



An Introduction to Gender Budget Initiatives

Presented to Macroeconomists and Other Stakeholders Involved in
Bosnia and Herzegovina's (BiH's) Poverty Reduction Strategy Process¹
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An Introduction to Gender Budget Initiatives (GBIs)

What Does a Budget Represent?

Every government budget is a statement about the government's real values and priorities. Analysis of government spending reveals government priorities such as social spending, defense, women's empowerment and human rights. A government can have umpteen national plans, gender plans, gender policy statements, a State Plan of Action on Gender, etc. but these often exist as shelf papers. A budget can also be a shelf paper but an implemented budget or revenue plan impacts people's lives. Without spending nothing happens.

What are Gender Budget Initiatives?

GBIs use gender analysis to evaluate government budget impacts on females and males. GBIs pinpoint how budgets are discriminatory in gender and other social dimensions. Their analysis is essential to understand to what extent a budget addresses gender and other issues. A full analysis of budget priorities would combine using a gender lens with class, age, race-ethnicity and regional perspectives (VeneKlasan). GBI analysis, especially if participatory, can educate the population and might precipitate changes in the budget. However, without follow up advocacy the information is less likely to be used.

GBIs come in a variety of forms. Some GBIs are national-level projects, e.g. Bangladesh's. Others also target local government, e.g. Uganda's. Uganda began its GBI at the national and then proceeded to the local level. Local GBIs tend to be based on more participatory methods, engaging communities in their analysis and in changing budget priorities and allocations. The most powerful GBIs are citizen-led. Budget analysis provides first-hand citizen education, demystifying budgets that intimidate most people. GBIs ideally analyze the budget for gender *and* do advocacy for an engendered budget. In reality many GBIs only do the research piece.

Steps in Participatory Gender Budget Initiatives

Participatory GBIs are not easy undertakings but they can be very worthwhile. They highlight a citizen's right to participate in decisions that affect their lives and their equal right to access public resources. Budget decision-making typically entails four steps: formulation, approval and enactment into law, implementation and audit and evaluation.

GBIs require transparent budget data and expertise to analyze the data. Ideally budget initiatives, including GBIs, are participatory and combine analysis with advocacy. Steps include (adapted from VeneKlasan):

- Identifying and prioritizing the problems facing marginalized groups like women and girls.
- Assessing existing government policies and programs in relation to these

- priorities including the extent to which they are responsive to marginalized groups.
- Assessing the extent to which the government budget is adequate to implement the policies and programs.
 - Monitoring the extent to which resources are used for their intended purpose and reach intended beneficiaries.
 - Evaluating the impact of the resources spent on the problems identified in the first step.
 - Developing gender-sensitive policies to integrate into the next budget.

Traditional Budgetary Constraints: Ministries of Finance and International Financial Institutions (IFIs)

Traditionally centralized ministries of finance create budgets based on inputs from line ministries. Finance ministries tend to give priority to financial obligations, especially to creditors, rather than to achieving gender equality or universal human rights and other social objectives. Although financial constraints are a reality (Elson), human rights including women's rights should take precedence over financial expediency.

However, as Debbie Budlander underlines, developing country budget analysts must recognize the supranational power of the International Financial Institutions in determining national budget priorities in the world's poorest most indebted countries. In these countries, it is "the International Financial Institutions who call the shots" and both the World Bank and International Monetary Fund (IMF) "might balk at allowing Gender Responsive Budget work to "interfere" with macroeconomic strategies, policies and models" (Budlander). In the face of GBI advocacy and criticism especially by civil society, IFIs rhetoric and studies now claim they promote GBIs. But in practice IFIs undermine women's empowerment and gender equality through economic policy conditions² and gender biased project loans to poor indebted countries.

Defense and other government priorities also constrain funds available to target women and gender equality programs. But it is up to government to make their spending choices.

The Scope of GBIs

Some 50 countries have launched GBIs of varying scope and effectiveness. Many African initiatives have focused on national expenditures of major ministries, especially on education, health and agriculture spending that affects poor women. Mexico's GBI looked primarily at the Ministry of Health's spending. GBIs in some Latin American countries and South Africa have focused on eliminating gender-based violence across government agencies, finding that there has been very little spending on preventing and combating gender violence.

² IFI economic policy conditions are often called structural adjustment conditionalities

GBI Elements

There are many possible elements that a GBI would include. Ideally a GBI would include the entire long list of elements below, but in reality each GBI contains only some of them.

All GBI *processes* should:

- Involve government, CSOs and parliament in preparation and implementation.
- Involve the Ministry of Finance and Office of the Budget.
- Be institutionalized in an on-going, regular process.
- Establish and follow transparent procedures.
- Ensure women and men participate in a balanced equitable way in all phases.
- Confer equal weight to women's and men's budget priorities.

Analysis of budget *content* ought to:

- Examine budget decision-making processes for transparency, inclusive participation etc.
- Include beneficiary assessments to measure whether intended beneficiaries receive the services promised.
- Examine government sources of revenue especially taxation. Revenue sources include personal income tax; VAT; excise taxes, import duties; and user fees (see Box 1), as well as foreign aid flows. The negative effect of debt must be measured too. The GBI must evaluate the gender impacts and degree of progressivity or regressivity of all revenue sources. Ideally, a gender equal taxation system would rely highly on a progressive income tax; exempt basic consumables from VAT; include excise taxes; and exclude or exempt the poor from basic services user fees (Elson). The rationale for these choices is explained in Box 1.
- Examine macroeconomic impacts of the budget on elements of the economy including jobs, inflation, growth, and advocate for macro policies that support women's right to paid work on equal terms with men without discrimination in hiring, employment and firing policies; decent working conditions for all.
- To the extent possible, measure the budget impact on women and girls, men and boys, in terms of priorities and outcomes. This is very difficult to do. Many programs that benefit women still reinforce traditional unequal gender roles.
- Identify any discrimination against women and girls in expenditures including hidden subsidies consisting of women's unpaid household and care work that increases when jobs are eliminated during privatization, restructuring and retrenchment. In these scenarios women are double victims, usually losing their incomes by being the first to lose jobs and last to be rehired and increasing their unpaid household care work resulting from public social expenditure cutbacks e.g. in health care.
- Evaluate the adequacy of public expenditures for the realization of the gender equality goal and promote public expenditure reforms to achieve gender equality.
- Evaluate the impact of public expenditure *reforms* on gender equality. Often

- expenditure reforms introduce performance-oriented budgeting; decentralize expenditures and services; target expenditures; and *privatize* public services. These reforms often have perverse effects on women reducing their access to services and increasing unpaid workload.
- Establish benchmarks to assess the budget for gender equality.
 - Conduct expenditure tracking studies that measure the cost of activities, outputs and outcomes and compare the actual budget against benchmarks. This entails tracking budget appropriations to the activities and outputs they fund and the outcomes of this funding.
 - Determine if the actual budget falls short of benchmarks. If so GBIs should explore the feasibility of redistributing funding among programs and increasing revenues (through taxes, foreign aid flows and debt cancellation).
 - Provide information for advocacy to influence future formulation and implementation of gender sensitive budgets.

Box 1. Gendered Impacts of Tax, Tariffs and User Fee Revenues by Source

- **Income Tax:** Progressive income taxes can benefit the poor of whom the majority are women. Income tax laws should treat men and women equally as individuals rather than jointly as households, by marital status or as dependents. GBIs should advocate for taxation based on ability to pay and income. Income tax can explicitly discriminate against women. GBIs must advocate for tax law reform that eliminates discrimination against women. GBIs should advocate for progressively-designed income tax systems that promote gender equality reducing inequality in disposable income between men and women and between rich and poor.
- **VATs:** GBIs should exempt basic necessities from Value-Added Tax (VAT) systems that IFIs impose on many client countries. VATs implicitly discriminate against women by levying tax on what people spend rather than on their income. Therefore VATs hit poor consumers more than rich ones. Since women tend to have lower incomes than men and compose the majority of the poor, VATs can disproportionately hurt women.
- **Excise Tax:** Excise taxes are levied on luxuries, alcohol and tobacco that are more heavily consumed by men than women. Excise taxes tend to be less regressive from a gender perspective.
- **Trade Duties and Tariffs:** The key gender effect of import duty reduction and elimination that the IFIs and WTO trade liberalization agenda promote is lower government revenue which reduces social (and other) expenditures and harms women's well-being. The gender impacts of trade policy on employment vary by country and sector (Beneria et al).
- **User Fees:** User fees for education, health, water, electricity and other services reduce access of poor people, the majority of whom are female. Revenue policies should exempt the poorest people from user fees.

Gender-sensitive budget *outcomes* should:

- Aim for budget reform that targets and impacts women and girls, through what is known as affirmative action in some countries, to help them to achieve equal status with men. Examples of programs targeting females include reproductive health, girls' scholarships, Gender Equality Commissions, counselling services, media campaigns, employment opportunities, etc.
- Include the value of unpaid household work in national accounts and gross national product. Doing so entails undertaking easy measures such as time use studies, valuing time used in household work and training budget officers across ministries including finance to incorporate these data.
- Strive to remunerate unpaid household work.
- Ensure that governments show their expenditure reforms are designed in ways that do not jeopardize gender equality and women's advancement.
- Ensure the share of expenditure supporting females should be at least equal to their share of the population.
- Conduct qualitative studies to measure improvements in gender equality and women's well-being and empowerment.

Country Examples of GBI Outcomes, Especially Best Practices

This section describes actual country outcomes and best practices using GBIs to direct public spending and revenue policy towards promoting women's rights and gender equality around the world.

Institutionalizing Gender Equality:

- Budget Guidelines: In Tanzania, GBIs resulted in budget guidelines instructing line ministries to submit gender-sensitive budgets. Malaysia plans to do the same.
- Budget Background Documents: In India and the Western Cape province of South Africa, GBI analyses resulted in some gender analysis being included in budget background documents.
- Performance Statements: Australia, Gauteng province of South Africa and Rwanda produce budget performance statements that include gender statements.
- Increasing the Percentage of Public Expenditure Targeted to Women and Girls: In most countries the percentage of the budget targeting women and girls is typically a very small percentage, between 0.5 and 1 percent of the budget. A few countries have mandated larger allocations:
 - The Indian state of Kerala requires 10 percent of development expenditures to target women's priorities.
 - The Philippines requires 5 percent of the budget of each public agency address gender issues. However, many agencies have not followed up (Elson).
 - The Indian 9th Plan (1995-2000) required 30 percent of expenditures on various poverty alleviation programs target women.

- Mexico in the late 1990s required that 50 percent of poverty alleviation beneficiaries be women.
- South Africa's public works programs require that 60 percent of beneficiaries should be women. Its skills development programs require that 54 percent of beneficiaries should be women (and 85 percent black South Africans).³

Securing Women's Rights:

- CEDAW: France's report to the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW) mentions a gender analysis of the government budget (Elson). CEDAW provides standards that can be used to evaluate the results of gender analyses of budgets.
- Gender Violence: South African CSOs have examined budget allocations to combat gender violence by focusing on national and provincial line agencies dealing with the courts, police and social welfare. This analysis has been relatively successful in highlighting the issue (Budlander).
- Reproductive Health: Mexico's Commission on Gender Equality and Chamber of Deputies succeeded, using a civil society GBI analysis, to obtain a 40 percent increase in budget allocations for reproductive health as well increased funding to prevent maternal mortality and support female farmers.
- Child Tax Credit: The UK Women's Budget Group convinced the Treasury to pay the Child Tax Credit to the main caregiver, almost always a woman, rather than to the main breadwinner, usually a man. South African GBI advocacy contributed to the introduction of a child support grant given to primary caregivers of children in poor households.
- Home-Based Care: UNIFEM is supporting revaluing escalating home-based care as a result of HIV/AIDS in Botswana, Mozambique and Zimbabwe (Budlander).

Promoting Women's Leadership:

- Strong Women Leaders: The foregoing Filipino, South African and Ugandan examples demonstrate that strong women political leaders committed to GBIs can be pivotal in achieving success.
- Budget Decision-Making: Women have started participating at the local level in budget decision-making in Brazil and India with emerging evidence in these countries of more attention to women's spending priorities e.g. on water and sanitation. However, nowhere do women and men equally participate in budget decision-making, an arena that males dominate worldwide.
- Parliamentary Role: Women parliamentarians have played key roles in GBIs in a few countries and GBIs have strengthened female parliamentary budgetary capacity. This has happened in Rwanda, South Africa and Uganda. While

³ Budlander comments that the percentage approach does not easily fit into how government budgets are created. This approach was used in the context of somewhat non-transparent traditional line-item budgets that list amounts spent on salaries, goods and services etc rather than whom the funds impact. Performance budgeting in increasing numbers of countries, Budlander believes, present more meaningful opportunities for establishing and monitoring gender targets and indicators.

women parliamentarians promoted GBIs in South Africa and Uganda, Rwanda's GBI raised awareness at many societal levels, bolstering female parliamentary ranks that are now the world's greatest. (49 percent of Rwanda's parliamentarians are women.) Uganda's GBI was led by the Forum for Women in Democracy (FOWDE), an NGO established by women parliamentarians. Since initiating the GBI, FOWEDE has participated in early-cycle budget planning meetings with the Ministry of Finance.

- Civil Society Role: The Filipino GBI was initiated by a civil society group that received funding from the official US Asia Foundation and was headed by a city councillor.

GBI Impacts and Challenges

Despite the above best practice examples, Budlander concludes that "Overall, however, the more than fifty GRB [Gender-Responsive Budget] initiatives around the world have probably produced relatively few budget changes." On a positive note, Budlander concludes that the main success of GBIs to date has been in raising awareness about gender issues. This is an important first step in moving toward changing policy priorities and budgets. Awareness-raising can be followed by helping government officials to produce gender budget statements, and promoting engendered budgets.

Gender changes to the budget, and all budget modifications, depend on government willingness to change and commitment to gender equality. Poor indebted countries can engender their budgets as the outcomes in Rwanda and Uganda demonstrate. However, in poor indebted countries the IFI's influential role in shaping the size of the budget constrains government action.

Major challenges to effective GBIs include:

- IFIs and donors, who exercise the real power over the budget in the poorest countries, limit the power of government officials in many countries. IFIs often insist on a cash budget approach permitting the central bank to transfer to ministries only as much funding monthly as is available in government coffers (Rowden, 2005). Such IFI constraints suggest that GBI advocates must focus on the IFIs as well as their own governments.
- Governments are organized by line functions, departments, ministries and agencies rather than by cross-cutting issues like gender. Line organization makes it difficult for gender advocates to get government officials to focus cross-sectorally on gender.
- Few government officials in most countries have ever looked at a budget.
- Parliaments in most countries cannot change the overall budget envelope; however they should be able to influence priorities.
- In only a handful of countries have women politicians committed to undertaking GBIs.
- Parliamentarians and civil society stakeholders tend to have even less influence. But there are best practice exceptions noted above.
- Most GBIs focus on women instead of integrating a gender perspective in all

budget analysis. While focusing on women may redirect much-needed resources towards women in some areas, it may overlook other areas where men's needs define the norm. For example, establishing a small women's fund often seems to be a victory. But while women are busy determining how the small funds are spent, the male bureaucrats get to spend the rest of the budget (Budlander). The Indonesia GBI experience where parliament allocated 5 percent of government budgets to women is such an example (Budlander).

Recommendations for Bosnia and Herzegovina (BiH)

- While it is highly laudable that the BiH government is enhancing its capacity to undertake gender analysis of its budget, civil society needs to contribute to this process to reflect popular priorities (see VeneKlasan). BiH efforts to institutionalize capacity for gender budget analysis needs to involve civil society and parliamentarians, as well as government from the outset. Also they all should contribute to PRSP formulation and implementation including the PRSP budget.
- BiH should develop guidelines on what PRSP reporting should say about gender in analyzing the PRSP-related budget.
- Parliament needs to include more gender-equality advocates who promote GBIs and greater gender balance among parliamentarians is needed.
- BiH's future CEDAW reports should analyze the budget for gender and make more rigorous recommendations.
- The country's macroeconomic policy should be based on extensive inclusive public dialogue about budgets rather than inputs from a group of government officials alone.
- To achieve gender equality and other social goals, BiH should consider promoting higher tax and expenditure levels that are more conducive to decent equal employment for women and men and permit higher social expenditures. This is a different model than the IFI neoliberal low tax tight expenditure approach imposed on all borrower countries.

Recommendation for Highly Indebted Poor Countries

- Debt cancellation to increase social expenditures including those enhancing women's empowerment and gender equality.

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