BUDGETING FOR GENDER EQUALITY

A PRACTICAL GUIDE TO GENDER BUDGETING

FEBRUARY 2024
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Advancing gender equality is a key operational priority under Strategy 2030 of the Asian Development Bank (ADB). ADB supports governments in strengthening all forms of public decision-making to promote the achievement of gender equality goals. It does so by helping national and subnational governments to, among other things, improve fiscal policymaking and public financial management by incorporating a gender-responsive perspective into the budget process. Gender budgeting contributes toward Sustainable Development Goal 5 on gender equality and the empowerment of women and girls.

This guide was developed to provide a broad overview of gender-responsive budgeting along with modules for training economists, public officials, and civil society partners on the rationale for gender budgeting, and to emphasize the importance of supporting any analyses of budget policies and management with the use of appropriate data.

ADB is supporting several countries in Asia and the Pacific in their gender budgeting efforts. In developing this guide, ADB benefited from active collaboration with country officials from several focus countries in the region, including some who are recipients of ADB-supported gender budgeting initiatives. A workshop in Tokyo, Japan in late March 2023 was instrumental in facilitating a fruitful exchange of views among government stakeholders and experts, prior to the finalization of this guide.

The preparation of this guide builds on years of collaboration and partnership for the common goal of gender equality through ADB technical assistance for the development of operationally relevant knowledge products.

We hope the insights that this publication offers will foster cross-regional learning and innovative approaches to fiscal policy and public financial management across Asia and the Pacific as we work toward achieving Sustainable Development Goal 5 and promoting inclusive development and poverty eradication in ADB’s developing member countries.

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This guide introduces gender budgeting, an approach to budgeting that is designed to ensure that government budgets incorporate gender-related goals in fiscal policies and public financial management. Fiscal policies refer to government spending programs and policies, as well as revenue policies. Public financial management refers to the practices of managing government spending and revenues, most notably the government budget process.

The main purpose of this guide is to introduce the fiscal policy concepts and public financial management practices that support effective gender budgeting (sections 4–6). It also provides background on indicators of gender inequality and the economic concepts underlying the use of gender budgeting (sections 2–3). Finally, it gives examples of gender budgeting experiences from across the world, focusing on Asia and the Pacific (section 7).

This guide is organized by sections to allow readers to focus on topics of their primary interest. The target audience is broad: from those engaged in fiscal policymaking and public financial management to those with formal training in economics and gender analysis. As a guide, it should be used in conjunction with practical guidance tailored to the specific budget system and practices of individual countries.

Gender budgeting or gender-responsive budgeting is an approach to budgeting that uses fiscal policy and public financial management to promote gender equality and women’s and girls’ development.\(^1\) Evidence suggests that greater gender equality and human development lead to stronger and more stable economic growth. Gender budgeting, when implemented well, improves fiscal policy and the management of public finances, and can, therefore, contribute to improving the well-being of women and girls. It benefits society as a whole because gender budgeting is good budgeting.

Originally developed in Australia, gender budgeting is now a widely accepted approach to budgeting (Sharp and Broomhill 2002; Elson 2002). Australia’s noteworthy 1984 gender budgeting initiative required government entities to assess the impact of the budget on women and girls. Gender budgeting received additional impetus from the Fourth World Conference on Women in 1995. The conference came out with the Beijing Declaration and Platform for Action, which advocated for governments to consider gender perspectives and women’s needs in budgeting.\(^2\) Most countries in the world have now accepted the idea of using fiscal policies and practices to promote gender equality.

Government budgets are the main instrument of governance. They reflect the priorities and values of a government and can be used to achieve greater gender equality. The use of the budget for achieving gender equality is critical in all countries, but its application is especially important in developing countries where gender

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1. The Organisation for Economic Co-operation and Development (OECD), the European Union (EU), the United Nations, and others have used some variation on this definition that conveys substantively the same idea of using the budget to promote gender equality.
inequalities are most stark, including in education, health care, and economic opportunities. The influence of women’s voices at the policy level is still modest across the globe.

The term “budget” in this guide refers to budgets found at any level of government responsible for providing public goods and services. The national budget has a large role in influencing policies and programs, and if used appropriately and skillfully, can promote gender equality. Subnational budgets (such as for states, provinces, cities, and villages) are also critical in providing public goods and services related to health, education, infrastructure, and other areas essential to achieving gender equality. These should be a focus of gender budgeting efforts as well.

One of the key constraints of successful gender budgeting is the lack of understanding of the ways in which societies hold back women’s equality and advancement (Quinn 2009). This guide tries to provide a strong conceptual and practical basis for how to use fiscal policies and public financial management practices to promote gender equality.
In almost all Asia and the Pacific countries, there has been progress in reducing gender inequalities in the last 30 years. This can be measured by looking at diverse factors that reflect gender equality, such as health, education, labor force participation, and political involvement, and by examining comprehensive indexes of gender equality that incorporate multiple factors. These trends mimic those found throughout the world.

Nonetheless, in Asia and the Pacific, there are huge differences from country to country in the nature of these gains. For example, in some of the more developed countries, women enjoy equality, or even superiority, in education and health, but fall behind men in wages and political participation. On the other hand, in some of the developing countries, women and girls do not yet have equal access to primary and secondary education and appropriate health care, and have inadequate political voice.

The global community has agreed on the importance of achieving a gender-equal society. The United Nations’ 17 Sustainable Development Goals (SDGs) includes the call for gender equality (SDG 5), as did the United Nations’ earlier Millennium Development Goals. Other SDGs address complementary issues such as access to clean water and sanitation.

**Measuring Inequalities**

To measure how well policies designed to increase gender equality are working, it is necessary to obtain relevant, sex-disaggregated data to show the differences between males and females for each indicator. In the past, many governments published limited data disaggregated by sex. For the purposes of designing gender-related policies, disaggregated data should be used, whenever it is available, but when they are not, gender-related considerations can reflect observation and experience.

A number of composite indexes are used to measure gender equality across countries. A commonly used index is the Gender Development Index (GDI), which was constructed from the Human Development Index, created by the United Nations Development Programme (UNDP). The GDI was constructed to measure the gap between men’s and women’s development. It is an index for measuring gender equality of females relative to males based on several basic variables reflecting health, education, and earned income.

The GDI is a ratio of females to males and typically ranges from 0 to 1. It may be above 1 in categories where females have advantages over males, as in secondary education, for certain societies.
Other indexes used to measure gender-related human development are the UNDP’s Gender Inequality Index, the World Economic Forum’s Global Gender Gap Index, and the Organisation for Economic Co-operation and Development’s (OECD) Social Institutions and Gender Index. Indexes specific to water include access to clean water and time spent fetching water (UNICEF and WHO 2021). The United Nations has undertaken to measure progress on all the SDGs.

## Trends

In Figure 1, the GDIs for Asia and the Pacific are shown against comparator data from advanced economies, Latin America and the Caribbean, and Sub-Saharan Africa (the bottom three sets of bars). Appendix 1 provides the regional groupings for Asia and the Pacific.

The bottom bar of each couplet shows the GDI in 1990 (or the earliest available year) and the top bar shows the GDI in 2021. The regions all show improvement in the GDI, with the biggest gains in South Asia and more modest gains elsewhere. However, South Asia still clearly lags in Asia and the Pacific.

### Figure 1: Gender Development Index

- **Caucasus and Central Asia**
- **East Asia**
- **South Asia**
- **Southeast Asia**
- **The Pacific**
- **Advanced economies**
- **Latin America and the Caribbean**
- **Sub-Saharan Africa**

All regions improved their GDIs, an index designed to measure gender equality. South Asia recorded the most improvement, particularly Bangladesh, India, Nepal, and Pakistan.

GDI = gender development index.

**Note:** Advanced economies are members of the Organisation for Economic Co-operation and Development, excluding Republic of Korea (included in East Asia), Chile, Colombia, Costa Rica, and Mexico (included in Latin America and the Caribbean). Data presented are unweighted regional averages.

**Source:** United Nations Development Programme.
In Figure 2, the gross secondary enrollment ratios (female to male) are displayed for Asia and the Pacific. Female enrollment relative to male enrollment has uniformly improved across the regions—in most cases dramatically—from 1990 to 2021. The biggest improvements in the enrollment ratios were in South Asia and Southeast Asia. No region has reached parity but, in some countries, female enrollment is now higher than male enrollment. An alternative measure, literacy rate, is unfortunately not as accurate as enrollment.

<table>
<thead>
<tr>
<th>Region</th>
<th>1990</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasus and Central Asia</td>
<td>0.20</td>
<td>0.90</td>
</tr>
<tr>
<td>East Asia</td>
<td>0.60</td>
<td>0.80</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.45</td>
<td>0.95</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>0.70</td>
<td>0.90</td>
</tr>
<tr>
<td>The Pacific</td>
<td>0.80</td>
<td>0.90</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>0.80</td>
<td>0.90</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.50</td>
<td>0.80</td>
</tr>
</tbody>
</table>

Note: Advanced economies are members of the Organisation for Economic Co-operation and Development, excluding Republic of Korea (included in East Asia), Chile, Colombia, Costa Rica, and Mexico (included in Latin America and the Caribbean). Index value <1: higher for males than for females, >1: higher for females than for males, =1: parity has been achieved. Data presented are unweighted regional averages.


In Figure 3, the maternal mortality data are presented for Asia and the Pacific. The data are modeled because of incomplete reporting; they were last reported for 2017. They suggest that there has been a sizable reduction in maternal mortality in Asia and the Pacific, especially in South Asia, Southeast Asia, and the Pacific, in recent decades. However, compared to advanced economies, there is still considerable room for improvement in this critical indicator.

In Figure 4, data on the labor force participation of working-age adults (a modeled estimate), show that in all Asia and the Pacific, female labor force participation has improved relative to males. However, female participation relative to male is still strikingly low in South Asia, with a large gap compared to other regions. In a few countries, the gap has nearly closed. India shows a declining relative female workforce participation, at variance with most of the world. This reflects various factors including the rising enrollment of women in advanced education; higher household income, which has afforded women the opportunity to leave work; fewer jobs in industries where women predominate; and strong gender barriers in the workplace (Klasen and Pieters 2015).
Figure 3: Maternal Mortality Ratio
(modeled estimate, per 100,000 live birth)

Maternal mortality declined significantly in Asia and the Pacific.

Caucasus and Central Asia
East Asia
South Asia
Southeast Asia
The Pacific
Advanced economies
Latin America and the Caribbean
Sub-Saharan Africa

Percent
2017 2000

Note: Advanced economies are members of the Organisation for Economic Co-operation and Development excluding Republic of Korea (included in East Asia), Chile, Colombia, Costa Rica, and Mexico (included in Latin America and the Caribbean). Data presented are unweighted regional averages.

Figure 4: Labor Force Participation Rate
(female to male ratio, modeled estimate, for age 15+)

Female labor force participation improved in all regions, except Central Asia. However, notably, it fell in the People's Republic of China and India (not shown here).

Caucasus and Central Asia
East Asia
South Asia
Southeast Asia
The Pacific
Advanced economies
Latin America and the Caribbean
Sub-Saharan Africa

% 2021 or latest available year 1990 or earliest available year

Note: Advanced economies are members of the Organisation for Economic Co-operation and Development, excluding Republic of Korea (included in East Asia), Chile, Colombia, Costa Rica, and Mexico (included in Latin America and the Caribbean). Data presented are unweighted regional averages.
In Figure 5, the number of seats held by women in national parliaments is shown as a percentage of the total number of seats. Despite the advances made in Asia and the Pacific in education, health, and employment, these improvements have not translated into sufficiently meaningful changes in political participation. With the exception of the Caucasus and Central Asia, all the regions lag advanced economies, Latin America and the Caribbean, and Sub-Saharan Africa.

India and Nepal provide reserved seats for women in elected bodies at the national and/or local levels. In India, this provision has only been activated at the local level while in Nepal, it has been applied across all levels of government. This suggests, in the Asian context at least, the need for gender-based mandates of a minimal level of female political representation.

Figure 5: Proportion of Seats Held by Women in National Parliaments
(% of total)

Despite the marked increase in women’s political participation in Asia and the Pacific through the years, women still have low rates relative to men.

Note: Advanced economies are members of the Organisation for Economic Co-operation and Development, excluding Republic of Korea (included in East Asia), Chile, Colombia, Costa Rica, and Mexico (included in Latin America and the Caribbean). Data presented are unweighted regional averages.

Key Takeaways and Questions for Discussion

Key Takeaways

- Gender inequality refers to the gaps in opportunities and life conditions that historically have existed between males and females, from birth.
- There are various ways to measure the disadvantages that females face in economic, political, and social life.
- The GDI is an index for measuring gender equality of females and males based on several variables reflecting health, education, and earned income.
- Across all the countries of Asia and the Pacific, there has been an improvement in gender equality as measured by gains in the GDI, education parity, maternal mortality, labor force participation, and political participation over the last 30 years. However, some countries and subregions in Asia and the Pacific have advanced faster than others.

Questions for Discussion

1. Which regions of Asia and the Pacific have shown the greatest improvement in equality of women, and which regions have shown the least in recent decades?
2. Do all the indicators presented in this section show a consistent trend?
3. Why do you think some regions have reached a greater degree of equality than others?
4. Can you think of other indicators to use that would be more informative in shedding light on basic trends and understanding why some regions lag others?
5. Why do you think these indicators have become standard?
6. Do you prefer an aggregate index like the GDI or individual indicators like education parity, and why?
Overview

Fiscal Policies

Gender-related considerations should be incorporated into the overall fiscal strategy as well as specific aspects of fiscal policies: spending and taxes; deficit and debt policies; and intergovernmental transfers. This guide focuses on spending and tax policies, but there are broader dimensions to gender budgeting that include the macroeconomic aspects of the budget and intergovernmental fiscal relationships (Stotsky 2006).

Integrating gender budgeting into intergovernmental fiscal relationships and subnational government budgeting is especially important where subnational governments play an important role in the provision of critical public goods and services in health, education, economic infrastructure, and public administration. In big countries, the subnational governments are often the key providers of such public goods and services.

A typical budget offers many ways in which gender-related concerns can be integrated into budget policies and processes. From a microeconomic perspective, the spending areas of a typical budget offer opportunities for inserting gender-responsiveness or related considerations into the budget. On the tax or revenue side, there are opportunities to improve policies and practices with gender-related goals in mind.

Government subsidies can be structured either through direct spending programs that stimulate productive activities or through tax expenditures, where tax preferences lead to forgone revenues, and through this mechanism stimulate worthwhile activities. For example, governments can provide income transfers to support low-income families or tax credits or deductions to households whose members are engaged in market work.

From a macroeconomic perspective, gender-related considerations in budgeting are also relevant. These relate to how gender equality contributes to overall growth prospects, the stability of economic growth, and ultimately, the sustainability and fairness or inclusiveness of that growth.

Over the long term, fiscal policies designed to promote gender equality can increase growth and development and, therefore, budget revenues. A stronger economy and budget, in turn, support the scope for redistributive policies, ensuring a more equitable distribution of household income after net fiscal transfers.

In the short to medium term, governments need to be concerned about how business cycles are impacting the budget and whether, during periods of austerity, there is disproportionate burden being shifted onto women. This is critical for those in lower-income households, and special measures may be needed to support them. This should have been an important consideration in the immediate aftermath of the coronavirus disease (COVID-19).
pandemic, when the collapse of service-sector employment had a disproportionately harmful effect on women who comprise a majority of workers in low-level service sector jobs. Governments with effective gender budgeting programs designed income support to buoy the incomes of households that included these workers; however, in most countries, special support programs to battle the pandemic’s effect rarely took gender-related objectives into account (OECD 2020).

**Monetary and Financial Sector Policies**

Gender-related considerations would not initially appear to fit in monetary and financial sector policies as naturally as they do in fiscal policies. An examination of these issues is often outside the study of gender budgeting, but well within the scope of feminist economics.

Nonetheless, there is scope for integrating a gender perspective in monetary and financial sector policies. Monetary policies, which pertain to the central bank’s setting of prevailing market interest rates and nominal exchange rates through its operations in financial markets, affect women and men differently to the extent that they occupy different niches of the market economy. Because women tend to earn less than men and have less capital income, they may be disproportionately affected by the tightening of interest rates that raise the cost of borrowing and slow economic activity.

Exchange rates are an important determinant of the price of exports and imports. Exchange rate depreciations, geared to stimulating economic activity, may have a differential impact on women and men depending on whether they predominate in exchange rate-sensitive industries or occupations or in subsistence or service sectors, which are less directly affected by exchange rate fluctuations. Women, as the principal buyers of household goods and services, may also be differentially affected by relative price changes resulting from interest rate and exchange rate changes and volatility.

From the perspective of financial markets, women may also be differentially affected by changes in interest rates and government programs of support to borrowers. For policymakers focused on monetary and financial policies, these gender-related considerations are relevant and interact with fiscal considerations.

In many developing countries, women still face limitations in borrowing in their own name or having adequate collateral for loans to start businesses and for other purposes. Microlending programs, specifically targeted to women borrowers, are a way governments or nongovernment organizations (NGOs) can support entrepreneurial women.

**Structural and Regulatory Policies**

Regulatory mandates can replace policies as a means to achieve a certain end, although they are often less efficient than market-based policies. For example, the government could mandate an increased proportion of female employees, rather than allowing public and private job markets to reach this outcome on their own, through supply and demand forces. An alternative to regulatory mandates in this area would be policies that provide public funds to companies that increase the hiring of women up to certain levels. Another option is to award tax preferences to companies that achieve these same benchmarks in hiring women.

Generally, economists advocate market-based policies in place of regulatory mandates because they are thought to be more efficient. But in some cases, market policies may be less effective than mandates in achieving the desired levels of gender equality. A good example of this is the use of mandated quotas for employment or training programs, where cultural biases may be so strong that women are unable to compete effectively with men for limited positions without some well-designed quotas.
Gender Roles and the Care Economy

Traditional models of the economy treat the household as being a site of consumption, with the private sector being the primary site of production. The updated view of this subject is that the household is also a source of production, but this production requires labor in the so-called “care economy,” which stems largely from the unpaid labor of women and girls.

The care economy produces family and community-oriented services as the outcome of caring for people. These items are not traditionally measured in national income accounting, which is why they have often been overlooked. However, there are a few countries today that account for unpaid work in national income accounting, such as Serbia. Many countries collect time-use data to understand the care economy, although there is scope to improve this data collection.

While the private sector produces marketable goods and services, the public sector service economy largely produces the social and physical infrastructure that creates the framework of a society. Households use this infrastructure to contribute to human productivity, caregiving to dependents, and social stability and capital.

Across the globe, women bear a disproportionate share of unpaid household work. Even women who participate in paid work also generally bear a disproportionate share of work in the home or devote a significant part of their earnings to cover the cost of replacing this work. The high costs of day care and elder care are good examples of the cost of replacing unpaid labor in the home. In lower income developing countries, this unpaid work also includes the onerous tasks of fetching water and fuel for cooking. The degree of male participation in these activities varies from place to place.

The explicit role that women play in the care economy, contributing to human capital development, economic productivity, and the quality of life, should be recognized in formulating public policies. Without the recognition of the importance of this work, public policies are likely to underestimate the benefit of investments in infrastructure and other government services that save time on unpaid labor.

Table 1 provides data from Azerbaijan as an example of the difference in use of time spent by women and men. It is clear that women are engaged in much less paid work and study than men, but spend significantly more time on unpaid work. Time-use data from other countries show similar patterns.

<table>
<thead>
<tr>
<th>Average per Day in a Typical Week</th>
<th>Women (hours and minutes)</th>
<th>Men (hours and minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid work and study</td>
<td>1:44</td>
<td>4:40</td>
</tr>
<tr>
<td>Unpaid work</td>
<td>6:06</td>
<td>2:06</td>
</tr>
<tr>
<td>Sleep and personal needs</td>
<td>9:25</td>
<td>9:40</td>
</tr>
<tr>
<td>Meals</td>
<td>2:16</td>
<td>2:10</td>
</tr>
<tr>
<td>Free time</td>
<td>2:32</td>
<td>3:15</td>
</tr>
<tr>
<td>Watch television</td>
<td>1:43</td>
<td>1:54</td>
</tr>
<tr>
<td>Other</td>
<td>1:13</td>
<td>1:13</td>
</tr>
<tr>
<td>Total</td>
<td>24:00</td>
<td>24:00</td>
</tr>
</tbody>
</table>

Note: ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021.
Source: Azerbaijan State Statistical Committee.
Figure 6 shows the inverse correlation between women’s unpaid work in the home and their economic participation. High levels of work at home lead to lower participation by women in the formal workforce and result in economic losses.

Economic Models that Incorporate Differences between Women and Men

Models that explicitly account for male and female labor have been used for decades. In these models, the assumption of an entirely uniform set of workers is replaced with one where female and male workers are assumed to behave differently on average in the labor market or in paid employment. Women—especially those who are married—were traditionally assumed to be less available or able to commit to full-time employment; in fact, as we have seen, there are systematically different participation rates of women and men in paid employment.

One consequence of the assumption that female and male workers are different is that they are also assumed to have different responsiveness (or elasticities, in formal economic language) to price and income changes. In labor markets, the main price of concern is wages (Killingsworth and Heckman 1986). However, workers are also responsive to the full array of prices in the market economy, and price changes can cause changes in real wages of women and men.
Similarly, the concept of household production functions, where labor combines with capital to produce household outputs, also goes back decades. During this period, models were being developed to differentiate female and male labor in the modeling of household productivity. Using these models allows us to assess the effect of different uses of time by females and males, facilitating an understanding of the sources of productivity of market and nonmarket activities of the household. It also helps us understand how household productivity influences economic outcomes, both at the microeconomic level of the household and the macroeconomic level of the community or economy.

**Models Examining the Relationship between Gender Equality and Economic Growth**

In recent decades, an important empirical topic has been the investigation of whether greater gender equality drives economic growth, measured by gross domestic product for example, or whether economic growth drives greater gender equality.

A wide variety of approaches have been taken in the economics literature to assess the relationship between the drivers of growth and gender equality. While this topic goes beyond what is needed to formulate gender budgeting policies, it is useful to understand the firm grounding of gender budgeting in economic principles and to present evidence on the importance of gender equality. These models draw on the innovations to treat male and female labor separately and to see the household as a place of production, not just consumption.

Fernandez et al. (2021) provide an overview of recent work on the relationship between gender equality and economic growth. In an earlier examination, Duflo (2012) concludes that there is a simultaneous cause-and-effect relationship between equality and economic development.

We present here some simple analytical modifications of standard economic relationships, adopted from Ostry et al. (2018) to illustrate generally how modelers are able to quantify the impact of women’s productive role in the household with their unpaid labor and in the labor market. Straightforward modifications of economic models capture the separate contributions of female and male labor and productivity differences.

We represent a standard production function, defined over inputs of capital and labor, and show how it can be modified to account for female and male labor having different characteristics.

\[ Y = AK^{1-\alpha}L^\alpha \]  

(1)

In equation (1), \( Y \) is output in a Cobb–Douglas production function, where \( Y \) is output, \( A \) is the level of technology, \( \alpha \) is the share of labor in total income, and \( L \) is labor supply in a constant elasticity of substitution labor supply function (i.e., a particular functional form imposing certain constraints on behavior).

In equation (2), \( L \) is modified into a composite of female (F) and male (M) labor, and \( \delta \) and \( p \) are behavioral parameters. \( L \) is labor supply in a constant elasticity of substitution labor supply function.

\[ L = (\delta F^p + M^p)^{1/p} \]  

(2)

Ostry et al. (2018) assess the potential gains from greater female labor supply to be substantial. The countries that gain the most from greater female labor force participation are poor nations that have relatively low female labor force participation, such as the Middle East, North Africa, and South Asia. Sub-Saharan Africa does not gain
much because it already has high participation of women, even though women are concentrated in low-quality jobs or informal agricultural labor. A model that takes account of the allocation of labor should also take account of the quality of labor supply and chronic underemployment of labor in places.

McKinsey (2015) assesses the global benefits of increased women’s labor force participation and concludes it is substantial, especially in parts of the developing world where women’s labor force participation is most limited.

The trends presented in section 1 and the evidence cited here and in related papers suggest that women’s labor force participation is growing and that this contributes to economic growth. When women do not work or work under suboptimal conditions, economies lose not only the labor of women, but also productivity because women’s labor is being used in a suboptimal way. Unpaid care’s disproportionate burden on women remains a significant barrier to their full economic participation, but contributes significantly to human capital development and social well-being.

The barriers to women’s full participation in economic markets can be reduced through public policies and changes in attitudes and cultures that have led to systemic discrimination. Public policies can contribute to broader changes that are required to ensure equal opportunities for women and men.

Other Aspects of Economic Behavior in Which Females and Males May Differ

If we look at other aspects of economic behavior, we can also find some systematic differences between women and men, on average. Let us examine these briefly as they also have implications for fiscal policies (Stotsky 2006).

Considerable evidence indicates that women and men differ in spending preferences. This is important because women generally take on the responsibility for buying products for use in the home. The literature has found that women tend to spend a greater share of the household budget than men on household necessities such as food and clothing, and on goods and services that benefit children.

An implication of this is that raising women’s agency in the home, which tends to raise the share of spending which they control, may benefit children and raise the overall level of human capital. In an aggregate sense, by increasing spending on necessities, which tends to be more stable than spending on luxuries, women’s control of spending also helps to stabilize spending. Another implication is that conditional cash transfers, which are targeted at certain expenses (e.g., school costs allowing female children to get an education), can be more beneficial than those that are provided to a household without conditions on use.

Women tend to favor more redistributive fiscal policies and a larger role for government. It is not surprising that women would have a greater predisposition for redistributive spending because households that are headed by women tend to occupy a lower rung on the household income scale. The implication of this finding is that greater agency for women in public life may influence spending and tax decisions, and in particular, may lead to more redistributive spending. This spending may target services that are beneficial to children and reduce unpaid labor at home (e.g., better state-funded childcare reduces unpaid childcare).

Finally, women may tend to be more risk averse in investment and financial behavior. Again, this difference may be linked to their lower relative economic position, but also to inherent or socialized differences in behavior. The implication of this finding is that greater agency for women in the household and public life may lead to a reduction in risk-taking behavior.
There are many dimensions of economic life where distinguishing the role of women and men is fruitful as a means to improving fiscal policies. Women’s contribution to social welfare in the form of child-rearing, care of older people and other dependents, and maintenance of household stability and social relationships, is generally not adequately valued. In studies of national development, there is excessive focus on market indicators such as earned income, as opposed to contributions to human capital development.

Key Takeaways and Questions for Discussion

Key Takeaways

- Gender equality can be built into consideration of fiscal, monetary and financial, and regulatory policies.
- Economic modeling can account for women’s unpaid labor and its contribution to household activities and outputs and aggregate production.
- The value of unpaid labor should be recognized and quantified and built into the determination of appropriate public policies.
- Empirical studies support the idea that gender equality strengthens economic growth and, at the same time, economic growth contributes to gender equality.
- Gender equality contributes to women’s agency in the household, which is beneficial to human capital development, stabilizing consumption spending, and increasing the emphasis on redistributive public policies.
- Gender equality contributes to women’s agency in society, which leads to their greater participation in public life.
- Gender equality generally reduces excessive risk-taking in household decisions and aggregate economic risk.

Questions for Discussion

1. How does women’s unpaid labor vary across countries with which you are familiar? Why do some countries have a more equal sharing of these burdens than others?
2. How can public policies contribute to equalizing the burden, for instance, through public support of childcare or elder care or other means?
3. Which of the policies you mentioned in no. 2 are most important in low-income countries? Middle-income countries? High-income countries? Explain why you think the balance of policies may differ across countries at different levels of economic development.
4. Do you accept the arguments that women are more focused than men on developing the capacity of their children? What evidence argues in favor or against this idea?
What is Gender Budgeting?

Gender budgeting refers to the use of fiscal policy and public financial management to promote gender equality and women’s and girls’ development. It is important to see the government budget as a tool to articulate and implement economic and social goals, including gender equality goals.

Most countries have incorporated gender-related considerations in their fiscal policies by adopting new policies or modifying existing ones in the budget process. These initiatives are considered gender budgeting, but governments sometimes eschew this label even if substantively, they are reformulating budgets to meet gender-related objectives. The substance of changes to fiscal policies and practices is what is important, not the label of gender budgeting.

A crucial aspect of gender budgeting is that it encompasses the entirety of the budget and does not just relate to minor programs to promote gender equality in specific areas of the budget. It entails a wholesale reconsideration of budget policies and practices with gender-related considerations in mind, an accompaniment to the broader idea of mainstreaming gender-related considerations throughout government policies and practices (Quinn 2009).

On the policy side, gender budgeting typically refers to policies that attempt to equalize women’s and girls’ opportunities and outcomes and advance development. However, it can also apply to achieving objectives related to men and boys, where they are at a disadvantage. In some countries, gender budgeting focuses on the needs of both sexes. Austria is a good example of this approach (Gamillscheg 2017). For instance, one of the SDGs is to equalize educational opportunities for females and males. Women and girls have typically been at a disadvantage in schooling. Gender budgeting can focus on the many countries where female opportunities for education, especially secondary and tertiary education, are weak compared to males. However, in some countries today, women and girls have higher academic achievement than men and boys, and programs are designed to address the reasons males are not succeeding in school.

Gender Budgeting is Good Budgeting

Bringing a gender budgeting perspective to public budgeting—to both the spending and taxation sides—can help ensure that appropriate public decisions are made. In this respect, gender budgeting is good budgeting.

In many developing countries, women and girls bear the primary responsibility for providing cooking fuel and water to the household. These time-consuming chores in the least developed countries can consume vast
amounts of time and energy of women and girls. It prevents women from engaging in productive, market-based work that would raise family income and their status in the household. It also prevents girls from attending school, which would raise their human potential (or capital, in economic terms) and their ability to earn a living and contribute to civic and community activities in constructive ways.

One application of gender budgeting comes from India, Mongolia, Nepal, and other lower to lower-middle income countries in Asia and the Pacific. Efforts are being made to provide adolescent girls with appropriate toilet facilities, which are essential to retaining girls in school. Other countries have tried approaches involving subsidies in cash or in kind to induce parents to extend the education of their daughters. For example, Bangladesh used a food subsidy to parents who kept their daughters in school. More recently, Bihar, one of the poorest Indian states, began providing free bicycles for girls to commute to school.

The benefits of gender equality are most often expressed in terms of improved economic growth rates. But gender budgeting should not only be seen as contributing to greater economic efficiency, productivity, and growth. Gender budgeting also relates to redistributive policies that contribute to improved social outcomes, even if these policies could come with some loss of economic growth. The Convention on the Elimination of All Forms of Discrimination Against Women principles and the SDGs recognize that there are both equity and efficiency gains from greater gender equality.

Elson (2006) notes that the Convention on the Elimination of All Forms of Discrimination Against Women principles call explicitly for governments to take measures to ensure the equality of women with men and to support women’s development, but governments do not allocate adequate money for these measures in their budgets. It is thus left to gender budgeting initiatives to ensure that this linkage is created, and that budgets ensure that programs and policies designed to address gender equality have adequate funding.

Gender budgeting takes account of both the economic and social benefits of gender equality. This approach to budgeting is not a zero sum, but a positive sum undertaking, because it improves collective social and family welfare by focusing on the unique needs and contributions of each gender.

**Expenditure Dimensions of Gender Budgeting**

Expenditures that contribute to gender equality and women’s and girls’ development include those specifically targeting women’s and girls’ needs and those encompassing more general areas of the budget. For example, an increase in spending on general health care, education, public safety, and other key areas of the budget may benefit women and girls disproportionately, even though it may not be intended as a gender-related policy. Nonetheless, the level and target of spending can and should also reflect specific goals related to ensuring that women’s and girls’ needs are met.

Disaggregating public expenditures into those targeting specific gender-related objectives and those that promote gender equality incidentally is to some degree arbitrary. This ability to disaggregate expenditures by purpose has been an important consideration in setting up the monitoring of government efforts to achieve gender equality goals under SDG 5.

Gender budgeting incorporates the value of time-saving infrastructure that benefits women disproportionately because of their nonmarket (i.e., non-income earning) work in the household. It is easy to understand the benefits of investing in infrastructure that makes doing household chores easier for women and girls, giving them more time and better conditions to engage more broadly in society. For example, improved access to water and sanitation are key gender-related goals in countries, especially where a large proportion of the population resides
in rural villages or urban slums. Quantifying the benefits and costs is more difficult and sometimes, systemic biases and longstanding cultural mores do not lend themselves to recognizing the virtue of relieving women and girls of onerous burdens in the household. These changes require budgetary investments in infrastructure that can be rationalized in economic and health terms.

Gender budgeting provides a rationale for strengthening social safety nets. Gender budgeting can contribute to the design of government programs that provide cash transfers or in-kind transfers (subsidies) to promote social objectives. The widespread use of cash and in-kind transfer programs suggests that they are effective in helping achieve fiscal policy goals of improving education and health care access and influencing workforce participation. Several countries have structured social safety net programs from a gender perspective, including those in emerging markets in Central and Latin America and in North and Sub-Saharan Africa (Stotsky 2020).

Cash transfer programs can be structured to encourage parents to keep their daughters in school longer, especially in traditional societies where girls’ enrollment lags. In societies with a strong cultural bias against girls’ education, the use of gender-neutral transfers to the household may not be enough to increase girls’ enrollment to levels comparable with boys. In such cases, it should be possible to build further incentives to increase girls’ enrollment into the design of such a gender budgeting policy. These programs can also be structured to provide transfers directly to women in households, to empower and enable them to make better decisions, especially regarding their children’s health and education.

The rate of single female-headed households with dependent children is increasing throughout the world, highlighting the importance of this issue for gender budgeting efforts. It is essential to ensure that the design of social safety nets recognizes the concentration of poverty in female-headed households.

In developing and developed countries with more extensive social safety nets, gender budgeting can also ensure that social insurance programs, typically designed to cover those who have worked throughout their adult life, do not leave a gap for older women who have had more limited work histories. The United Kingdom and Argentina are examples where public pensions were restructured to ensure a fairer pension for older women.

There are various ways that gender budgeting can contribute to empowering women in economic markets (Buvinic et al. 2015). For example, governments can provide job-related services to raise the employability and earnings of women. On the supply side, governments can provide skills training, job search assistance, internships, and wage-related subsidies or tax benefits. On the demand side, governments can provide incentives to employers in the form of subsidies or tax abatements to increase the hiring of women.

Governments can also provide fiscal incentives to help women start and expand businesses, including by improving their ability to collateralize assets and borrow money. Governments can use incentives to encourage businesses to make loans to women for entrepreneurial activities. For example, government programs that encourage the use of mobile phones or provide capital in-kind can help women to retain control of their finances.

Gender budgeting can also promote women’s agency and decision-making both in the household and in society. As we saw in section 1, women’s representation in elected office and in executive positions is rising. This progress is, however, very slow compared to most other indicators of women’s well-being. Gender budgeting can explore mechanisms to increase representation of women in the civil service, elective office, and business and project management.

Gender budgeting includes government sponsorship of training and capacity-building programs that enable a fuller participation of women in all aspects of planning, policy development, and program implementation. Many governments have special programs for training and scholarships for women and girls, especially in areas where women are underrepresented, such as science, technology, engineering, and mathematics.
Intersecting Themes—Climate Change and Gender Equality

The intersection of climate change and gender equality is attracting more attention (Deininger et al. 2023). There are critical linkages between these cross-cutting issues. Women and girls are differentially harmed by climate change because of their more vulnerable position in society and the economy. For instance, if females are concentrated in the subsistence economy, their livelihoods and status in the family are more vulnerable to climate change-related weather phenomena. At the same time, the growth of new industries to address climate change provides opportunities for female workers. There needs to be a concerted effort to ensure that females and males benefit equally from these opportunities. The global community needs to ensure that women’s voices are prominent in the discussion on approaches to addressing climate change.

A good example of a gender budgeting initiative that combines climate change with gender equality objectives comes from Rwanda, highlighted in Climate Change through the Gender Lens, a 2018 report of the Gender Summit 14 (AIMS/Portia). Rwanda developed a climate change gender vulnerability index that shows where climate-related disasters are most likely to occur and their likely effect on women and girls. Rwanda is tapping into a fund to identify programs for women to help them address climate change. At the local level, Rwanda is training women in vulnerability assessment and identifying and implementing climate change adaptation strategies.

Summing up on Expenditure Policy Dimensions

Below is a summary of areas in which policies and programs are most relevant to gender budgeting and are part of gender budgeting in various countries (Stotsky 2020):

- Improving access to education for females
- Improving access to health care, including reproductive health services, for females
- Providing public infrastructure to increase female access to services
- Reducing unpaid care burdens in the household
- Strengthening the social safety net, including in households headed by single women
- Addressing labor market and business access for women
- Ensuring women’s access to justice and security
- Promoting greater agency for women in the household
- Promoting greater agency for women in public decisions
- Promoting a pipeline of qualified women for high-level and skilled technical work in public and private planning and program implementation
Revenue Dimensions of Gender Budgeting

In this guide, we have highlighted issues mainly on the expenditure side of the budget. As gender budgeting was evolving as a practice, the revenue side of the budget was less accessible to gender analysis. Nonetheless, gender budgeting can also be expressed through adjusting tax policies, administrative practices, and regulations. This can be done by modifying tax laws and fees to promote women’s work or improve their access to critical health and education services, and reducing tax rates on small or household businesses, which can aid women disproportionately.

Several recent studies have assessed how well global tax systems are incorporating gender responsiveness. The OECD (2022) and Coelho et al. (2022) provide an updated look at the ways in which tax systems can promote or discourage gender equality; Niesten (2023) focuses explicitly on legal frameworks in Asia and the Pacific.

Revenue Dimensions of Gender Budgeting: Gender Bias in Taxation Policies and Practices

A key concept in assessing the gender responsiveness of tax policies is the distinction between explicit and implicit bias (Stotsky 1996; Grown and Valodia 2010). Explicit gender bias refers to features of laws that openly discriminate against women (or men, in a few cases). The personal income tax is where explicit bias is most commonly found in tax systems, although the majority of income tax codes have now eliminated it. For example, explicit bias may be found in laws related to the allocation of shared income (such as income from a family business or nonlabor income), the allocation of exemptions, deductions, and other tax preferences, as well as the determination of tax rates and legal responsibilities for tax compliance.

Implicit gender bias refers to features of laws that inherently have different consequences for men and women because of their different economic or social characteristics, without any conscious intentions of being discriminatory. Choosing between taxes and fees for essential public services has implications for gender equity. For example, if water resources accessible through public services have high fees in countries where fetching water is a female responsibility, this implicitly discriminates against women.

Explicit bias is not prevalent in indirect or trade taxes because the unit of taxation is related to sales of a good or service rather than a person. However, implicit bias may still be found in the pattern of tax rates or tax preferences. In many value-added taxes, lower tax rates or tax preferences may benefit expenditures that comprise a larger share of the spending of lower income households, where women predominate. But some necessities, such as women’s hygiene products, may not always be defined as necessities.

There are also administrative behaviors that exploit differences in how male and female taxpayers interact with tax authorities. New research focuses on behavioral differences between men and women and the resulting differences in civil service responses. Implicit bias may be found in tax and customs administration enforcement. In the past, most civil servants working in the tax and customs administration areas were men, though that is now changing. This predominance of male employees may result in an atmosphere which is intimidating to women, especially women entrepreneurs who might need to interact in person with tax and customs administrators. The increased digitalization of tax and customs administration offers a way to reduce face-to-face interactions and might help to level this playing field, along with efforts to increase women’s representation in administration.
Key Takeaways and Questions for Discussion

Key Takeaways

- Gender budgeting refers to the use of fiscal policies and public financial management to promote gender equality.
- Gender budgeting applies to both the expenditure and revenue sides of the budget.
- On the expenditure side, gender budgeting relates to a wide variety of policies and programs in key areas of the budget designed to promote gender equality.
- Areas where gender budgeting is relevant include education, health, employment and labor policies, infrastructure development, social safety nets, and administration of government, among others.
- Increasing employment opportunities for women in the public and private sectors—especially in jobs requiring a high level of skills—is an important component.
- On the revenue side, gender budgeting relates to tax policies and practices and the use of fees for services, designed to promote gender equality.
- Explicit bias is more typically found in personal income tax policies, though many countries have reformed their income tax to remove explicit bias.
- Implicit bias can be found in the application of any tax or fee, but it depends on value judgments and is typically more difficult to assess.

Questions for Discussion

1. What are some of the ways in which fiscal policy can be formulated to promote gender equality?
2. Discuss how this relates specifically to education, health, women’s economic participation and paid employment, transfer programs or subsidies, and finally, revenue policies.
3. Does gender budgeting have more scope on the expenditure or revenue sides of the budget? Explain your reasoning.
Implementation

Starting with a traditional government budget in a developed or developing country, there are many steps involved in moving toward gender budgeting and important roles essential to a successful implementation.

There are four key stages of creating, enacting, implementing, and evaluating a budget (Figure 7). These provide the key, broad entry points during different parts of the budget cycle.

![Figure 7: Budget Entry Points](image)

Entry Point 1: Budget Planning and Formulation and the Use of Call Circulars, Gender Budget Statements, and Cost–Benefit Analysis

- Gender budgeting requires planning and formulation of the budget with gender-related objectives in mind.
- The budget circular (or “budget guidelines”) is a document produced by the finance ministry or budget authority to guide ministries and agencies in budget preparation. Budget circulars can be extended to incorporate gender-related objectives.
- The gender budget statement is a tool to lay out the gender equality goals of government ministries and agencies, as well as the policies and programs that will support these. The gender budget statement should include an analysis of the structure of proposed programs and a measure of the budget required for implementation. Examples of gender budget statements are given later in this discussion and in Appendix 2.
- Each ministry and agency should undertake in advance its own gender impact assessment. This assessment requires an analysis of the effect of existing and potential policies on males and females. It also requires an assessment of the main beneficiaries of existing budgetary spending and how this would be affected by policy changes.
- Gender budgeting requires data on all gender-related programs to be sex disaggregated, whenever possible. These data can show how males and females are being affected in a differential or equal manner.
- This type of analysis can be done through benefit incidence analysis, a methodological tool discussed later in this section and in Appendix 3. For example, an education ministry could show what proportion of boys and girls are enrolled in primary, secondary, and tertiary education, and how spending benefits the different sexes.

Entry Point 2: Budget Enactment via Legislation

- Budgets are typically adopted in the form of an official law of parliament. After a gender-responsive analysis, the budget can be restructured, via new legislation, to reflect gender-related priorities.
- The budget law and its accompanying documentation might incorporate additional funding directed toward programs that benefit women and girls or are intended to ensure equality of opportunity and access of males and females. It might also entail—instead of additional funding—restructuring of programs for the purpose of meeting gender-related goals.
- The budget law and documentation might also entail changing government policies, such as the nature of eligibility for certain programs or the targeting of women and girls.
- Parliament, along with the executive, plays a key role in integrating gender budgeting into the budget.

Entry Point 3: Execution and Implementation of the Budget

- The budget should be executed according to the law.
- It is essential for the government to ensure that gender equality programs or policies are executed according to the intent of the law.
- Program or performance budgeting and medium-term budgeting are important components of effective execution.
Entry Point 4: Budget Evaluation and Audit

Gender budgeting requires the following activities:

- Reporting on gender equality performance indicators related to government program and policy implementation, with data disaggregated by sex or reflecting gender-related considerations.
- Evaluating why gender-related objectives are or are not being met and how to ensure that programs and policies meet those objectives in the future.
- Auditing financial outcomes related to key gender-related programs and policies with specific gender equality performance goals in mind.

There are other guides or approaches used in gender budgeting. For additional approaches, see Public Expenditure and Financial Accountability (PEFA) Secretariat (2020), which provides a framework for assessing the gender responsiveness of countries’ budgets on nine key indicators. Also see Budlender et al. (1998), Elson (2002), and Quinn (2009). In addition, there are various country-specific reports, including those listed in the references to this guide, which were developed for countries in the Asia and Pacific region and provide a useful framework adaptable to other countries in the region.

Budget Circulars and Gender Statements

A budget circular (or call circular) is typically issued by the ministry of finance. It lays out the requirements for spending ministries and other budgetary entities of the government in the submission of their budgets for consideration. These circulars may take various forms, including general guidelines, and may have different requirements from country to country.

A starting point for integrating gender-related considerations into the budget is the budget circular, where the budget circular explicitly requires budgetary entities to address gender-related concerns. In many cases, the budget circular may lay out the precise format for integrating these considerations—such as providing a template for the gender budget statement—in the budget submission of budgetary entities. Budlender (2015) provides examples in the context of Asia and the Pacific.

A gender budget statement is a key tool that governments use to formalize the process for evaluating programs and policies that will help achieve gender-related objectives through the budget. Typically, gender budget statements are prepared by the ministry of finance or government entity responsible for gender-related goals and policies, such as spending ministries, and then the gender budget statements are consolidated or reviewed within the ministry of finance.

Gender budget statements can provide a description of how different programs in the budget are responsive to gender equality concerns. Only a minority of countries in Asia and the Pacific are using a national gender budget statement to accompany the publication of their annual budget. These are Bangladesh, Indonesia, Nepal, and the Philippines (UN Women 2016). The format of gender budget statements differs from one government to another, but there are a few essential elements that appear in most versions. Figure 8 provides an example of a typical budget statement while Appendix 2 presents gender budget statements from Indonesia.
Legal Approaches

For gender budgeting to be permanently embedded into the budgeting process, there should be a legal foundation for its establishment and regular practice. Relying on a political champion who may not be re-elected is not a good strategy for longevity and continuity of impact.

There are different ways to create a legal basis for gender budgeting, as shown in Figure 9. These data come from 17 OECD countries that had implemented gender budgeting as of 2018. As we can see, parliamentary legislation, backing from high level political figures, and administrative practice required by the budget circular, are the most common methods for providing a legal basis for gender budgeting.

![Figure 8: Example of Format and Contents of a Gender Budget Statement](image)

Source: Author.

![Figure 9: Legal Approaches to Gender Budgeting in the Organisation for Economic Co-operation and Development](image)

Gender Budgeting in a Program Budgeting Format

Standard budgets are generally formatted as line-item budgets because the budgeting is based on the cost of programs or items that are enumerated, such as labor, materials, utility costs, and others. However, program or performance budgeting is more useful for the purposes of gender budgeting because it emphasizes inputs, program activities designed to produce outputs, and program outcomes. Figure 10 shows a schematic of the factors involved in program budgeting. Appendix 4 provides details on integrating gender budgeting into the government’s chart of accounts for the budget, and Appendix 5 shows a program budgeting format.

In Figure 11, we provide a conceptual example of each of these categories as applied to a project designed to increase female secondary enrollment in a developing country, within a program budgeting context. The increase in female enrollment should have broader effects such as increased literacy of young women and increased paid employment. These intermediate outcomes should lead to a reduction in poverty and eventually, greater economic growth. Such a scheme can be described with costs of inputs, activities, services, and benefits from the outcomes, which can all be calculated or measured.

In the example in Figure 11, at the beginning of the gender budgeting process, an analysis of comparative school enrollments and poverty levels between males and females would suggest a gender bias in education that disadvantages girls for the rest of their lives. After this assessment is made, a program to build schools and hire teachers can be designed to address this problem. After a certain period (in this case, perhaps 3–5 years), another assessment can be done to determine if the goals of the program were achieved. The final cost–benefit analysis would be produced in some form of a gender impact assessment.
Figure 11: Increasing Girls’ Secondary Education Enrollment

**Program:** Improved access to secondary education for girls, increasing female literacy and labor force participation.

**Situational analysis:** Girls have lower secondary school enrollment and literacy than boys because there is not enough classroom space for both, and boys are given priority.

**Services and activities:** Build more schools to increase female enrollment and enable girls and boys to attend school.

**Inputs:** Education spending for construction of schools and hiring of teachers.

**Outputs:** Girls’ enrollment increases.

**Intermediate outcome:** Increased female literacy.

**Final outcomes:** Greater work opportunities for women, reduced poverty, and increased economic growth for the society.

Source: Author.

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**Importance of Medium-Term Budgeting in Gender Budgeting**

For gender budgeting purposes, it is essential to create government budgets with a medium-term horizon, which generally means 3–5 years. This is in contrast to traditional budgeting which entails a series of 1-year budgets that do not adequately estimate spending into the future, even when programs are clearly designed to be multi-year and may have escalating costs in the coming years. Gender budgets need to be incorporated into sensible medium-term budgets because many of the measures intended to reduce gender inequalities bear fruit only over the medium term. Moreover, costs for services like education and health care tend to grow every year based on population growth and inflation, so this annually increasing cost burden must be built into a budget process, lest the program be forced to undergo cutbacks in later years.

Efforts to improve water supply also require a long-term funding commitment because they usually entail investments and maintenance over the long term. Results from these types of investments are apparent over extended periods, even over a lifetime. In the case of improved access to water, the returns can be measured in terms of time saved fetching water, the benefits of being able to engage in other activities, and the health and well-being of multigeneration households that benefit from this access.

Nowadays, most governments are building budgets in a multiyear framework called Medium-Term Expenditure Framework. Within this framework, government spending decisions are guided by priorities that are implemented within the medium term. Gender budgeting fits well with this kind of framework because its programs require...
multiple years of sustained work to be effective. Such frameworks provide for a top–down (i.e., from the ministry of finance) budget envelope of available funding and a bottom–up budget formulation from sector or department civil servants. Performance budgeting is now universally preferred to line-item budgeting.

**Gender Impact Assessments**

Gender impact assessments are a critical tool in assessing the impact of fiscal policies and practices and, although rarely undertaken, can significantly strengthen the analytical basis for effective gender budgeting. Downes et al. (2017) discuss the use of this tool in developed countries.

The initial review of a budget, at the department or ministry level, provides the opportunity to reveal gender bias in spending for government programs and policies, such as the provision of public education for girls. Bias could become evident when looking at sex-disaggregated data of school enrollments and literacy rates of females and males. This is called an ex-ante impact assessment because it occurs before any changes are made to existing laws or policies.

After constructing new classrooms and hiring teachers for several years, another assessment should be done. This assessment would look at the actual outcomes achieved by this gender budgeting program, and whether the original objectives were met, using the ex-ante performance indicators devised by the program developers. This is called an ex-post impact assessment because it is done after programs or policies to close gender gaps are put in place.

The Government of Canada has been using a framework for gender-based analysis known as Gender-based Analysis Plus or GBA Plus (Government of Canada 2023). This is a tool used to assess the potential impact of policies, programs, and other initiatives from a gendered perspective. The government uses a Gender Results Framework to track its own performance in reducing gender inequality against key indicators of progress. This framework consists of six general areas of well-being where females have traditionally lagged males:

- education and skills development;
- economic participation and prosperity;
- leadership and democratic participation;
- gender-based violence and access to justice;
- poverty reduction, health, and well-being; and
- gender equality around the world.

**Implementing Gender Budgeting: Critical Participants**

The central budget authority of a government holds the power of the purse and can greatly influence social and economic development. Most civil servants tend to do what they have done before and do not typically look to undertake new initiatives. That is why it is essential for gender budgeting to have strong support and backing from key political figures responsible for fiscal policy and public financial management. These key figures must elucidate clearly, at the beginning of a reform process, the roles and responsibilities of each participant or stakeholder.
When launching a gender budgeting program, it is important to know which political figures have the power to push forward budgeting reform. There are formal powers in a parliamentary form of government, based on the legal framework. At each stage, motivated and well-trained leaders and staff are required, as explained in Figure 12.

The hard work of taking gender budgeting from the conceptual and rhetorical level to the real world of program planning and execution occurs at different levels in government and must be coordinated within and across governments, with leadership coming from the ministry of finance.

The decisions, mainly political in nature, are usually made in the ministry of finance, cabinet, and parliament. These decisions are passed along to the ministries and agencies of government and then implemented within each ministry or agency at program level. In many cases, these programs have direct beneficiaries, but sometimes they benefit the general public, depending on the nature of the public service, as illustrated in Figure 13. In a system with multiple levels of government, the coordination must also extend to the subnational entities. Gender budgeting at the national level is insufficient if subnational entities are responsible for key public services like health, education, infrastructure, administration of justice, and others related to the achievement of gender equality objectives.
Key Roles of Civil Society Organizations and Institutional Donors

The success of gender budgeting requires motivated actors both inside and outside of government. Budget planning, implementation, and auditing are carried out by political appointees and public servants in the government. Nonetheless, actors outside of the government, such as NGOs, institutions, and donors, play an important role in developing ideas and holding government officials accountable for their commitments. Over the past few decades, many Asia and the Pacific countries, such as India, Indonesia, and Bangladesh, have had NGOs actively supporting gender budgeting initiatives.

Institutional donors such as development banks, the International Monetary Fund (IMF), the United Nations, and bilateral donors have also encouraged governments to move ahead with gender budgeting efforts. Unfortunately, the active involvement of external donors can become an excuse for governments not to fund and develop these programs. Thus, in some cases, these functions are left to outside donors only, which over time, leads to a lack of sustainability when donor priorities shift.
Methodologies for Measuring Gender-Related Spending

There are many approaches for a government to measure spending related to gender budgeting policies and programs. Indonesia, for instance, uses an approach embedded within its standard public financial management reporting, which it refers to as tagging. Appendix 4 examines this issue.

The methodological issues for tagging are quite complex, and the implementation is often inconsistent across ministries and other spending agencies of the government. Without consistent and meaningful implementation, these measures of budgetary spending are not useful.

Spending is usually part of regular budgetary programs, and it is hard to measure the incremental amounts specifically designed for gender-related objectives. The issue then arises: Should this spending be tagged and if so, what fraction of it? Ultimately, there is no one correct way to do this tagging, and governments should lay out and apply a uniform methodology, making clear how it is measuring these amounts. The aggregate amounts are, in many senses, less important than whether money is spent well on specific programs and policies that address gender-related objectives.

For example, a country can choose to boost spending on programs to keep girls in school or it can boost spending for education overall, which has as a component ensuring that girls can remain in school. It is hard to say in the latter what part of spending is specifically related to gender-related goals.

The OECD Development Assistance Committee (DAC) supports inclusive and sustainable economic growth in developing countries, including poverty eradication and improved living standards. Developed countries donate financial support to developing countries for humanitarian and development purposes.

When reporting on financial matters to the OECD, DAC members assess the degree by which their development aid addresses gender equality and the empowerment of women and girls. A DAC gender equality policy marker is applied at the planning phase of the development activities. The OECD (2016) indicates that a project or program is classified as focused on gender equality if it is “intended to advance gender equality and the empowerment of women and girls or reduce discrimination and inequalities based on sex.” The Handbook on OECD-DAC Gender Equality Policy Marker provides more details (OECD 2016).

The DAC gender equality marker consists of three scores that rank the justification for a government program (OECD 2016). These are as follows:

- Not targeted (Score 0): The project/program has been assessed against the marker, but has been found not to target gender equality.
- Significant (Score 1): Gender equality is an important and deliberate objective, but not the main reason for undertaking the project/program.
- Principal (Score 2): Gender equality is the main objective of the project/program and is fundamental to its design and expected results. The project/program would not have been undertaken without this objective.
Using a Benefit Incidence Analysis in Gender Budgeting

Benefit incidence analysis is a tool for evaluation that governments and researchers use to assess how well gender-related government goals are being met. This type of analysis looks at the benefits or burdens of a government program, with the beneficiaries categorized by sex. For certain kinds of spending, such as for schools or health care, it is straightforward to divide beneficiaries by sex. There are various approaches to measuring the spending and benefit, discussed in Appendix 3.

This analysis has two main benefits. First, it allows a government to assess the cost of providing equal government services to females and males. Second, it allows a government to assess the incidence or frequency of use for these services.

Indonesia: An Illustration of Gender Budgeting in Asia and the Pacific

With the essential elements laid out, we look at Indonesia’s gender budgeting framework. Indonesia’s approach is one of the most developed in Asia and the Pacific and has led to notable achievements. Stotsky and Anggraeni (2022) discuss this in more detail.

Indonesia’s gender budgeting approach was adopted in 2009 through a regulation of the Minister of Finance No. 119. This regulation, which is regularly updated, mandates ministries and agencies to perform gender analysis and prepare gender budget statements using a common format.

In 2012, this approach to gender budgeting was reinforced with the National Strategy to Accelerate Gender Mainstreaming, a joint effort of the key ministries involved in gender mainstreaming: the Ministry of National Development Planning (BAPPENAS); the Ministry of Finance; the Ministry of Women’s Empowerment and Child Protection; and the Ministry of Home Affairs, which deals with subnational entities. Equivalent initiatives exist at the subnational level in local governments and villages.

The various regulations incorporate gender budgeting in the annual work plans and budget submissions of government ministries and agencies. The mandated approach requires ministries and agencies to conduct a gender analysis or analysis pathway and prepare gender budget statements. Ministries and agencies are supposed to “tag” (or identify) the funds in their budget submission that address gender inequality. The approach to gender budgeting is incorporated into the official performance budgeting software called KRISNA. The Ministry of Women’s Empowerment and Child Protection, along with the other ministries or agencies working with it, have developed guidelines to review the implementation of gender budgeting.

Indonesia’s gender budgeting approach is well institutionalized. It is supported by a presidential decree and related regulations; government-wide guidelines for ministries and agencies; a common approach for the gender analysis pathways and gender budget statements; and required monitoring, evaluation, and audit to be conducted by ministry inspectorates and other evaluators.
There are four general aspects by which gender budgeting is evaluated: access, participation, control, and benefit. Equal access assesses whether men and women can use and obtain resources equally. Participation assesses whether decision-making processes involve men and women equally. Control assesses whether men and women have fair and equal rights in resource control. Benefit assesses whether men and women receive equal benefits in economic development and growth.

There are also seven preconditions for effective gender budgeting: commitment; policy, including guidelines; institutions, including a gender mainstreaming working group or ministry focal points; adequate human resources and funds for implementation; the use of disaggregated data; the use of analytical gender analysis tools; and community participation.

The gender budget statement is the building block of the approach, leading to what becomes the terms of reference. The gender analysis pathway requires an identification of key issues and assessment of the causes of gender inequality. It also requires the formulation of policies and programs that would eliminate gender inequality. During the analysis, relevant stakeholders are identified, and performance indicators are selected to measure progress.

The gender budget statement follows a format that is incorporated into the performance budgeting system. This format draws on the gender analysis. Ministries and agencies lay out the problem, conduct a situational analysis, and prepare an action plan. They determine, based on their analysis, the programs needed to address gender inequality, as well as the activities, performance indicators, and expected outputs of the programs. They then allocate a budget for the outputs of the activities and assess the expected impact of the programs.

Gender budgeting is well integrated into Indonesia’s public financial management system and KRISNA software. ADB has recently assessed Indonesia’s overall approach to public financial management and found that good fundamentals are in place (ADB 2018). It found that the Directorate General of Budget formulates the state budget under a well-defined budget process; uses a classification system aligned with international standards; and has adopted performance-based budgeting and medium-term expenditure forecasting. However, the evaluation found that the quality of audit by inspectors general in line ministries and subnational inspectorates needs strengthening. A similar weakness is apparent in the gender budgeting approach (Stotsky and Anggraeni 2022).

The budget cycle is based on an annual cycle. The Indonesian approach to gender budgeting follows the annual planning and budgeting cycle and is laid out in the guidelines of the Ministry of National Development Planning (Government of Indonesia 2021). The budget cycle is divided into stages where ministries and agencies prepare background materials—general analysis of pathway, gender budget statement, and terms of reference—to support programs and policies. After receiving an indicative ceiling for the budget, they update their activities and associated outputs and tag gender budgeting programs in KRISNA.

The Ministry of Finance and the Ministry of National Development Planning hold meetings with other ministries and agencies to update the analysis and budget estimates. These entries are then made final. Activities are monitored and evaluated as they are being executed during the fiscal year. This well-defined cycle leaves adequate time to prepare an analysis, agree on programs, and conduct active monitoring and evaluation.
Key Points and Questions for Discussion

Key Takeaways

- Gender budgeting should be integrated into budget processes organically, at all stages of budget formulation, execution, and evaluation.
- Program or performance-based budgeting and budgeting set in an explicitly medium-term context are critical components of modern budget formulation and implementation. Gender budgeting should be integrated into these budgeting approaches.
- A firm legislative basis for gender budgeting is important though the exact approach varies and can include constitutional, statutory, or regulatory enactment.
- The ministry of finance and specifically, the minister of finance, and other key budget entities are key to successful implementation.
- Women’s ministries can play an important supporting role, especially as a resource for knowledge on integrating gender-related considerations into the budget.
- Spending ministries play a key role in formulating meaningful gender budget statements and setting measurable performance indicators tied to key national objectives on gender.
- Training of spending ministry staff is essential to successful implementation. Appointing focal points in each ministry is a common approach.
- NGOs are also instrumental in contributing to the formulation of budget policies and programs and ensuring accountability in implementation.

Questions for Discussion

1. What are the key entry points for integrating gender budgeting into the budget process at each stage of the budget?
2. What is the concept of a gender budget circular and a gender budget statement? Provide examples.
3. What is the concept of ex-ante and ex-post gender budget assessments? How are gender budget audits different from ex-post assessments? Provide examples.
To illustrate gender budgeting, we present an example of better access to water. The goal is improved access to clean water for small communities in a rural part of a low-income Asian country. What are the steps that we need to take to program this activity in a performance budgeting framework? And how would we add gender equality as an element?

**General Benefits**

The benefits of gender budgeting in water resource allocation are seen in the improved health of citizens, greater productivity in the workplace, and greater enjoyment of life resulting from the reduced time spent on tiring chores. Pories (2015) and Grant (2017) examine these issues in a gender-related context.

**Practical Benefits**

Practical health benefits can be measured as extended life expectancy or lower incidence of diseases, and the ability to be more productive economically. For gender budgeting, consider the reduced time demands on women and girls brought about by infrastructure investment and how this time might be better spent.

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**Gender Budgeting Example: Increasing Access to Water Resources**

Second Chittagong Hill Tracts Rural Development Project in Bangladesh. The Chittagong Hill Tracts Rural Development Project by ADB has facilitated piped water system or hand pump-wells to the communities living in the area (photo by M.R. Hasan/ADB).

Water Supply and Sanitation Sector Project in Lao People’s Democratic Republic. Children cooling off with clean, piped water in Khan Village, Lao People’s Democratic Republic (photo by Xaykhame Manilasit/ADB).
Program Budget Format Applied to Improving Access to Clean Water

Budgets are classified in terms of government programs that are related to desired outcomes.

Inputs would be water, pipes, pumps, maintenance workers, and others.

Programs include investments in sources of water, installation of pipes, and treatment and monitoring of the water. This investment also would reduce the time costs for women and girls to fetch water. The time savings for daily chores of women and girls could be used for less onerous and more productive activities, such as education or work in the formal labor force.

These considerations add to the benefit of having clean water nearby; without this added benefit, the government might not want to make the investment in water infrastructure.

Activities include treating the water and monitoring and building accessible sources at a limited distance from where residents live.

Outputs for water resources include availability of clean, running water.

Outcomes are improved health and income for rural residents.

Performance indicators could include the proportion of residents with access to clean water and the time required to supply a set minimum amount of water per day.

Improving gender equality can be incorporated into this project by building into the analysis of the burden of fetching water on women and girls and valuing the reduction in time commitment to this task in terms of freeing women and girls to engage in education and work.

Understanding Cost–Benefit Analysis in Gender Budgeting

Cost–benefit analysis involves comparing the benefit to the cost of government provision. Valuation of benefits and costs is difficult. Benefits may be estimated in a utility or social welfare framework. Valuation includes other important issues such as a time discount rate for services that have benefits and costs over time and the appropriate time frame. It may be difficult to precisely measure the benefits, especially those that accrue to society instead of just an individual or family. There is also a judgment on indirect benefits and costs.

We use a basic metric that the net present discounted value of an activity should be positive (that is, the present discounted value of benefits is greater than that of costs). Other, similar metrics can be used, such as internal rate of return and benefit to cost ratios. On the margin, the activity should be undertaken as long as the net present value of benefits is a positive number, but it must still be compared to other possible programs.
Example of a Gender Budgeting Cost–Benefit Analysis for Improving Water Access over 10 years

**Budget item:** Investment in water improvements by drilling wells in villages

**Costs**

- Villages consist of 100 families of husbands and wives, with 4 children each, split between boys and girls.
- The cost of capital infrastructure is $50,000 per well, and the cost of maintenance of the new well is $1,000 per well per year (for both equipment and staff)
- The discount rate is 5% per year based on the cost of government borrowing.
- Costs are adjusted each year for inflation of 5%, simplifying the analysis.
- The present discounted value of the total cost is $60,000 per village, over 10 years.

**Benefits**

The well adds 1 year to the productive work life of both men and women, stemming from better health and for women, a combination of better health and reduced chores in the household. This investment also allows one more girl in each family to attend school for 10 years and adds to her future productivity in the workplace.

Without gender budgeting, we might ignore the benefits of women having more time for work and girls having more time for school.

The benefits of 1 additional year of work by men and women were measured in terms of wages: $500 for men and $400 for women per family. Multiplied by 100 families, the total wages amount to $50,000 for men and $40,000 for women, or $90,000 combined.

The benefits of additional schooling for girls were measured in terms of future wages from higher productivity. Calculations suggest that well water added the equivalent of 1 year of work or $400 in wages. Multiplied by 100 families, this amounts to $40,000.

**Total Net Benefits of Drilling New Wells**

- The total value of the benefits of improving access to water is $90,000+$40,000 or $130,000.
- The net present value (benefits minus costs or $130,000−$60,000) is $70,000.
- Without the benefits from the additional work by women and schooling of girls the net present value (benefits minus costs or $50,000−$60,000) is −$10,000.

**Conclusion with gender budgeting:** Improved access to water resources has a positive net present value, and, therefore, is a program that should be carried out.
Key Takeaways and Questions for Discussion

Key Takeaways

- Net present value analysis, used to provide an analytical basis for government decisions, can reflect gender-related considerations that are generally ignored in standard approaches.
- The benefits of incorporating the achievement of gender-related goals (or alternatively, the costs of not incorporating their achievement) modify standard analysis.
- While certain assumptions may be needed to quantify benefits and costs, it is possible to add rigor and make use of sex disaggregated and time use data to construct reasonable measures.
- Net present value analysis augmented to a gender budgeting framework may influence government decisions in terms of which programs and policies to implement, how to structure them, and how much money to spend on them.
- The training of staff responsible for analyzing budget measures should include an extension of the framework to incorporate the benefits and costs of achieving (or missing) gender-related goals, as in the example in this section.

Questions for Discussion

1. Develop an example using a health care program to supplement the food of pregnant women and postpartum women and their children, where the benefits of reducing maternal mortality and having healthier children are assessed.
2. Develop an example using an investment in infrastructure to facilitate electrification of rural areas, where the benefits are mainly saving time in the home and enhancing children’s ability to study at night.

Conclusion without gender budgeting: The negative net present value would suggest the project should not be done. Therefore, additional benefits for females enabled by this investment—allowing women and girls to earn income and attend school—is a key factor in making the investment economically worthwhile.
Global Experiences

This section highlights global experiences with gender budgeting, both in capsule form across the globe (Stotsky 2020) and on five focus countries from Asia and the Pacific with ongoing gender budgeting initiatives. These countries are Azerbaijan, Fiji, Indonesia, Mongolia, and the Republic of Korea.

Asia and the Pacific

• Bangladesh has had a transfer program that rewarded parents for keeping girls in school.
• Japan and the Republic of Korea took measures to support greater women’s work participation, including through regulatory changes.
• Kerala, a state in India, increased infrastructure spending to facilitate women’s participation in economic and public life.
• The Philippines dedicated a minimum of 5% of spending to gender goals, although this was viewed as inefficient and modified over time.

Europe

• Austria changed its Constitution and its primary budget legislation to mandate each ministry or department to identify a gender-related goal, but ensuring that funds for gender-related programs are included in the budget has been a challenge (Gamillscheg 2017).
• Belgium amended primary budget legislation and requires the identification of gender-related goals, but they are not written into the Constitution.
• Iceland required a focus on gender equality objectives during a period of austerity.

Sub-Saharan Africa

• Rwanda incorporated gender budgeting into the organic budget law and throughout the government, similar to the Austrian model. It set up an agency to monitor implementation.
• South Africa had one of the first gender budgeting initiatives in the world—it changed tax laws to benefit female-headed households. It recently reinvigorated this initiative.
• Uganda also had an early gender budgeting initiative and focused on addressing key gaps in services to women. Its Public Finance Management Act, adopted in 2015, strengthened the framework.
Western Hemisphere

- Argentina, Brazil, and Chile enacted fiscal policies to help low-income and single mothers, subsidize childcare, and improve pensions for older women.
- Canada formally adopted gender budgeting in recent years, largely in response to the sustained encouragement of NGOs. It has systematically incorporated gender budgeting into its budget processes and examined macroeconomic dimensions such as the effect of gender equality on the labor market and on household poverty.
- Mexico City invested in the expansion of public transport limited to women to provide safer transportation for women.
- The United States has studied ways to integrate diversity into public policies, but has not adopted gender budgeting at the federal government level. Many federal, state, and local institutions do take gender-related goals into account in designing programs such as providing assistance to pregnant women and their children; giving tax preferences for childcare; and prioritizing government support of medical research on diseases primarily or exclusively affecting women. Several localities have at times adopted a gender budgeting perspective in budget decisions, especially on infrastructure.

Asia and the Pacific Focus Countries

Azerbaijan

Situation Analysis

- In 1995, the legal and policy framework to promote gender equality and protect women's rights was incorporated into the Constitution.
- In 2022, the Government of Azerbaijan’s socioeconomic strategy, stressing the importance of improving women’s economic opportunities, was adopted.
- In 2022, ADB recommended that the government adopt gender budgeting.
- Work is progressing on developing a framework, with two pilot ministries. The Ministry of Science and Education has issued an internal rule to adopt gender budgeting in the education sector.

Assessment

Pros

- Women are underrepresented in vocational education so this is one of the focal points for the gender budgeting pilot, along with labor and social protection.
- Work is ongoing to adopt a medium-term expenditure framework and performance-based budgeting, offering an opportunity to integrate gender budgeting in an outcome-based framework.
- The Ministry of Finance is the core ministry to lead and coordinate the initiative.
Cons

- There is no legal basis for gender budgeting in the budget laws.
- The capacity to implement gender budgeting is limited across the government, with the two pilot ministries still developing methodological approaches.
- The role of parliament, the chamber of commerce, and civil society in the gender budgeting initiative is still limited. They could be more involved in both the formulation and evaluation and review stages.

Fiji

Situation Analysis

- Fiji has the legal and policy framework for gender equality.
- In 2019, with support from ADB, Fiji reactivated its gender budgeting initiative, with a focus on pilot ministries. In this context, it has developed a specific gender budget circular.
- The Ministry of Economy, in collaboration with the Ministry of Women, Children, and Poverty Alleviation has begun rolling out gender budgeting to all ministries.
- Fiji is using the approach laid out in the Public Expenditure and Financial Accountability (PEFA) gender budgeting supplementary framework.

Assessment

Pro

Fiji is using a widely accepted format for its gender budgeting initiative, in which it integrates the gender budget circular with budget submission templates, quarterly reporting, and gender budget statements.

Con

The capacity to implement gender budgeting is limited across the Government of Fiji, and an earlier initiative fell by the wayside. Fiji will have to find a way to institutionalize the initiative and ensure that it focuses on key areas of policy.

Indonesia

Situation Analysis

- Indonesia has inconsistent rankings on measures of gender equality.
- Indonesia scores well on gender equality in education and health and/or survival, but poorly on economic participation and political empowerment.
- Gender budgeting was put in place in 2012 through the National Strategy to Accelerate Gender Mainstreaming.
- The four agencies responsible for leading gender budgeting are the Ministry of National Development Planning (BAPPENAS), the Ministry of Finance, the Ministry of Women’s Empowerment and Child Protection, and the Ministry of Home Affairs.
- Indonesia has adopted performance budgeting in a medium-term framework and integrated gender budgeting into its public financial management approach and financial software.
• The legal basis for gender budgeting includes a presidential decree and supporting regulations applicable to ministries and agencies at the national level, as well as government mechanisms at regional, local, and village levels.
• Government regulations also include a format for ministries’ gender budget statements and related analysis. The monitoring, evaluation, and audit criteria for ministry evaluators also have a format.

Assessment

Pros
• There is widespread acceptance of the importance of gender equality and the need for initiatives.
• NGOs play an active role.
• The gender budgeting initiative has had some successes. It has led to:
  – Increased training for customs officers on dealing with women taxpayers;
  – Increasing women’s employment;
  – A reduction in tax rates in 2018 for enterprises and microfinancing of small home-based businesses, interpreted as benefiting women; and
  – Greater awareness of the need to promote women’s employment and to provide services, such as daycare, to allow them to remain employed.

Cons
• The gender budgeting initiative is not as well integrated with key gender-related development priorities to ensure that these priorities are incorporated into government programs. So far, not all ministries are fully on board.
• The gender budgeting approach does not fully incorporate the medium term, and there is little pre- and post-evaluation.
• The training of staff remains insufficient to ensure that staff members have skills for gender budgeting analysis.
• The methodologies to identify and measure gender equality spending (known as tagging) are inconsistent across ministries.

Ways Forward
• The updated presidential decree should strengthen the legal basis for gender budgeting.
• Ministries and agencies, especially those with key gender equality goals, could be mandated to take an active role in gender budgeting, ensuring that programs address key development priorities. They should choose appropriate indicators and monitor and report on them every year.
• Each ministry could include a special appendix to its budget that lays out the gender equality programs and the results, including indicators of progress.
**Korea, Republic of**

**Situation Analysis**

- The Republic of Korea ranks high on most measures of gender equality. Women have reached parity with men in secondary education and labor force participation while lagging in political representation.
- The Republic of Korea was one of the first Asian countries to promote gender equality and advancement of women in the labor force. In 1995, it enacted the Framework Act on Women's Development, which was amended in 2015, to become the Framework Act on Gender Equality.
- The legal framework for gender budgeting was established in the National Finance Act of 2006, requiring the Government of the Republic of Korea to evaluate the national budget's differential effects on men and women.
- The Korean Women's Development Institute was instrumental in introducing gender budgeting into the policy discussion. It plays an important role in conducting research and providing information on the Republic of Korea's gender budgeting approach and accomplishments.

**Assessment**

**Pros**

- One of the government’s key priorities was to increase women’s participation in the labor force and in high-level positions to offset a labor shortage and aging of the workforce. It appears that considerable progress is being made. The female labor force participation rate has risen from 49.3% in 2009 to 54.6% in 2022.
- Since 2002, the government has adopted a series of affirmative action measures to enhance women’s representation in public offices, culminating in 2018, when these measures extended to high-ranking officers in all government bodies.

**Con**

- Women are only gradually increasing their representation in political office. They constituted less than 20% of seats in parliament as of 2020, which was an increase from 16% in 2012.

**Mongolia**

**Situation Analysis**

- Mongolian women are generally progressing in areas of gender equality, especially in education and health, but still lag in economic participation and opportunity and political empowerment. Regional variation is significant.
- In 2022, the Government of Mongolia approved the Cross-Sectoral Strategic Plan for Promoting Gender Equality in Mongolia (2022–2031). The government is mandating gender equality goals across all sectors, along with a way to measure progress.
Assessment

Pros

• The government has adopted a PEFA nine-step gender budgeting model for Mongolia. There are also road maps for the Ministry of Finance and other line ministries outlining gender budgeting elements to include in the upcoming public financial management action plan.

• The Ministry of Finance has piloted gender budgeting guidelines in the annual budget circular. The guidelines include a format for gender budget proposals.

• The government has piloted gender budgeting in two ministries: the Ministry of Labor and Social Protection and the Ministry of Education and Science.

• The government has sponsored training on gender budgeting for more than 500 civil servants.

• It has conducted an analysis of gender data gaps in areas of the budget.

Cons

• Gender budgeting policies that have been adopted are not sufficiently well connected to national development and sector priorities and the budgeted programs.

• The linkage of budget allocations to outcomes is lacking.

• Staff with the requisite training in gender-related policy planning and budgeting are still in short supply.

• Performance reporting is still lacking.

• Sex-disaggregated data are sufficient to evaluate gender gaps, but are still deficient in understanding beneficiaries of government programs and services.
APPENDIX 1
Regional Groupings for Asia and the Pacific Economies

These groupings follow those of the *Asian Development Bank Outlook*.

<table>
<thead>
<tr>
<th>Caucasus and Central Asia</th>
<th>East Asia</th>
<th>South Asia</th>
<th>Southeast Asia</th>
<th>The Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>People's Republic of China</td>
<td>Afghanistan</td>
<td>Brunei Darussalam</td>
<td>Fiji</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Hong Kong, China</td>
<td>Bangladesh</td>
<td>Cambodia</td>
<td>Kiribati</td>
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<tr>
<td>Georgia</td>
<td>Korea, Republic of Mongolia</td>
<td>Bhutan</td>
<td>Indonesia</td>
<td>Marshall Islands</td>
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<tr>
<td>Kazakhstan</td>
<td>India</td>
<td>Lao People's Democratic Republic</td>
<td>Malaysia</td>
<td>Federated States of Micronesia</td>
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<tr>
<td>Kyrgyz Republic</td>
<td>Maldives</td>
<td>Myanmar</td>
<td>Philippines</td>
<td>Nauru</td>
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<tr>
<td>Tajikistan</td>
<td>Nepal</td>
<td>Singapore</td>
<td>Thailand</td>
<td>Palau</td>
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<td>Turkmenistan</td>
<td>Pakistan</td>
<td>Timor-Leste</td>
<td>Timor-Leste</td>
<td>Papua New Guinea</td>
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<tr>
<td>Uzbekistan</td>
<td>Sri Lanka</td>
<td>Viet Nam</td>
<td>Vanuatu</td>
<td>Samoa</td>
</tr>
</tbody>
</table>


These examples are edited versions of English translations of recent gender budget statements, presented in Stotsky, J. and N. Anggraeni. 2022. *Improving Gender Budgeting in Indonesia*. Washington, DC: USAID.

**Example 1**

**Gender Budget Statement**

Ministry/Institution: Ministry of Agriculture  
Organizational Unit: Director General of Plantations

<table>
<thead>
<tr>
<th>Program</th>
<th>Account</th>
<th>Farmers Welfare Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td>Field school internship development</td>
<td></td>
</tr>
<tr>
<td>Sub-Activity</td>
<td>Integrated Pest Management Field School (IPM-FS)</td>
<td></td>
</tr>
</tbody>
</table>
| Situation analysis | Plant pests are crucial factors that impede the achievement of a plantation’s production targets. As a result of plant pest disruption, production and quality decline, reducing the selling price and revenue. Control efforts in plantation crops are still dominated by the use of chemical pesticides, which in the long run, will lead to environmental destruction and is contrary to environmentally friendly and sustainable agricultural development.  
It is essential to be efficient, effective, and environmentally friendly in handling pests. The concept of Integrated Pest Management (IPM) is an answer to tackle the problem of plant pests.  
Recognizing the limited capacity of human resources within smallholder farmers, a new approach is being used with them. The school aims to empower both male and female farmers in the decision-making of their plantation management, so that they can independently conduct IPM.  
From 1997 to 2008, 131,185 farmers were trained, of which only 20% were female.  
• In the IPM-FS implementation through a subproject, it has been determined that the number of female participants should be increased.  
• During background work to determine candidates for participation and location, those invited are farmers who own their lands and lessees or tenants who generally are heads of households. These have tended to be men. The background work, usually held in the morning, is also an obstacle for women who have home chores to finish.  
• The IPM-FS activities are conducted in 16 consecutive meetings and run from 8 a.m. to 2 p.m. The relatively long hours contribute to women’s low participation. |
Based on observations made during IPM-FS, female farmers play a role in the management of smallholder plantations; therefore, in the implementation of IPM-FS, there must be efforts to increase their participation.

To do this, both female and male farmers are given equal opportunities at each stage:

**Preparation**: This includes the determination of candidates for participation and the location. The timing of the training should offer equal opportunities for male and female farmers to participate in the IPM-FS activities.

**Implementation**: The 16 consecutive weekly meetings would include routine activities of agroecosystem observation, agroecosystem analysis, and decision making and actions, as well as special topics and group dynamics.

**Monitoring and evaluation**: Effective monitoring and evaluation is necessary to IPM-FS implementation, and it is essential to ensure that this program adheres to principles of gender justice and equality.

### Actions planned under sub-activities

<table>
<thead>
<tr>
<th>Program</th>
<th>Account Group 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation analysis</strong></td>
<td>IPM–FS Plantation in Kabupaten.</td>
</tr>
</tbody>
</table>

**Input indicator**

- Field facilitator at the Kabupaten and province levels.

**Output indicator**

- 70 farmers groups are to be trained, consisting of 1,750 female and male farmers in 18 provinces across 36 districts with a ratio of 75% male farmers and 25% female farmers.

**Budget**

- Rp2,706,380,000

**Outcome indicator**

- Participants can apply the four principles of IPM (the cultivation of healthy plants, regular observation, conservation and utilization of natural pest control, and farmers as IPM experts) in managing their farms.

Rp = rupiah.
Example 2

Gender Budget Statement

Name of Ministry/ Institution: Ministry of Finance
Organizational Unit: Directorate General
Unit of Echelon II/Work Unit: Directorate of Customs

<table>
<thead>
<tr>
<th>Program</th>
<th>Supervisory, Service, and Acceptance Program in Customs and Excise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td>Development of Customs and Excise information technology</td>
</tr>
<tr>
<td>Activity performance indicators</td>
<td>Service downtime system percentage, and service user satisfaction index</td>
</tr>
<tr>
<td>Activity output</td>
<td>Network maintenance and information system development</td>
</tr>
</tbody>
</table>

Situation analysis

Before the Customs Electronic Data Exchange (PDE) program was developed, importers and exporters were required to manually hand over import/export documents directly to Customs and Excise Supervisory and Service Offices, located at seaports and airports. In this community, customs work was traditionally men’s work, and women’s participation was limited because of perceived safety factors.

After the Customs Electronic Data Exchange (PDE) program was implemented, import/export document handling has become easier because import/export declaration is made electronically and can be accomplished from the office of importers/exporters. The documents do not need to be brought first to the Customs and Excise Supervisory and Service Offices.

One problem is that the operations of the Customs and Excise automated application system is often not working. A Customs and Excise application system that is running well is important for stakeholders’ access and settlement of document requirements. Thus, routine maintenance of the intended application is required.

<table>
<thead>
<tr>
<th>Action plan</th>
<th>Software and hardware network development and maintenance</th>
<th>Improving features in the Customs and Excise automated application system to facilitate the handling of import/export documents.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Improving features in the Customs and Excise automated application system to facilitate the community in tracking the position of consigned goods.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conducting maintenance and development of both hardware and software of the Customs and Excise system.</td>
</tr>
</tbody>
</table>

Activity output budget allocation

Rp59,782,553,000

Impacts or results of the activity output

Improvement in stakeholders’ accessibility in import/export document handling in Customs and Excises, including increasing female participation through greater automation.

Rp = rupiah.
Assessing Benefit Incidence of Public Services from a Gendered Perspective

There are various standard tools for economic and budget analysis that can be adapted to inform gender budgeting. This appendix will examine gender incidence analysis as a starting point, and then look briefly at gender impact assessments and gender audits, which are extensions of the same basic ideas.

A benefit incidence analysis examines the distribution of benefits of government programs and policies. It is an extension of the same concepts, but with a gender dimension to the analysis, usually by disaggregating the beneficiaries by sex and taking account of gender-relevant factors. Like the standard benefit incidence analysis, it can accommodate further breakdown by income, expenditure, age, location, and other factors of interest. A gender tax incidence analysis examines the distribution of the burden of government revenue policies, broken down by sex, with parallel analytical techniques.

A framework derived from microeconomic principles can be used to evaluate the benefits of public spending (Glick, Saha, and Younger 2004). With private goods and services, it is generally possible to trace a demand curve for the product and then assess demand for that product as the price varies, thus yielding measures of welfare from consumption of those goods and services. Such an approach is more difficult for public goods and services because they are supplied by the government, and consumers do not have the choice of demanding different quantities as the price changes. As a consequence, there are alternative approaches to evaluating the benefits of public spending, generally involving simplifications from the microeconomic principles.

One straightforward methodology equates the benefits of public spending to the subsidy element in the consumption of the public good or service (Demery 2000). More concretely, if the government provides an individual with health services that have cost the government $50 and the individual receives these services with no direct fee in return, then the individual is presumed to have received $50 worth of benefits from those services. The subsidy is assumed to be equal to the cost of public goods and services, and this subsidy is used to approximate the benefits. In this approach, information on unit costs, usually derived from government spending data, is combined with information on the use of these services to assign benefits from these goods or services to an individual (or household or broader group). A gendered benefit incidence analysis is an extension by disaggregating the individuals or households by sex and comparing the aggregate benefits to women or girls to those of men or boys.

1 See Budlender et al. (1998) for an introduction and examples.
2 One could net out any fees that the recipient might have to pay, and recipients might well value the service very differently—either more or less—than the cost.
The starting point in constructing the estimate of incidence disaggregated by sex is to obtain information on use of government services by individuals or households and the cost of these services. The construction of the estimates employs a methodology outlined below.\(^3\)

- First, obtain estimates of the unit cost (termed “subsidy” to the recipient) of providing a particular service, generally derived from public spending data.
- Second, assign this unit subsidy to beneficiaries of the good or service in proportion to their consumption.
- Third, aggregate individuals (or households) into whatever grouping is of interest to compare how the benefit is distributed across such groups. It is most common to group by income or expenditure, a good proxy in the absence of income data.

Consider the benefit incidence of public spending on a specific government service, say, education. The benefit incidence to women would be proportional to the use of the service and the distribution of government spending. We show the calculation underlying the group-specific benefit incidence of government spending on education:

\[
X_j = \sum_{i=1}^{3} E_y i \frac{S_i}{E_i} \equiv \sum_{i=1}^{3} \frac{E_y i}{E_i} S_i 
\]  

\(^{(1)}\)

\(X_j\) is the value of the total education subsidy imputed to group \(j\) (in this analysis, \(j\) takes on different values for females and males). \(E_y i\) represents the number of school enrollments of group \(j\) at education level \(i\), (where \(i\) takes on three values for primary, secondary, and tertiary schooling) and \(E_i\) the total number of enrollments (across all groups) at that level. \(S_i\) is government net spending on education level \(i\) (with fees and other cost recovery netted out). Note that \(S_i/E_i\) is the unit subsidy of providing a school place at level \(i\). Equation \((1)\) assumes that this subsidy only varies by level of schooling and not across groups, though having it vary with \(j\) is a straightforward extension.

It is also important to recognize that women and men may not always have the same needs. While for education, the needs may seem the same, for some components of facilities, for instance, women may require additional spending. For example, running water and sanitary facilities are generally more important for adolescent girls than boys as a factor in keeping them in secondary school. Women of childbearing age need more health care services than men of the same age. These differences need to be accounted for in assessing whether a particular distribution of benefits is fair. Strict equality is not always a fair outcome. Food needs also differ by age. Men generally are larger and thus need to eat more but women, especially those bearing children, have special nutritional requirements. These differences need to be addressed in any evaluation of fairness as well. Demery (2000) examines these issues in more depth and suggests ways to extend the analysis to account for these concerns.

Researchers can draw upon a wide variety of data to conduct such an analysis. On the benefit side, it is possible to draw on household survey data, government spending data, and other data sources that indicate the recipients or beneficiaries of government services to construct estimates of the cost of government services and the cost to recipients, and hence, the subsidy that recipients receive from these services. For services that are indivisible in nature, such as national defense, more indirect methodologies can be used to arrive at measures of benefit.

On the revenue side, for direct taxes, it is possible to draw upon tax data to compute tax liabilities directly. Such data may also be combined with appropriate assumptions about the correspondence between the statutory and economic incidence to arrive at conclusions of the economic incidence. For indirect and international trade taxes, it is possible to draw upon household expenditure surveys and other consumer data, wage and other labor market

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\(^3\) See Demery (2000), pp. 5–6 for details.
surveys, and other sources to assess in a more indirect manner the sex-disaggregated effects of these taxes. Grown and Valodia (2010) have examples of this analysis.

Several studies provide evidence on the gender differences in benefit incidence in developing countries. These studies were done by Glick, Saha, and Younger (2004); Demery and Gaddis (2009); and Austen et al. (2013). Their findings on education and health care are important because these support the focus of international aid efforts in recent years through the SDGs.

Studies have also assessed the benefit incidence of government infrastructure spending and government services, such as training and education of farmers. Government infrastructure poses a problem because many services are consumed jointly in the home. However, because women and men typically have different roles, there is scope to assess differential incidence, including through time use surveys. Mogues, Petracco, and Randriamamonjy (2011) examined the distribution of rural services in Ethiopia, disaggregated by gender and income level. They found that agricultural extension services are biased in favor of men and the public works component of the food security program favors male-headed households, while the direct support component favors female-headed households. For drinking water, they found that female-headed households have more access to safe water, but travel further to access safe water. Mogues (2013) found a similar bias in favor of men in terms of the benefit of agricultural extension services.

Some studies have attempted to combine both gendered benefit and tax incidences in the same study by building a bigger fiscal picture of household interactions with the government. Figari et al. (2011) examined the effect of tax-and-benefit systems in the European Union on gender differences in net income within households. They combined analyses of the incidence of personal income taxes, contributions to social security, and cash transfers—disaggregated by gender—and focused on within-couple shares of income before and after application of taxes and benefits. The extent of within-couple income equalization varies greatly across the countries. Browne (2011) analyzed the effect of tax-and-benefit reforms by gender, focusing on the United Kingdom. The data in this study were disaggregated to the household level, thus the study does not examine the differential impact of tax-and-benefit changes within the household, unlike Figari et al. (2011). Instead, the study examines differential impact by single adult households, whether male or female, and couple and multifamily households.

Public spending programs may also have significant indirect effects especially on other household members in addition to the main beneficiary. It is challenging to model the allocation of benefits of services received by one member of a household to the other members of the household; it adds complexity to disaggregation of benefits by gender. A good example is measuring the benefits of prenatal care.

A gender impact analysis is similar to an incidence analysis, but it may not only focus on the incidence, but on the full range of effects that might result from government programs and policies. This involves the development of an analysis that reflects an understanding of how the policy has differential effects—both explicit and implicit—by gender, the attendant resource and distributional implications, and longer-term consequences.

One important application of gender impact analysis is the differential use of time by women and men. A sex-disaggregated analysis of the impact of the budget on time use is important because women bear a disproportionate share of unpaid labor in the home. It is important to recognize that government programs and policies have implications for time use that are unevenly distributed across females and males.

Ilkkaracan, Kim, and Kaya (2015) provide a good example of an application of gendered time impact analysis. Their paper contrasts how the mix of public services in Türkiye has different effects on women and men. They

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4 See Greenspun and Lustig (2015) for a more extensive survey of the literature.
found that expanding early childhood care and the preschool education sector provides greater benefit to women than expanding the construction sector.

Gender audits have, in principle, similar elements to gender incidence analyses or ex-post gender impact assessments. However, they are typically more comprehensive and are undertaken to evaluate the effectiveness of government programs and policies. Auditing is usually done by a specialized office separate from the executive that implements the programs and policies. As with incidence and impact, audits may focus on analyzing the impact of a specific aspect of a program or policy or take a broader view. Audits have the distinct purpose of examining to what degree an organization has complied with its own rules and regulations.
Overview

A well-functioning framework for fiscal policymaking and public financial management includes an effective accounting and financial reporting system. The government’s accounting and financial system is designed to capture, classify, record, and convey financial information for various purposes. These purposes include budgetary accounting and reporting; general purpose financial reporting; management information; and statistical reporting.

The chart of accounts is a critical part of a well-functioning public financial management system because it facilitates effective accounting and financial management. Its primary purpose is classifying and recording financial transactions, but it is also important for sound budget management as it provides information for tracking and reporting on budget execution.

The chart of accounts has these functions: (i) it specifies how the financial transactions are recorded in a series of accounts, and (ii) it provides a coding structure for the classification and recording of relevant financial information within the financial management and reporting system.

Common breakdowns within the classification structure include the following:

- administrative or organizational classification,
- functional classification,
- economic classification,
- program classification,
- fund classification (which may include donors), and
- location or geographic classification.

Typically, within the structure, each component of the classification (for instance, the administrative component) would be coded numerically and each additional component added in sequence. The final string of numbers or alphanumeric symbols lends itself readily to computerized manipulation.

The classification structure has several key elements of design. It needs to accord with the legal and administrative requirements for budget management and financial reporting. It also needs to conform to international standards on financial and statistical reporting. To promote effective budget management, the chart of accounts needs to conform to the requirements of planning, controlling, and reporting of budgetary allocations and appropriations, as well as the internal management of budget units, including their cash management.

Cooper and Patanayak (2011) provide a comprehensive overview on charts of accounts.
To promote effective management, in general, the chart of accounts needs to cover all transactions and balances of the reporting units. It also serves to increase the accountability of the government to the public for important financial aggregates.

**Incorporating Gender-Related Objectives into a Chart of Accounts**

Assuming that gender budgeting has identified programs within a government that are designed to achieve gender equality or women’s and girls’ advancement objectives, incorporating gender-related objectives into a chart of accounts is a fairly straightforward extension of whatever methodology is used for designing the chart of accounts. The chart of accounts can include additional codes representing programs that are intended to achieve gender-related objectives or have a substantial gender equality component. This extension of the standard approach is often referred to as “tagging” certain expenditures.

The methodologies for coding gender equality spending are not consistent from one application to another. There is inevitably some judgment involved in deciding whether a program has a primary or substantial gender equality element, and countries apply different standards for this. The Organisation of Economic Co-operation and Development’s Development Assistance Committee standard represents a fairly loose and somewhat subjective approach.

However, this problem is no different from that confronting policymakers in trying to set standards for identifying these programs for other monitoring purposes, such as those related to the United Nations’ Sustainable Development Goals or development assistance purposes. A government should devise a uniform approach; lay it out clearly in the metadata so users understand what the spending represents and how it is measured; and ensure that ministries and agencies across the government use this approach consistently. If used inconsistently, the information may be more misleading than useful.
Overview

Program or performance-based budgeting is an approach to budgeting that relies on a programmatic classification of expenditures and possibly, other components of the budget. It entails the systematic use of performance information to decide budgetary priorities (Robinson 2007).

The main idea is to improve the allocative efficiency of public expenditure by improving the incentives for the public sector to set priorities for this spending. Public expenditure management has been criticized because it has drawn too little upon good planning and lacked accountability, partly because it has mostly relied on line-item budgeting, in which the budget is formulated in terms of line items for specific expenditures.

The idea is to move to a system where expenditures would be derived from government objectives. Here, the building block of the government would be the program, underpinned by activities and associated inputs and linked to government objectives (Robinson 2007). The essential requirements for program budgeting are clear objectives for public expenditures, programs to achieve these objectives, and resources for these programs. Performance information is used to measure progress in achieving the objectives.

There are various ways of classifying budgets. One approach classifies budgets according to function such as education, health, justice and public order, social protection, and others. A related approach classifies budgets according to economic character as defined in national accounts, including wages, interest, payments for goods and services, subsidies, and others).

Another approach classifies budgets for the purpose of authorization in appropriations laws. The trend nowadays is for legislatures to approve the budget at a level higher than line items and to leave ministers discretion to shift spending within the approved expenditure categories, according to the provisions of the budget laws.

To move toward a more program or performance-based approach to budgeting, governments have sought to reclassify their budgets, veering away from line items. Budgets are classified in terms of outputs of government programs related to the government’s objectives or desired outcomes. The government can thus move from line-item budgeting to budgeting in terms of outputs and outcomes. Each output is associated with activities with input costs. Box A5.1 lays out the basic terms.

Budget regimes can be described in terms of their emphasis on different aspects of the process (Box A5.2). Each has its advantages and disadvantages. The ability to emphasize one or the other will depend on the ability of institutions to measure outputs and outcomes, and to hold accountable the agencies and offices of the government.

APPENDIX 5
Integrating Gender Budgeting into a Program Budgeting Format
Box A5.1: Definitions of Program Budgeting Elements

Outcomes are government objectives designed to improve economic and social well-being. The purposes of government are many: in education and health, it aims to produce literate, productive, and healthy citizens; in social welfare, to reduce poverty and produce a fairer distribution of income; in justice and law enforcement, to ensure fairness and safety, and others. At a macroeconomic level, the goals are to produce strong and stable growth and a fair distribution of income.

Outputs are the goods and services produced by the government for the public. These take on a range of attributes including education, health, and others. Programs are the building block, comprising various activities. There are also processes, combined with goods, which contribute to programs and, therefore, outputs.

Inputs are the resources used by the government to undertake activities and produce outputs. Inputs are the labor, which entails a range of differently skilled employees; capital assets, which include land, buildings, and all forms of machinery and equipment; and financial and intangible assets, which include intellectual property—all of which are used in producing outputs. However, inputs alone do not necessarily indicate the nature of outputs as the government spends to pay for the inputs.

To show the basic components of program budgeting, let us use education, a key government service, as an example. For this, the outcome would be educated citizens, and the output would be the students who graduate from primary and secondary schools. The programs would be primary or secondary education. Activities would include teaching and other ancillary services, and inputs would be the teachers, schools, and textbooks.

Source: Author.

Box A5.2: Relationships in Program Budgeting

Inputs ➔ Activities ➔ Programs ➔ Outputs ➔ Outcomes

Source: Author.

A focus on inputs is straightforward, but does not necessarily support high efficiency or effectiveness. It may be feasible in situations where there is low accountability. A focus on outputs enhances the prospect for more efficient outcomes and greater accountability. This, however, requires the ability to identify and measure the outputs of services and presumes that the basics of cost accounting are in place in the government. A focus on outcomes supports effectiveness and efficiency and a longer-term perspective on government programs and policies. However, it also requires the ability to identify outcomes and to agree on the objectives of government.

Outputs go beyond services provided and may also include cash or in-kind transfers, regulations executed, and administration. A key benefit of program budgeting is that it should lead to a more performance-based outcome in the delivery of services. It supports managers who seek efficiency in service delivery because they can focus on the costs of delivering targeted outputs. It also supports macroeconomic control because it has a greater medium-term orientation toward the achievement of specific outputs and outcomes or objectives.

Most developed countries today include performance information in their budgets. However, there is variation in the comprehensiveness of this information and the degree to which it is meaningfully used. Among developed countries, there are several notable countries that have adopted some form of program budgeting, including Australia, France, the Netherlands, New Zealand, Sweden, and the United Kingdom (Robinson 2007).

The implementation of program budgeting entails the reclassification of the budget in programmatic terms. Typically, this would be a joint responsibility of the line ministries and the ministry of finance. It is thought to lead to a better outcome when the organization of programs follows the organization of the ministry that lodges the
program, avoiding overlaps, and providing clear lines of authority for the delivery of services. However, in some
countries, programs overlap ministries, and program management requires coordination across ministries or
major government administrative divisions.

Moving toward a programmatic reclassification inevitably leads to looser constraints on management of inputs
because the idea of program budgeting is to give managers discretion in the use of inputs to achieve program
outputs. Consequently, it is essential that managers think of outputs delivered in terms of the quantity and cost
of inputs necessary to produce them. For example, managers must determine the number of staff and the cost
of each member of staff, which is usually the most critical input for activities leading to program outputs in the
public sector. It is easier to specify outputs for services delivered in relatively discrete units, such as education
or health services, while it is more difficult for those delivered in collective form, such as national defense, or
services that are partly collective in nature, such as civil infrastructure.

There are several key principles of specifying outputs for government: (i) they should relate to the nature of the
final outputs rather than being focused on performance matters which are of concern only to the government;
(ii) they should be similar in scope so that each output incorporates only those activities that have similar
characteristics or are an integral part of the production of the same good or service; (iii) they should be under
the control of the agency, or at least include only those aspects of performance that the agency has reasonable
influence over and is, therefore, able to meet; (iv) they should be comprehensive, covering all the goods and
services provided by the agency to its beneficiaries; (v) they should be measurable or verifiable; and (vi) they
should inform a wide range of users, including all key stakeholders.

An example is given for education services. The desired outcome is a literate and productive population to ensure
high growth in the economy and democracy. The outputs are the students graduating from school. The quantitative
measures are the number of graduates from primary and secondary schools. The qualitative measure is the
achievement level of graduates on school leaving exams. The activities involve teaching, teacher training, curriculum
development, and student support services. The input costs are teachers and support staff, and others.

Another example is given for tax audit services. The desired outcome is achieving a high rate of compliance with
the tax system. The outputs are audits: the quantitative measure of this is the number of audits while the qualitative
measure is the average gain in revenue for each audit (a measure of the value of the audit). Activities associated
with this output include developing a methodology for choosing taxpayers to be audited based on risks identified
in their tax returns or from other factors such as failure to file a tax return. The inputs would be tax auditors and the
materials they need for their job, including computers, vehicles, telecommunications and internet, and databases.

**Integrating Gender Budgeting and Program Budgeting**

Gender budgeting fits readily into program budgeting because of their emphasis on budget themes. Sharp (2003)
was the first to highlight the ways to integrate gender budgeting into program budgeting, and her discussion
provides some useful examples.

Austria is an example of how the government has integrated gender budgeting into a program budgeting
framework. In Austria, the idea was to use the budget as a mechanism to promote gender equality. By
incorporating gender budgeting into comprehensive budget reform, the goal was to create incentives for all
budget stakeholders to participate. It also sought to incorporate the achievement of gender-related objectives in
all stages of the budget process. The implementation of gender budgeting requires an analysis of gender-related
problems in Austria; an identification of objectives, including those that are societal and those specific to each
ministry or government unit; the formulation of activities to achieve those objectives; and a way to monitor
outputs and outcomes. Box A5.3 highlights key aspects of Austria’s experience.
Box A5.3: Austria’s Integration of Gender and Program Budgeting

Gender budgeting is enshrined in Article 13 of Austria’s 2009 Constitution: “Federation, States and Communes are to strive for the effective equality of women and men in their budget management.”

Gender budgeting was then integrated into Austria’s federal budgeting, in the context of comprehensive budget reform that put in place a performance budgeting system. Each budget chapter (basic unit of the budget) must have a mission statement and a maximum of five outcome objectives—of which at least one must relate to gender—in the annual budget statement. Ministries agree to performance contracts with departments and agencies, which include these gender-related objectives.

An example for the Ministry of the Interior is improving the protection of women from domestic violence. Specific activities and outputs to achieve this objective involve measures to reduce and prevent violence against women. Success is measured in terms of the number of individuals who have been counseled about domestic violence. One drawback is that the budget leaves unclear how many resources are devoted to the achievement of the objective because the activities are subsumed into larger categories.

An Annual Federal Gender Performance Report, prepared by the Federal Performance Management Office, provides an assessment of the budget’s gender-related objectives and outputs, drawing on the results of the annual ex-post evaluation of the government ministries. New or amended laws and regulations, and major investment or procurement contracts, are required to include an ex ante impact assessment on gender equality. These assessments are published and may be discussed by the parliament.


References

General Economic Background


References


**Gender Budgeting**


Country Materials on Gender Budgeting


**Data Sources**


Budgeting for Gender Equality
A Practical Guide to Gender Budgeting

This guide provides an introduction to gender budgeting, a budgeting approach that promotes gender equality by integrating gender-related objectives into fiscal policies and practices. It gives applications from a variety of Asia and the Pacific countries, surveys trends in gender inequality in the region, and introduces key ways in which gender equality and economic development are linked.

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