

Gender Budgeting

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Gender Inequalities Persist

- Throughout the world, there continue to be differences in key economic and social indicators between men and women.
- The World Economic Forum's Global Gender Index indicates that 88 percent of 111 countries covered by the index closed gender gaps in 2006-2012.
- Nonetheless, the gaps remain large, especially in the developing world, where these gaps are largest in Africa, the Middle East, and South Asia.
- The four highest ranked countries—Iceland, Finland, Norway, and Sweden—have closed 80-90 percent of their gaps, while the lowest ranked country—Yemen—has closed only a little over half of its gap.

Gender Inequalities in Education, Health, and Poverty

- Females have narrowed gaps in education.
- In many developed and emerging countries, women now attend tertiary education at a higher rate than men, while in developing countries, females are still disadvantaged, particularly in secondary and tertiary education.
- Even where females have closed education gaps, women still lag in study of science, technology, and mathematics.
- Females have also narrowed gaps in health, but maternal mortality remains high in parts of the developing world and there are still many “missing women” (fewer women than biological norms would suggest).
- Poverty has declined in relative terms but remains most pronounced in female-headed households.

Women Have Fewer Opportunities to Gain Assets and Good Jobs

- Women are still discriminated against in the legislation of many countries, especially with regard to tax and financial legislation.
- This leads to women's lower access to land and credit.
- Women's labor force participation is still hampered in many parts of the world, even for educated women. Their participation remains well under 50 percent in the Middle East and North Africa and South Asia.
- Occupational segregation and gender-related wage gaps are still pervasive features of labor markets.
- While wage gaps for equivalent work have declined, they still remain difficult to explain in economic terms.
- Women also perform the bulk of unpaid labor.

What is Gender Budgeting?

- Gender budgeting refers to the systematic examination of budget programs and policies for their impact on women.
- Gender budgeting has gained prominence in recent years, and was given additional impetus by the Fourth World Conference on Women, held in Beijing in 1995, which called for ensuring the integration of a gender perspective in budgetary policies and programs.
- Gender budgeting is not intended to analyze only programs that are specifically targeted to females or to produce a separate “women’s” budget, but rather to examine the gender effects of all government programs and policies.

Economic Rationale for Gender Budgeting

- Considerable evidence suggests that reducing the disadvantaged status of women leads to a higher rate of economic growth and greater economic stability.
- Greater equality yields benefits that the private market, when left to itself, does not fully take into account, termed positive externalities, which justify government action.
- Government budgets are not “gender-neutral” because fiscal measures may have different effects on women and men. If fiscal policies can move society toward greater equality, this benefits both women and men.

Expenditure Dimensions of Gender Budgeting

- A gender budgeting analysis might have advice to offer about the level or composition of spending.
- For instance, many gender budgeting exercises identify government programs that would be particularly beneficial to erasing gender gaps, such as nutrition programs or enhanced health care for pregnant women.
- Or such an exercise might lead to the conclusion that the government should provide a subsidy to parents to send their daughters to school or to keep them in school.
- Or it could suggest that government invest more in improving water infrastructure, to reduce the onerous burden of supplying water to a household in developing countries, a task which usually falls to girls.

Applications to Research in Science and Technology

- Because of the principal role government funding plays in science and technology, governments should ensure that public funding identifies the critical areas where science and technology can help eliminate gender gaps.
- This could entail focusing on new approaches to providing or reducing the cost of public services. For instance, technology that brings electricity and water more efficiently to rural villages in poor countries would benefit women and girls immensely by freeing their time from household chores and by making it easier for them to obtain information about the larger world.
- It could also entail focusing on basic research that would address health problems that disproportionately or uniquely afflict women.

Medium-Term Budgeting

- Gender budgets should be embedded in sensible medium-term budgets. Many of the measures to reduce gender inequalities bear fruit over the medium term and thus any short term analysis is likely to understate the value of these measures.
- For example, efforts to improve girls' education would reduce fertility but would have a significant effect over a period of time that extends through a woman's childbearing years.
- Similarly, the impact of programs to reduce illiteracy may only produce dramatic effects over a generation as the newly literate are able to participate more fully and productively in labor markets and in civic governance, and to transmit these values to their children or communities.

Revenue Dimensions of Gender Budgeting

- Explicit gender discrimination in the personal income tax may take several different forms, including the rules governing the allocation of shared income (such as nonlabor income and income from a family business), the allocation of exemptions, deductions, and other tax preferences, as well as the setting of tax rates and legal responsibilities for paying the tax.
- Implicit gender bias is often seen as the result of increasing marginal tax rates that may discourage secondary workers in a household from work and thus discourage women's labor.
- Reducing fees for essential public services might spur greater equity between women and men in education and health care.

Early Examples of Gender Budgeting: Australia and South Africa

- Australia was the first country to formally incorporate gender budgeting into its budget process to address gender inequalities. Government ministries and departments were required to analyze the impact of the annual budget on women and girls, focusing mainly on public expenditures.
- The South African initiative aimed to develop a set of values and principles for prioritizing the socioeconomic needs of poor women; to provide a tool to monitor spending and empower the institutions of government to do so; and to empower civil society to engage in discussion of issues from which they had been excluded.

Current Examples of Gender Budgeting: India

- India continues to have some of the worst gender inequities in the world. There is a need to address the feminization of poverty, significant gaps in education and health, a lack of access to clean water, and violence against women.
- The Union Budget and Five-Year Plan lay out aims to improve women's status.
- A Gender Budget Statement, accompanying the budget documents, lays out the various programs/schemes across ministries/departments for outlays for women/girls.
- The exercise covers about 6 percent of the budget.
- Examples of programs include a training and employment program for women and one-stop crisis centers.
- Some have criticized these efforts as inadequate to the task of addressing gender gaps and the slow progress suggests the government needs to do more.

Current Examples of Gender Budgeting: Rwanda

- Gender responsive budgeting was implemented in 2003.
- The purpose of gender budgeting is to bring gender perspectives into the mainstream analysis of public expenditure and public revenues.
- All ministries are instructed to assess how addressing gender inequities is taken into account in their programs.
- In education, key issues for the budget to address are girls' lower literacy and lower enrollment in math and science coursework, and a lack of appropriate sanitation facilities for girls to enable them to stay in school.
- In health, key issues are still high maternal mortality and malnutrition, as well as higher incidence of certain diseases like HIV/AIDS and lack of access to birth control.

Summing Up

- Women continue to be disadvantaged relative to men; but in many areas, such as education, differences are narrowing.
- There are positive spillovers from reducing gender inequalities.
- Bringing focus to gender inequities in fiscal policy making can lead to faster progress in eliminating these gaps.
- Public spending can target key areas such as education and health, where it is possible to close gender gaps. Other areas, such as in the economic sphere, have more persistent gender gaps and fiscal policies alone may not be sufficient to close gaps.
- Revenues measures and changes to laws and regulations can also support progress.

Gender and Its Relevance to Macroeconomic Policy: A Survey

- Gender differences in behavior have implications for macroeconomic policymaking.
- Consumption behavior
- Risk-taking
- Public choice and investments
- Labor markets

Consumption Behavior

- Raising the share of spending over which women have control benefits children and raises human capital. Women account for as much as 70 percent of household spending.
- Giving greater control over spending may also stabilize spending by increasing the proportion of household spending on necessities.
- To ensure that women have greater ability to command economic weight in the household, females need to be encouraged to study technical disciplines, where wages tend to be higher.

Risk-Taking

- A number of studies have also examined risk preferences.
- Women tend to be more risk averse.
- Micro credit evidence suggests women have superior repayment records and use loans more productively.
- Women's greater risk aversion may lead to more stability but may also lead to fewer "big win" (and "big loss") outcomes.
- The upshot of these sociological or innate differences may mean that women might approach problems in science and technology differently than men, and perhaps focus on a more fundamental set of problems: for example, reduced emphasis on high-flying financial programming and more emphasis on technology that meets basic human needs.

Public Choice and Investments

- Women's suffrage and expansion of voting rights have led to a growth of government and more "liberal" politics
- Women tend to support greater redistributive spending and public forms of insurance
- The economic implications of a larger government role, itself, are ambiguous
- The evidence suggests women favor investments that are pro-education and health and time-saving, which promote growth

Labor Markets

- Women still have lower labor supply than men, though this gap is narrowing.
- In some countries, there remain significant barriers to women's participation in the labor force, even where women's education is equalized or even superior to men.
- Economies can only take advantage of the investment in women's education and health when women can fully participate in labor markets.
- Equal wages for equal work remains a goal not yet achieved, even in developed countries.
- Today, women are attending tertiary education at a higher rate than men in the developed world and even many developing countries. It is essential for countries to make use of this talent to address economic and social problems which require a technological solution.

Summing Up

- Improving gender equality strengthens prospects for growth and stability.
- Improving women's control of household resources may lead to higher levels of human capital spending, more stable consumption behavior, and lower risk taking.
- Increasing women's political influence may lead to a greater role for redistributive fiscal policies and public insurance.
- Labor markets still retain barriers to women's full participation and to allowing women to making the best use of their skills. Economies cannot afford to waste these skills.

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