implementation of the programme.
9. ***Identifying the role of external agencies.*** Donor institutions and development agencies function best as

catalysts for GRB initiatives, providing technical and logistical support. It is important to reiterate the primacy of local ownership of these initiatives and to highlight the importance of local control in terms of the programme's goals and objectives. In seeking to avoid a dependency on external agencies to implement the programme at the country level, the Commonwealth Secretariat has sought to engage local consultants and ensure that local capacity building and skill transfers takes place.

Future Programme Directions

Efficient and effective processes are being developed to improve the efficacy of GRB initiatives as part of a strategy to increase collaboration between governments and civil society agencies, increase the access of vulnerable groups to resources, goods and services, and improve the rate and distribution of the benefits of economic growth. The new and enhanced programme will continue to promote the following principles:

- ◆ **Country ownership:** government commitment and leadership and broad country ownership are critical for effective formulation and implementation of GRB initiatives;
- ◆ **Participation:** citizens are not only beneficiaries of development but also agents of development. Where development objectives are to be met through the budget, public expenditure management should involve wide participation in the process. This might include local government authorities, traditional rulers, civil society groups, economic and social research institutes, NGOs, community based organisations and donor agencies.
- ◆ **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 mechanisms and experiences arising out of the good practices of GRB initiatives are most likely to be institutionalised and sustained over time; and

- ◆ *Continuous improvement:* gender responsive budgets are iterative processes of consultation, participation, planning, implementation and evaluation against set goals, objectives, indicators and benchmarks. The regular review and updating of process based on emerging experiences will be a critical factor in improving the design and implementation of the programme and strengthening its impacts.

Partnerships

Following a successful meeting of government representatives and civil society institutions from Commonwealth countries and other development agencies at the Commonwealth Secretariat in April 2000 to evaluate the programme, the Secretariat sought to develop partnerships to strengthen the scope and capacities of GRB initiatives. The new inter-agency partners, the International Development Research Centre (IDRC) and the United Nations Development Fund for Women (UNIFEM), will work with the Commonwealth to support the new thrust of the programme.

The new partners bring unique and critical resources to the work. UNIFEM works towards enhancing the role, capacity and participation of women at all levels: national, regional and international. 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. To support the gender responsive budget analysis, IDRC will be drawing on the diverse capacity of its Micro Impact of Macroeconomic and Adjustment Policies (MIMAP) programme begun in 1990. This connects developing country researchers, policy officials, NGOs and international experts in an effort to design better development policies through research and dialogue.

The Commonwealth Secretariat, IDRC and UNIFEM as partners, along with the Government of Belgium, the Organisation of Economic Co-operation and Development (OECD) and the Nordic Council of Ministers, convened a High Level Conference in October 2001 to share lessons learned and to mobilise political and financial support to meet the increasing demand from governments and civil society to carry out GRB initiatives.

Programme Areas

The programme over the short and medium-term will seek to concentrate on the following areas:

- ◆ *Capacity strengthening for governments* at different levels to enhance their ability to allocate public expenditure and collect revenue in a gender equitable way.
- ◆ *Capacity building for women*, including parliamentarians and local officials as well as women's organisations, to facilitate their understanding of economic issues towards their participation in budgetary processes.
- ◆ *Reorientation of national statistical systems* to gather, compile and analyse gender-disaggregated data for budgetary policy formulation and programme implementation.
- ◆ *Monitoring and evaluation* of initiatives through the selection of targets and indicators to assess budgetary inputs and outputs and their impacts on women and men over time.
- ◆ *Documentation* of the process and its results in an effort to encourage the sharing of good practices in countries across the Commonwealth and beyond.

As part of its international advocacy and inter-agency collaboration, the Commonwealth Secretariat will continue to share information on and solicit support for the programme with multilateral and bilateral institutions.

Developing Tools for Revenue Analysis

GRB 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 focused to date primarily on the 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.

Notions of gender in revenue analysis have been confined largely to distributional effects of tax regimes. Direct taxes, essentially personal income tax, fall more on men because of their higher enrolment in the formal labour force, more senior positions and higher incomes. Indirect taxes, such as value-added or consumption taxes, have a greater impact on poor people, who spend a higher percentage of their income on consumer goods and thus end up paying a larger share of their income on such taxes. Indirect taxes have a greater impact on women because women are disproportionately represented among the poor and make proportionately higher contributions to household consumption budgets.

The development of revenue tools is expected to concentrate on:

Direct/personal income tax: Global income taxes are typically the source of gender bias. This can be in the form of marriage penalties, where couples filing joint returns incur a greater tax liability than if they filed as single individuals, or where tax on the second income in a household begins at a higher rate 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.

In 1991, Malaysia abolished the practice where the income of a married woman was automatically attributed to her husband unless she elected for separate assessment, and replaced it with a system in which husbands and wives are treated as separate taxable units with an option for joint treatment.

In 1995, South Africa abolished the application of a higher rate for single persons and married women than for married men, and changed to a unified rate.

Source: Stotsky, 1996

Indirect/Commodity tax: The current trends towards reducing trade taxes (liberalisation 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 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 expenditure is managed and distributed.

User fees: Since the 1980s the number of countries having implemented some form of user fee system has grown considerably and user financing of basic social services has become common practice in many developing countries. Governments have come to see 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 are, however, some disturbing indications from studies of the social costs (reduced utilisation of services among the poor and negative effects on well-being and health) resulting from the introduction of user fees (Esim, 2000).

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 globalisation, specifically the reduction in customs and trade taxes; and the debt crisis and the fiscal drain of debt servicing.

Tax systems contain a wide range of taxes, including those on personal and corporate income, payroll, goods and services, foreign trade, wealth, gifts and inheritances. Several aspects of taxes are relevant to pro-poor and gender responsive budgets, including:

- 1. Distributional effects of the tax system:** *What kinds of tax reforms are more beneficial for the poor, for women in poor households or other target groups? Does the tax system take a larger share of income from lower income (regressive) or higher income (progressive) quintiles?*
- 2. The size of the tax base:** *The base of taxes needs to be large enough to sustain support for key government programmes. The size and effect of tax cuts should be clearly articulated by governments.*

3. **Tax structure:** *There needs to be a balance between direct and indirect taxation and between taxes based on income, expenditure (consumption and investment) and resource use.*
4. **Tax administration:** *The issues of tax compliance/avoidance/evasion, legitimacy of tax systems/corruption and impact of taxes are also relevant.*

Source: Esim, 2000

Conclusion

GRB initiatives provide a mechanism by which governments, in collaboration with lawmakers, civil society groups, donor and other development agencies, can integrate a gender analysis into fiscal policy and budgets. By integrating social and economic development policy, gender responsive budgets promote the complementarity of growth and equity, reducing areas of trade-off between equality and efficiency. They also strengthen governance processes and provide a strategy for promoting efficient and equitable economic policies as an integral component of national development.

Building on the experience gained from the programme in Commonwealth countries, the Commonwealth Secretariat seeks to consolidate the achievements and increase the implementation of GRB 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. This work needs to be undertaken in close partnership with other intergovernmental and development agencies and, at the country level, in collaboration with civil society groups, especially women's organisations and economic and social research institutes.