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# Overview

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Historically, women around the world have had less opportunity than men in education, employment, and health care, and less political representation. Many global gender gaps have narrowed in recent decades, particularly in education enrollment. Even so, the World Economic Forum estimates that at the current rate of progress it will take 170 years to close the overall global gender gap in economic participation and opportunity.<sup>1</sup> One hundred and seventy years. With a prognosis so dire, eliminating gender disparities may seem daunting and perhaps even impossible.

The moral argument for gender equality is clear, nonetheless, and the economic evidence for its benefits is mounting. Eliminating gender inequalities can increase female economic participation, boost economic growth, and improve health outcomes for women and children (see for example, Cuberes and Teignier 2014; Klasen and Lamanna 2009; World Bank 2011; and Knowles and others 2002). King and Hill (1991) find that large gender disparities in education reduce gross national product. In countries where the female-to-male school-enrollment ratio is lower than 0.75, gross national product is approximately 25 percent lower than in countries with greater gender parity in education. Klasen and Lamanna (2009) show that gender gaps in education had a negative impact on economic growth in the 1990s. Agenor and Canuto (2015) examine how increasing investment in infrastructure reduces the time women spend on unpaid work, which ultimately leads to economic growth.

The International Monetary Fund and other international institutions have focused in recent years on developing a range of approaches to help whittle away at the barriers that prevent girls and women from achieving their full economic potential. As part of this effort, the IMF began in 2015 to integrate analysis of

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<sup>1</sup>The 2016 World Economic Forum Global Gender Gap Index consists of four subindices—Economic Opportunity and Participation, Educational Attainment, Health and Survival, and Political Empowerment—and notes that while gaps in education and political empowerment have improved, challenges remain in economic opportunity and health outcomes. In fact, in 2016 the economic gender gap returned to its 2008 level, and the time it will take to close the gender gap in health outcomes is still undefined.

### Box 1.1. What Is Gender Budgeting?

Gender budgeting allows fiscal authorities to ensure that tax and spending policies and/or public financial management instruments address gender inequality and the advancement of women in areas such as education, health, and economic empowerment (Budlender and Hewitt 2003; Budlender and Sharp 1998; Elson 2003; Stotsky 2006, 2016; IMF 2017). The approach is sometimes called gender-sensitive or gender-responsive budgeting.

If well designed, such budgeting can improve the efficiency and equity of the overall budget process. Fiscal authorities at any level of government can assess the needs of boys and girls and men and women; identify key outcomes or goals; plan, allocate, and distribute public funds; and monitor and evaluate achievements. While gender budgeting initiatives around the world have tended to focus on expenditure policies, revenue policies also influence gender equality and should therefore be considered part of gender budgeting.

gender equality into its regular consultations with member country authorities. These analyses covered macroeconomic and labor market policies, including the impact of female labor force participation on productivity and growth, gender gaps in financial inclusion, and legal barriers to women's economic participation, among others. The effort has covered some 30 countries spanning all geographic regions and included advanced, emerging market, and low-income and developing economies.

Among the findings are that several policies can promote gender equality. These include expanding affordable childcare initiatives, improving infrastructure, using fiscal policy to promote female labor force participation, and allowing for more flexible work hours and improved labor mobility. They also include investing in female education and training, greater access for women to financial services, and reducing legal barriers to women's economic activity.

One way to gauge progress in closing gender gaps is to examine such measures as educational enrollment, maternal mortality, labor force participation, and indices of overall inequality. Gender inequalities in these areas can harm overall economic growth, as shown in recent analytical and country-specific work at the IMF. Promisingly, though, national and subnational policy measures exist to help reduce these gender disparities. Fiscal policy is one such lever, particularly *gender budgeting*—planning, allocating, and monitoring government expenditures and taxes to address gender inequality—which has been demonstrated to reduce gender disparities<sup>2</sup> (Box 1.1).

This book is based on a joint research project between the IMF and the United Kingdom's Department for International Development on gender budgeting around the world. The research team relied on published materials, developed a questionnaire sent to the ministries of finance of all 189 IMF member countries, and conducted interviews with country officials and international organizations

<sup>2</sup>See Stotsky and Zaman (2016).

that offer technical assistance to countries seeking to implement gender budgeting. The papers were the focus of a 2016 international conference on gender budgeting at IMF headquarters in Washington, DC. This book presents the key findings of this work.

## **GENDER GAPS ARE SHRINKING, BUT PROGRESS IS UNEVEN**

Between 1980 and 2015, gender gaps in primary school enrollment have largely closed across all regions of the globe and at all levels of development. Progress has been made in reducing gaps in secondary school enrollment (Figure 1.1a).<sup>3</sup> Asia and the Pacific now have gender parity in secondary education, which is particularly impressive given that just 65 females were enrolled for every 100 males in the region in the early 1980s. In Africa and in the Middle East and Central Asia, about 35 more girls are now enrolled in secondary education per 100 boys than in the early 1980s.

Women's access to health care has also improved in recent decades. One measure of that improvement is the consistent decline in maternal mortality rates in all regions. In fact, maternal mortality rates in low-income and developing countries in Asia and the Pacific and the Middle East and Central Asia have been cut by half since the late 1980s (Figure 1.1b). Low-income and developing economies still have maternal mortality rates far higher than those in advanced markets, with the highest rates in sub-Saharan Africa.

Gender gaps in labor force participation rates in most regions of the world are still sizable (Figure 1.1c). In Asia and the Pacific, the female-to-male ratio declined from 68 females per 100 males in the early 1980s to 61 by 2012–15, driven in part by trends in India and to a lesser extent in China. In other regions, the gender gaps in employment have narrowed somewhat, but some of this is due to decreasing male labor force participation rates. In Europe, for example, average male labor force participation was 5 percentage points lower in 2012–15 than it was in 1988–91, while average female participation increased by a little over 1 percentage point over the same period.

## **FISCAL POLICIES CAN HELP ADDRESS GENDER INEQUALITY**

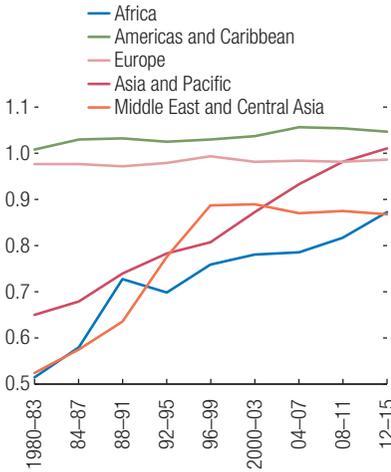
Government budgets and fiscal measures can play an important role in promoting women's development and gender equality. Originating in Australia in the mid-1980s, gender budgeting spread to Canada, South Africa, and the United

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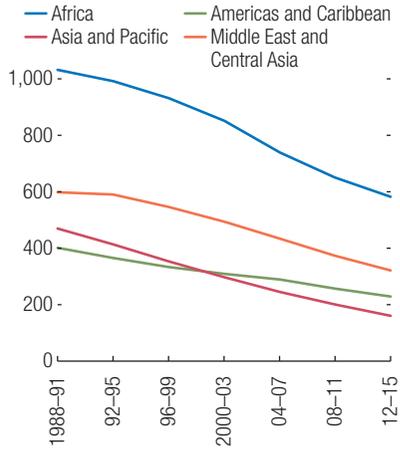
<sup>3</sup>The chapter data reflect IMF regional classifications—sub-Saharan Africa, Americas and the Caribbean, Asia and the Pacific, Europe, and Middle East and Central Asia—and the IMF classification for low-income and developing economies (see IMF 2014 and Stotsky and others 2016 for more details).

**Figure 1.1. Trends in Gender Inequality**

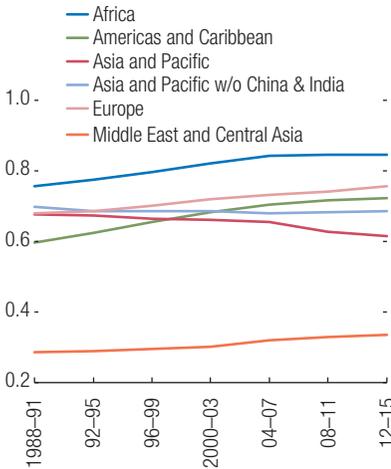
**1a. Average Gross Secondary Enrollment Rates Female-to-Male Ratio**



**1b. Maternal Mortality Ratio in Low-Income and Developing Countries (Modeled estimate, per 100,000 live births)**



**1c. Average Labor Force Participation Rate Female-to-Male Ratio**



Sources: World Bank, World Development Indicators, and IMF staff estimates.

Kingdom by the mid-1990s, and has now been applied at varying levels of complexity and diversity in more than 80 countries.

Gender budgeting has targeted a wide variety of goals, including increasing access to education, childcare, and health services; raising female labor force participation; and eradicating violence against women. Gender budgeting initiatives have been supported by several multinational institutions—UN Women, the Commonwealth Secretariat, and the World Bank—and by civil society institutions and bilateral donors. The Commonwealth Secretariat sponsored some of the earliest pilot projects in gender budgeting, and in recent years UN Women has taken a leading role in expanding gender budgeting globally.

This book summarizes some of the most prominent gender budgeting efforts in more than 80 countries over the past two decades. The cases covered here met at least one of the following criteria: (1) legislative bodies, the ministry of finance or the ministry of women, civil society, and/or outside development agencies played a central role in designing, implementing, and/or promoting gender budgeting, particularly when compared with the rest of the countries in the same region; (2) the countries chosen have been engaged in gender budgeting for longer than their regional peers; or (3) the initiatives introduced innovative aspects to gender budgeting relative to their regional peers. Note, however, that for most of these countries, gender budgeting did not begin in earnest until the late 1990s or early 2000s. Based on these criteria, we identified 23 countries with “prominent” gender budgeting efforts and 36 countries with “less prominent” efforts.

## FINDINGS AND IMPLICATIONS

The analysis of global gender budgeting efforts provides several lessons and potential areas for improvement.<sup>4</sup>

**Legal requirements for gender budgeting matter.** Providing gender budgeting with legal status helps ensure its continuity when political actors change. Austria, Bolivia, and Rwanda mandate gender budgeting in their constitutions. Furthermore, our survey identified at least 20 countries, such as Belgium, El Salvador, Morocco, and Vietnam, that have incorporated a legal mandate for gender budgeting in the organic budget or other finance laws. More than half of the 23 countries with prominent gender budgeting initiatives have introduced legal mandates for gender budgeting.

The leadership of the ministry of finance is crucial. Our analysis shows that gender budgeting initiatives appear more likely to be sustained if the ministry of finance leads the gender budgeting effort. Note that in 19 of the 23 prominent gender budgeting countries, the ministry of finance has a leadership role. Ministries of finance can promote gender budgeting by including requirements in the budget call circular. In Uganda, for instance, the ministry issued guidelines

<sup>4</sup>See Stotsky 2016 for additional details.

on how the budget should be used for gender-related goals, focusing first on five key ministries, including ministries of education and health.

Civil society, gender and other ministries, parliaments, and academia are also key players. Gender budgeting efforts benefited from high-level champions; for example, in Timor-Leste, the prime minister and parliamentarians were essential in getting various resolutions passed. The United Kingdom's Women's Budget Group started in the 1980s and conducts a thorough annual, gender-sensitive analysis of the budget. In Uganda, a nongovernmental organization led by female members of parliament was a catalyst for the country's gender budgeting efforts in the 1990s. Canada's Alternative Federal Budget is another example of how civil society organizations are working to ensure a gender perspective in fiscal policies.

Gender budgeting goals should be aligned with national gender equality plans or the Sustainable Development Goals. Gender equality goals should be well-defined and achievable within a gender budgeting framework. For instance, one focus for the Marshall Islands was teenage pregnancy. Early on, Morocco and Afghanistan aligned their objectives with the Millennium Development Goals and their own national development plans, thus prioritizing budgetary spending in areas with broad agreement on specific targets to improve women's health care and opportunities for education and paid employment. In Rwanda, the government targeted education and health-related goals, and initial analysis shows that gender budgeting may have sped progress in these areas. In its gender budgeting effort, Albania identified nine gender equality objectives that were closely matched to objectives in its national gender strategy; the country also established budget allocations for these goals.

Gender budgeting has typically focused on expenditures and overlooked taxes, but tax policies are not always gender neutral. Discriminatory tax and financial laws remain in many legal systems, as do legal barriers constraining women's right to work in nearly every country in the Middle East and North Africa (World Bank 2015). The 2016 Women, Business, and the Law report, covering 173 countries, notes that Morocco is one of 16 countries that has tax deductions or credits specific to men: a male taxpayer can claim a dependent deduction for both his spouse and children, but unless a female taxpayer can prove she is a legal guardian, she may not claim the same deduction.

Gender budgeting can be implemented successfully at the national, state, and/or local levels. India, Mexico, and Uganda introduced gender budgeting efforts at national and local levels. In Mexico, the federal government earmarked resources nationally for women's health and economic empowerment programs; locally, Mexico City implemented a program aimed at providing safe public transportation options for women. Uganda's local efforts have focused on gender-aware budget statements and sex-disaggregated analysis of the gender imbalance in unpaid care burdens. "Local budget clubs" also allow citizens to discuss spending priorities and hold governments accountable. India is another example of a country with both national and state initiatives, and as Stotsky and Zaman (2016) show, Indian states with gender budgeting efforts have made more progress on gender equality in primary school enrollment than those without. In both

Germany and Spain, gender budgeting initiatives have been introduced at the local level.

Countries should aim to improve reporting and transparency. Gender budgeting statements can help ensure transparency. Australia, Bangladesh, India, Korea, Morocco, and Nepal have issued various forms of these statements. One of the cornerstones of Morocco's effort is its annual Gender Report, published by the Ministry of Economy and Finance. The report now covers more than 30 departments and ministries and highlights key gender equality goals and recent accomplishments; in addition, some ministries report sectoral- and sex-disaggregated data. This report offers one example of how countries may choose to report progress and spending on gender-related goals.

Few countries monitor and evaluate their gender budgeting efforts or collect gender-disaggregated data. Korea stands out as one country that requires that the government examine the gender impacts of the budget and whether men and women are equally receiving benefits from the budget. In Korea, gender analysis has identified infrastructure needs to reduce the average wait time for women's restrooms and to reduce the time women spend on unpaid work as part of efforts to increase female labor force participation. Uganda introduced a Certificate on Gender and Equity Compliance, issued to ministries, departments, and agencies, to ensure that women's needs are being addressed and met through the budget process. Nepal included time-use statistics in its gender budgeting effort.

Capacity building is needed. UN Women and national aid agencies have provided technical assistance and training over the years, but technical-level staff in many countries would benefit from additional training. For example, a 2015 study in Austria revealed that despite their well-developed gender budgeting framework and commitment to gender equality, budget staff reported that they were not equipped to conduct gender analysis. UN Women in FYR Macedonia is leading a capacity building project for local-level civil society organizations. The Swedish Development Agency is funding the Ukrainian gender budgeting initiative, and a key component is capacity building. The agency recently reported that more than 2,000 technical-level staff have received training in gender budgeting.

## LOOKING AHEAD

The IMF will continue its analytical and country research on gender equality, as we know that empowering women can boost economic growth and reduce income inequality. Gender budgeting is one tool governments can use to bridge the gender divide in education, health, and economic opportunities. As part of our involvement with the UN High Level Panel on Women's Economic Empowerment, we are committed to advancing research on gender budgeting.

In addition to the project featured in this book, recent work on gender budgeting includes a policy paper focused on the Group of Seven (G7) countries, policy recommendations in Morocco's 2017 Article IV consultation, capacity building through workshops in IMF regional technical assistance centers, and

technical assistance on gender budgeting in Austria, Bahrain, Cambodia, and Ukraine. We will continue to work with member countries to offer policy advice and analysis on sound budgets, strengthening revenues, and public financial management. Finally, we recognize the importance of collaboration, and we will continue building on our partnerships with international organizations and partners, including the World Bank and UN Women.

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