

Budgeting for Women's Rights

Monitoring Government Budgets
for Compliance with CEDAW

A SUMMARY GUIDE FOR POLICY MAKERS, GENDER EQUALITY AND HUMAN RIGHTS ADVOCATES



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Introduction

Governments are expected to formulate policies and implement programmes that effectively contribute to the achievement of social and economic development goals in their countries. These goals and the tools used to achieve them must be consistent with governments' commitments to achieve equality for women. While governments are responsible for ensuring that they meet their goals, other actors, such as civil society and international bodies, can take steps to strengthen government accountability to ensuring that social and economic development processes have gender-sensitive outcomes.

In 1979, the United Nations General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). It is the lynchpin of a broader human rights framework which ensures gender equality and women's rights in all government activities. 185 countries have ratified this convention. The ratification of CEDAW has broad implications on the obligation of states to ensure compliance of government activity with human rights standards on gender equality including budgeting.

Since the mid-nineties, more than 50 countries have engaged in some kind of Gender Budget Initiatives (GBI) with this objective. Government, civil society, or the two have worked together on these GBIs to examine how budgets can fully bridge gender gaps. And while few of these initiatives articulate an explicit connection between budgets and CEDAW, they are a key way to assist governments in aligning their budgeting practices with CEDAW requirements.

This booklet articulates what it means to take an explicitly rights-based approach to government budgets and draws on the lessons of GBI experiences around the world. It links governments' commitments under CEDAW with the four main dimensions of budgets: revenue, expenditure, macroeconomics of the budget, and budget decision-making processes. It makes these links to help clarify how gender budget analysis can assist in:

monitoring a government's compliance with CEDAW; identifying how CEDAW can be used to set equality-enhancing criteria in budget activities; and guiding GBIs and other initiatives towards achieving gender equality.

This booklet is intended as an advocacy and action tool for key stakeholders in the area of government budgets and women's human rights, including policy and lawmakers at the country level, and gender and human rights advocates.

WHAT ARE THE KEY FEATURES OF GOVERNMENT BUDGETS?

Government budgets set out how a government plans to raise finances (revenue) and spend resources (expenditure). The revenue side of the budget indicates the amount of revenue the government expects to raise. The sources of revenue include: taxation (both direct and indirect), user fees for public services, sales of public assets (privatization), and development co-operation grants. The expenditure side of the budget states how a government will distribute resources raised, including charges to service debt and public programmes.

Government policy choices about revenue and expenditure are not gender-neutral. Budgets are key policy statements that reflect a government's socio-political and economic priorities. Government budgets have an impact on people in a number of ways. The most direct impact is through distributing resources to people via expenditure and claiming resources from them via taxes and fees. Budgets also have secondary impacts on people through the effect they have on employment levels, inflation, and levels of economic growth. These impacts are frequently different for women and girls, than for men and boys.

HOW ARE HUMAN RIGHTS RELEVANT TO BUDGETS?

By ratifying CEDAW and other human rights treaties, state parties commit that government activity complies with the human rights standards of those treaties. The extent to, and ways in which

these standards then become legally binding in domestic decision-making, will vary from state to state, and depend on factors such as the relationship between international and domestic law in the country. Irrespective of these potential differences, the budget is one of the government activities to which such standards would apply. In fact, the budget is a key government activity because it also regulates how other government activities - e.g. public programmes in relation to healthcare, employment, education, elimination of violence against women - will operate. While CEDAW does not contain a specific provision on budgets, budget policies and processes are bound by other relevant CEDAW principles, the most pertinent of which are:

- **Non-discrimination:** Article 2 prohibits direct and indirect discrimination against women. This principle, for example, prohibits income tax systems that implicitly and explicitly discriminate against women.
- **Equality:** Article 3 requires that women have both formal and substantive equality. In the area of budgets, substantive equality means that budgetary measures must actually improve women's situation, in relation to that of men, in real terms. This focus on the substantive effect of budgets is important because even where budgets may seem to be gender-neutral, their effects will be felt differently by men and women depending on the society's gendered patterns of work and family relations. The requirement for equality does not mean that men and women must always be treated identically. CEDAW recognizes that there will be times when non-identical treatment is needed to achieve substantive equality. An example could be the adoption of temporary special measures (Article 4(1)), such as quotas, to increase women's participation in political decision-making.
- **Participation:** Article 7 calls on governments to take measures to eliminate discrimination in political and public life, and particularly, to ensure that women have the right, on equal terms with men, to participate in the formulation and implementation of government policy; to hold public office, and to participate in non-governmental organizations (NGOs). This means, for example, that women

must be able to participate actively and equally in all stages of the budget decision-making process in ways that enable them to hold governments accountable for means of raising revenue and distributing expenditure.

- **Modification of social and cultural patterns of conduct to eliminate discrimination against women:** The government programmes from which women benefit and the revenue systems to which they contribute must be consistent with Article 5(a) of CEDAW, which requires governments to modify social and cultural relations with a view to eliminating prejudices and practices based on harmful gender stereotypes.

While CEDAW refers to a number of specific rights that can be affected by the budget (e.g. the right to work), its main function is to guarantee these rights on a basis of equality between men and women and not to always set out exactly what that right encompasses. This means that it will often be necessary to look to other human rights instruments, particularly the International Covenant on Economic, Social and Cultural Rights (ICESCR), to see what the substance of a right mentioned in CEDAW entails. In addition, the ICESCR has also given rise to some principles on resource allocation that will be particularly relevant here. These are:

- Governments can “progressively realize” social and economic rights, but they must at all times ensure that rights are enjoyed without discrimination.
- There is a “minimum core” of rights that must be guaranteed.
- Governments undertake not to lessen standards of respect for human rights once achieved and commit not to undertake any “retrogressive” measures (e.g. funding cuts that weaken enjoyment of rights). If such measures affect women's equal right to enjoy economic, social and cultural rights, then these measures violate international law.

The question of whether a particular budget activity facilitates women's equality will ultimately have to be answered by looking at whether that activity complies with CEDAW's overarching

requirements of non-discrimination, substantive equality, participation and modification of social and cultural patterns of conduct.

ENSURING BUDGETS COMPLY WITH CEDAW?

The next sections of this booklet examine how stakeholders can apply CEDAW principles (substantive equality, non-discrimination, participation and modification of social and cultural patterns of conduct) and other specific CEDAW requirements to four dimensions of the budget: revenue, expenditure, macroeconomics of the budget, and budget decision-making processes.

Each of the following sections consists of three parts:

- the first part outlines the key features of each budget dimension;
- the second part identifies the impact of this dimension of the budget on women; and
- the third part specifies how CEDAW can provide guidance to governments on how they may use budgets to address women's discrimination and inequality.

While CEDAW provides an overarching framework within which government actions take place, the precise scope of measures that governments might take to realize CEDAW will vary across different regional, social and economic contexts. To this end, the list of the types of measures that would be compliant with CEDAW is neither exhaustive nor definitive, and should in many cases be seen as a starting point for government and civil society action on budgeting for women's rights.

BOX 1

CEDAW AND THE CEDAW COMMITTEE

CEDAW was adopted in 1979 by the United Nations General Assembly and entered into force in 1981. It is the lynchpin of a broader human rights framework which ensures gender equality and women's rights in all government activities.

The CEDAW Committee is the body that monitors implementation of CEDAW. The Committee has a set of specific measures it can take to ensure proper implementation of CEDAW, whilst also having considerable flexibility within these parameters because CEDAW is a "dynamic" instrument which requires ongoing interpretation. These measures include:

- consideration of State party reports and issuing Concluding Comments;
- consideration of individual complaints or communications and issuing views/decisions;
- conduct of inquiries if the Committee receives viable information containing well-founded indications of serious, grave or systematic violations of the Convention;
- issuing General Recommendations on a particular treaty article or issue;
- holding days of General Discussion; and
- convening meetings of State parties and meetings with State parties.

To date, the CEDAW Committee has made some use of these measures to ensure budgets follow CEDAW requirements. It has, for example, made reference to government budgets in Concluding Comments, either by praising countries for proposals to conduct gender analysis of budgets or gender budget audits or by calling on governments to ensure that the gender impact of a budget is assessed on a regular basis. The first report to make substantial reference to gender equality and government budgets was South Africa's initial report in 1997. The CEDAW Committee has also in its General Recommendations on particular rights guaranteed by CEDAW (e.g. its General Recommendation General No. 24, Article 12 Women and Health, 1999) mentioned the need to allocate budget resources for implementation of the right.

I. Public Revenue

WHAT ARE THE KEY FEATURES OF PUBLIC REVENUE?

Revenue refers to the amount of resources that a government raises to pay for public expenses. The revenue side of the budget states this amount and also sets out how the government intends to raise these resources. There are generally five ways that governments raise revenue:

- **Direct taxes**, such as personal income tax. These taxes are paid directly to the tax authority.
- **Indirect taxes**, such as Value Added Tax (VAT), excise tax, and import duties. Indirect taxes are taxes that are levied on the purchase of goods and services. VAT is a broad-based sales tax, levied on most goods and services. Excise taxes are levied on the purchase of selected goods, such as alcohol, cigarettes and petroleum products. Import duties are taxes charged on goods when they are brought into a country from abroad. All of these taxes are indirect in the sense that the taxes are remitted to the tax authorities by businesses, but the burden of the tax is passed in whole or in part to consumers through higher prices.
- **User fees**. People pay user fees as a charge to access particular public services such as health, education, water, sanitation, and electricity.

CAN REVENUE-RAISING DISCRIMINATE AGAINST WOMEN?

Revenue-raising measures have different impacts on different groups in society, and the way in which revenue is used can redistribute resources amongst different groups in society. Governments can use this redistributive function as a way to address discrimination against women and further their substantive equality. However, revenue-raising practices may often explicitly and/or implicitly discriminate against women:

- **Income tax** is normally “progressive” in that it places a proportionately higher burden of tax on tax payers with higher incomes. Income tax can discriminate against women, both explicitly and implicitly. Income tax systems explicitly discriminate against women in a number of ways. One instance of discrimination occurs when

income tax systems allow only husbands to file a joint tax return for a married couple. Another instance is when a higher rate of tax is levied on married women, even if they are allowed to file individual tax returns. A further instance is when tax allowances, intended to aid with the support of dependents, are only paid to husbands. Joint filing systems implicitly discriminate against married women when they aggregate the earnings of wives and husbands for tax purposes, and levy the tax on the joint income. This means that women pay a higher de facto rate of tax on their earnings than if they were taxed separately from their husbands.

- **Indirect taxes** are “regressive” if they are levied on essential items because they take a greater share of the income of low-income households than that of high-income households. Indirect taxes do not explicitly discriminate against women: women pay the same rate of tax as men when they buy the same product as men. Indirect taxes can, however, implicitly discriminate against women because of the unequal allocation of resources within households. These effects can be demonstrated by looking at the impact of VAT and excise taxes on women as compared to men:
 - **VAT**: VAT is frequently levied on many essential goods required for daily living, such as food, paraffin, soap, sanitary products and children’s clothes. Very often women are responsible for buying these goods; at the same time women’s incomes are often lower than those of men. This means that women pay a higher proportion of their income buying these goods than men would. Wives often lack sufficient bargaining power in households in order to persuade their husbands to provide extra cash for household expenditures, so that the cost of VAT would be shared fairly. If women cannot afford to pay the higher prices that VAT entails, they take on extra burdens of unpaid work, such as growing the food themselves and collecting wood, instead of buying it.
 - **Excise taxes**: Many of the goods on which excise taxes are levied are ‘luxury’ items, like tobacco and alcohol. In many countries men tend to consume more of these products than women. Men may therefore pay a higher share of their income in excise taxes than women. Men however, also tend to have sufficient bargaining power within households to transfer the burden of tax

to wives and children, by reducing the amount of cash they make available for the purchase of goods and services that are jointly consumed by household members.

- **User fees:** User fees are regressive and usually impact disproportionately on women and girls because of gender inequalities within households. For example, introducing user fees for education and health may lead to a disproportionate reduction in the use of these services by women and girls. This is because poor parents prioritize the schooling of their sons and poor women cannot afford to pay for health services in pregnancy. When governments set the level of user fees, they often fail to take account of women's lower incomes. Using household per capita income to set user fee rates may result in reducing women's and girls' access to services because rates that are deemed affordable on a household basis may not be affordable to women within those households. For example, a water project in western Kenya discovered that users were not able to pay the full amount of the fee despite high average household incomes in the area. This was because women were responsible for paying water fees and the incomes which they controlled were much lower than the average per capita household incomes.

HOW DOES CEDAW APPLY TO REVENUE RAISING POLICIES?

CEDAW principles of substantive equality, non-discrimination, participation and modification of social and cultural patterns of conduct, require, to varying degrees, that:

Income tax systems are designed so as to ensure that women's share of incurred tax is commensurate with their share of earned income

- CEDAW's requirement for gender equality in taxation does not mean that men and women should each pay 50 percent of tax revenue. According to widely accepted principles of public finance, equality in taxation is based on the ability of the taxpayer to pay. Where men have higher incomes than women, they can afford to pay more taxes and should therefore have a higher tax incidence than women and vice versa. To monitor the incidence of income tax by sex, governments need to collect

sex-disaggregated data on income tax payers. For example, in Mexico, the Gender Responsive Budget Initiative of the State of Oaxaca requires that data on the tax payer's sex be registered, and that the information on men's and women's share of taxes be made publicly available.

Explicit discrimination in income tax is eliminated by reform of the tax law

- Explicit discrimination in income tax systems does not comply with Article 2 of CEDAW. It may also implicate other CEDAW provisions. For example, allocating tax exemptions and allowances for the support of dependents only to husbands infringes on CEDAW Article 13(a) which obliges States to ensure equality between women and men in the right to family benefits. Such policies mistakenly assume that women do not use their income to support dependents.

Income tax systems should not perpetuate gender stereotypes in which men are breadwinners and women are homemakers, but instead support the modification of social and cultural patterns of conduct to promote substantive equality

- Income tax can perpetuate stereotypes, on the one hand, by discouraging married women's participation in the labor market, and on the other, by discouraging men's participation in unpaid domestic work. For example, studies suggest that women's higher de facto tax rate that results from joint filing of income tax returns creates disincentives for married women to participate in the labor market. These impacts are in violation of CEDAW provisions on substantive equality (Article 3), women's right to work on equal terms with men (Article 11), women and men to have the same rights and responsibilities in families (Article 16) and transformation of stereotypes (Article 5). Instead, governments should have tax provisions that create incentives for changing the traditional division of labor in the home and promote women's participation in the labor market by, for example, providing a refundable caregiver tax credit that could be divided between partners who equally share unpaid care work.

Basic necessities are exempt from VAT in order to ensure that VAT is equitable in its incidence and burden on poor women

- VAT does not explicitly discriminate against women. However, it tends to implicitly discriminate because the incidence of the tax on consumers is higher for poor consumers than for rich ones. Since women's incomes tend to be lower than men's, the incidence will tend to be higher on average on female consumers than on male consumers. One way that governments can avoid this implicit discrimination is to exempt basic necessities or goods that are typically consumed by poorer households from the VAT system. For example, in South Africa, a selection of basic foodstuffs such as brown bread, maize, milk powder and dried beans are exempted. VAT policies also affect informal sector enterprises where most women's enterprises are concentrated. In many cases, governments set a minimum size of enterprise to register in order to be eligible for VAT tax rebate (for the inputs used in production). If there is a minimum size of enterprise that can register, or if women tend to register less than men do, this can result in a lack of substantive equality in tax burden between male and female owners of enterprises. To reduce inequalities in the tax burden of VAT, governments should investigate and remedy factors that prevent women-owned informal enterprises from claiming rebates on the VAT they pay on the inputs they purchase. An analysis of VAT in Uganda, Vietnam and South Africa found that a greater number of women owned enterprises which typically are informal enterprises, or enterprises of smaller size could not claim rebates of the VAT paid on their inputs. Such requirements exclude many women's businesses and have discriminatory implications.

User fees on publicly provided services are limited and regulated

Human rights treaties do not imply that user fees for public services are in themselves a violation of human rights, but they do oblige governments to limit charges in various ways. More broadly human rights standards clearly indicate the obligation of states to ensure 'economic accessibility' (affordability) of rights, and the fulfillment and respect of those rights. User fees for basic education and health services produce outcomes that violate

CEDAW, especially Articles 10, 12 and 14 which guarantee equal rights in education and in access to health care.

- With regard to basic education there is an explicit prohibition on fees for primary education in Article 13 of the International Covenant on Economic, Social and Cultural Rights, as any user fees are seen as contradictory with the principles of free and compulsory education. Where user fees are introduced in education and health services, girls are more likely than boys to be pulled out of school or denied health care. This indicates a strong link between user fees and discrimination against girls.

User fees on water, sanitation and electricity largely affect poor households. More specifically, user fees affect women in poor households as women are the main care providers. Therefore, the structure of fees for water, sanitation and electricity must enable poor women, particularly rural women, to have access to adequate basic service levels. This can mean low fees or no fees for poor households, where necessary. Governments may also choose to subsidize costs for poor households by charging wealthier users more for services. In South Africa, the National Electricity Regulator has a lower tariff for poorer consumers. The Government charges a flat rate a month (regardless of how much electricity is consumed) for a low-amp current, suitable for lighting, TV, radio and refrigeration. Households supplied with a current suitable for all uses are given meters, and pay a higher rate on the amount they actually use.

II. Public Expenditure

WHAT ARE THE KEY FEATURES OF PUBLIC EXPENDITURE?

Government expenditure can be divided into two categories: debt-servicing charges and government programmes. The proportion that government devotes to each category varies. For example, poor, highly indebted countries spend more money paying interest on foreign debt than they do on financing public services. The way that governments present their programme expenditure in budgets varies. For example, expenditure can be presented according to administrative agency, economic function, or type of programme. Typically, the types of programmes that are funded include: services like education, income transfers like pensions, subsidies like food stamps, and infrastructure like roads and water systems.

CAN PUBLIC EXPENDITURE DISCRIMINATE AGAINST WOMEN?

Public expenditure can also discriminate against women both in terms of policy and practice. Most expenditure on public programmes is not gender-specific, which means that expenditure is not targeted specifically to women and girls or to men and boys. Apparently gender-neutral expenditure can have gender-differentiated benefits and fail to result in the promotion of gender equality. In some cases this may be because the laws governing access to programmes discriminate against women. For instance, rules about access to income transfers from the government, such as family allowances and social security, can restrict women's independent access. They can do so by treating women as dependents of male family members rather than as individuals in their own right - by only giving access to benefits for women through their husbands - or by restricting access to people in formal employment, when the vast majority of women are engaged in informal employment.

In the case of public services and infrastructure, the problem is not discriminatory rules of access, but failures in the design, delivery and funding of programmes. Discrimination occurs when programmes fail to address the social barriers that women and

girls face in accessing services; when they fail to take into account women's and girls' different needs and priorities; and when they fail to allocate adequate levels of funding to programmes in order to remedy disadvantages faced by women and girls.

Programmes can also be targeted at women and girls (as is permitted by CEDAW). However spending on these programmes often constitutes a very small proportion - normally only between 0.5 and 1 per cent - of the total government expenditure on programmes. Not all expenditures targeted to women promote gender equality, and many programmes that are not specifically targeted to women have an equality-enhancing impact on women.

HOW DOES CEDAW APPLY TO PUBLIC EXPENDITURE?

CEDAW principles of substantive equality, non-discrimination, participation and modification of social and cultural patterns of conduct, require, to varying degrees, that:

Public expenditure prioritizes programmes which facilitate gender equality

- Governments should prioritize funding for programmes that increase gender equality. There are no simple criteria for evaluating the extent to which a programme is likely to achieve gender equality, or the amount of funding that is necessary to achieve this. Trade-offs between immediate benefits and long term benefits also exist. For example, providing funding for women for courses in low-paid and low-skilled jobs such as sewing, rather than training for well-paid and high-skilled jobs such as computer technology, can have immediate benefits for women, but at the same time reinforce traditional unequal roles (this is in potential breach of Articles 3 and 5 of CEDAW.) These complexities mean that it is not possible to use one uniform rule or benchmark to distinguish whether a programme improves women's equality. Instead, stakeholders need to subject programmes to detailed scrutiny using the criteria set out in CEDAW and to take account of the particular context of women and girls. A first step can be to systematically document public expenditure targeted at efforts to promote women's rights and gender equality.

For example, France introduced a budget report on women's rights and equality in 2000, intended to effectively monitor and measure public expenditure on such efforts.

Programmes funded by public expenditure are non-discriminatory

- Articles 2 and 3 of CEDAW mandate government activity that is non-discriminatory and equality-enhancing both in design and outcomes. This focus on outcomes encourages stakeholders to assess whether the expenditure will in practice overcome barriers to substantive equality. It also means that governments can support temporary special measures for women—such as increased funding for credit for women—without these measures being seen as discriminatory against men.

Although there is no one simple rule about how to determine whether public expenditure is discriminatory or equality-enhancing, there are some general principles that should be followed (see Box 2). When applying these general principles to particular programmes, stakeholders also need to look to CEDAW to see whether it contains any specific rules on the programme under consideration. For instance, educational expenditure would be guided by Article 10 of CEDAW and public employment creation programmes must be consistent with CEDAW Article 11.

BOX 2 Benchmarks for Non-discriminatory Expenditure

Separate programmes are public services that are only available to either sex, such as single-sex schools or hospitals. Governments should spend equal amounts of money on comparable services for both sexes unless more funds are needed for programmes for women and girls to achieve substantive equality, including to meet needs that are sex-specific e.g. pregnancy screenings.

General programmes with individual beneficiaries are those programmes that provide services to both sexes and deliver them on an individual basis, such as education, health, job creation and poverty alleviation programmes. A recommended general benchmark for these programmes is that women's share of the expenditure should be at least the same as their share of the relevant population unless this amount is insufficient to achieve equality. For example, inequalities in girls' education means that even though girls typically constitute 50 per cent of the school age population, girls' share of educational expenditure will need to be more than 50 per cent to achieve substantive equality in outcomes. Sometimes governments adopt quotas in an attempt to make expenditure distribution non-discriminatory (e.g. in South Africa, special public works programmes require 60 per cent of the employees to be women because women are 60 per cent of the target group). Stakeholders will need to scrutinize whether the particular quota adopted is sufficient to overcome substantive inequalities.

Public goods are those programmes that go to households and communities where individual use of the programme is hard to identify, such as street lighting, sanitation systems, defence and policing. Because it is hard to identify individual beneficiaries, it is difficult to identify male and female shares of expenditure. Nevertheless, women and men often have different priorities for expenditure on public goods. For example, women often give greater priority to spending on water and sanitation for households than do men. An alternative benchmark to expenditure is to examine whether women's and men's priorities are equally met. Under this benchmark, spending on public goods will be non-discriminatory where it gives equal weight to women and men's priorities and emphasizes priorities that further substantive equality.

The amount of public expenditure is adequate to achieve substantive equality

- Funding allocations may be non-discriminatory but still insufficient to achieve substantive equality. For example, analysis of the adequacy of the budget for the implementation of the Domestic Violence Acts passed in South Africa, Barbados and seven Latin American countries, showed that there were no cases of adequate appropriation in the national budget for domestic violence programmes and interventions. In order to comply with CEDAW, public expenditure must be both non-discriminatory and adequate to achieve the rights that CEDAW guarantees.

Stakeholders should work together to determine exactly how much money is needed to fund the activities necessary to achieve women's equality. To do this, they will need to first agree what the outcomes of spending should be and then investigate what measures will best achieve these outcomes and how much these measures will cost. One way that stakeholders can assess the adequacy of expenditure allocations is to draw on the methods for cost-estimation of services developed by the U.N. Millennium Project (e.g. by referring to the costs of services required to achieve Millennium Development Goal 3, Gender Equality and Women's Empowerment). These costs will then need to be compared with the amount of money the budget has allocated to spend on a particular issue, such as reducing domestic violence.

If the analysis shows that the funding is inadequate, then additional resources will need to be found (e.g. by redistributing funding or increasing tax revenue) in ways that comply with CEDAW. While this is ultimately the responsibility of government, civil society budget monitoring activities that can both identify inadequacies and make concrete proposals about how to acquire the additional resources are particularly helpful. For example, the Gender Advocacy Programme, an NGO based in Cape Town, identified shortfalls in funding the implementation of the Domestic Violence Act in South Africa and also went on to identify how changes in priorities and improvements in efficiency could free up resources for the Act's proper implementation.

A key challenge is to make sure that in determining what is adequate funding, proper account is taken of the role of women's unpaid work. Taking proper account means recognizing that women's unpaid work is often a hidden subsidy of public programmes. For example, gender analysis of a food assistance programme in Villa El Salvador, Peru showed that reliance on the unpaid work of women to distribute food saved the municipality a sum equal to 20 per cent of the programme's budget. Unpaid work that is genuinely voluntary and contributed by women who have spare time is not in violation of CEDAW. However, there is cause for concern if poor overworked women are required to contribute unpaid work in order to access public programmes. Care must be taken to ensure that this sort of reliance on unpaid work does not become a discriminatory substitute for adequate funding.

Finally, stakeholders might consider whether it is helpful to introduce quantitative funding quotas to ensure adequate resources for women. Some GBIs have advocated for the adoption of such quotas. For example, a GBI organized by an NGO, the Women's Political Coordinating Organization, in Quito, Ecuador, argued that at least 30 per cent of the beneficiaries of municipal projects should be women and that 30 per cent of municipal contracts should go to women. As with government quotas for funding distribution, stakeholders will need to assess what quota is needed to ensure adequate expenditure.

Public expenditure facilitates substantive equality in its impact

- In allocating adequate funds, governments fulfil what is called their "obligation of conduct". The obligation to advance gender equality in Article 3 of CEDAW also includes an "obligation of result", by which spending must have an actual impact on transforming women's status. It is important to emphasize this because a big gap often exists between what is meant to happen and what actually happens in budgeting. For example, an investigation into the impact of public expenditure allocated to Gender and Development programmes in the Philippines found that expenditure items had no clear gender equality focus and that there was a lack monitoring systems.

There are three main ways to assess impact of government spending.

1. Expenditure tracking studies to ensure that money does reach its intended point of service delivery.
2. Beneficiary assessments to determine whether women receive services in ways that respect their human rights.
3. Quantitative investigation, by which budget outcomes are measured using sex-disaggregated indicators such as female and male literacy rates.

Some GBIs have focused on investigating budget outcomes. For example, in Mexico, the NGOs Fundar, Foro and Equidad de Genero investigated the impact of expenditure on maternal mortality rates in Chiapas and Oaxaca.

The outcome of budget expenditures is CEDAW-compliant when it can be shown that funds reached the point of service delivery, that intended beneficiaries were satisfied, and that the position of women was improved.

Public expenditure reform programmes promote gender equality

- This means that if reforms, such as performance-oriented budgeting, decentralization, more targeted spending and privatization are introduced, they must be carried out in a way that not only counteracts the potential negative effects of reforms for women, but turns these into opportunities for advancing their position. Only reforms that meet these criteria should be introduced.

For example, in performance-oriented budgeting, gender equality should be one of the criteria that a budget's performance is measured by. In decentralization processes, the capacity of women should be built to participate equally in decision-making about the allocation of resources. Although narrow targeting of spending concentrates scarce resources on derived groups, it may also have hidden costs, such as costs of administration and of documenting eligibility, as well as costs of mis-targeting. In general public programmes with universal access are more likely to promote gender equality. Privatization reforms must ensure that women do not lose access to services because they cannot afford to pay for them.

III. Macroeconomics of the Budget

WHAT ARE THE KEY FEATURES OF MACROECONOMICS OF THE BUDGET?

The macroeconomics of the budget refer to the impact of the budget on the economy as a whole, including how it affects factors such as the level of employment, growth and changes in the average level of prices for goods and services (inflation or deflation).

Much of the debate around macroeconomic policy concentrates on how government budgets can best contribute to an overall improvement in the nation's economy. Many countries favor a macroeconomic policy that prioritizes increasing Gross National Product (GNP) and keeping inflation rates low by reducing budget deficits, mainly through expenditure cuts rather than increased tax revenue. This deflationary bias in turn may bring down the levels of job creation. Since the early 1980s, these policies have successfully reduced inflation to below ten per cent in most regions of the world, but have not managed to achieve adequate levels of growth and employment to support populations. The alternate position in this debate argues that the narrow focus on only lowering inflation is mistaken and that objectives relating to job creation and growth need to be given equal priority.

CAN THE MACROECONOMIC POLICY DISCRIMINATE AGAINST WOMEN?

The debate on macroeconomic strategy rarely examines and prioritizes the gender dimensions of macroeconomic policy. Macroeconomic policy can discriminate against women by adopting policies that perpetuate women's inequality in labour markets and require women to carry an unequal burden of the costs of adjustment to recession, high rates of inflation, and financial crises. Deflationary bias perpetuates and deepens tendencies for women to have higher unemployment rates than men; to have lower labour force participation rates than men; and to be concentrated in low-paid informal jobs which lack rights to social

protection. This perpetuates and heightens women's obligations to act as the safety net for their families and communities.

Deflationary bias is entrenched in many countries by rules that set strict limits on budget deficits and government debt, irrespective of whether the economy is in recession, has high unemployment rates and falling output, or in a boom period with low rates of unemployment at fast growth of output. These rules have had a negative impact on women as they have: narrowed the "fiscal space" in which governments can address women's needs; slowed growth; and increased unemployment and informal employment. In addition, budget deficits have generally been reduced by cutting expenditure rather than by raising tax revenue, with women bearing the disproportionate burden of expenditure cuts.

Women normally bear this disproportionate burden because cuts are often made to women's programmes or to programmes in which women are the main beneficiaries (see Box 3). These cuts take place over the course of the budget cycle and would not be subject to parliamentary scrutiny. For example, a study of data covering an eleven-year period in Jamaica, found that after the budget had been approved, political factors during the implementation phase led to greater expenditure cuts in social and community services than in economic services. Social and community services were particularly important for poor women, whereas economic services benefited businesses. The risk that women will disproportionately experience the impact of expenditure cuts is also heightened because of the social pressure for women to compensate for service cuts with their unpaid work (for example by undertaking increased water collection activities if the government cuts expenditure on water and sanitation).

HOW DOES CEDAW APPLY TO MACROECONOMIC POLICIES?

CEDAW principles of substantive equality, non-discrimination, participation and modification of social and cultural patterns of conduct, require, to varying degrees, that:

Macroeconomic policy promote measures that will end discrimination against women and ensure their equality

- Analyzing macroeconomic policy from a gender perspective means assessing which macroeconomic policies are most conducive to women's full development and advancement. For example, evidence suggests that macroeconomic policy which prioritizes both high tax and high public expenditure reduces gender inequality, for instance, by increasing public services that reduce women's unpaid work and enable them to join or continue to engage in the paid labor market. As well as evaluating their own domestic macroeconomic policy, governments should also consider canceling the debt owed by poor countries to enable them to increase expenditure aimed at enhancing gender equality, for instance, by funding education for girls.

Macroeconomic policy guarantees women's right to work on an equal basis with men

- In addition to the general requirements of substantive equality (Article 3) and non-discrimination (Article 2), CEDAW also has some specific implications for the design and implementation of macroeconomic policies. For example, governments are required to use macroeconomic policy to guarantee women's right to work on an equal basis with men (Article 11). This obligation includes reducing gender differences in unemployment rates, ensuring equal pay for equal work, ensuring women and men enjoy equal levels of "decent" employment, and creating incentives for equal sharing of unpaid domestic work. A first step to fulfilling this obligation is for governments to collect employment and unemployment data in ways that take full account of women's experiences. For instance, definitions of unemployment often exclude people who want a job but do not actively seek one because they feel none are available, or because they face a variety of physical or social barriers in obtaining a job. These so-called 'discouraged workers' are more likely to be women. During periods of high unemployment, women workers are more likely than men to drop out of the labour force altogether. Moreover, when unemployment increases and income levels fall, women bear the burden of substituting unpaid domestic

goods and services for those that the family can no longer afford to buy on the market. To measure the latter stakeholders should conduct time use surveys.

Expenditure cuts do not disproportionately impact women

- CEDAW, when read with other international instruments such as the ICESCR, also requires that reductions in budget deficits through expenditure cuts do not have a disproportionate impact on women. Under the principle of "non-retrogression", the government is required to provide a justification for any expenditure cuts. However, the obligation of non-discrimination rules out the possibility of justifying a cut that has an unequal or discriminatory effect on women. Women and girls often have the social obligation to produce substitutes for goods and services formerly provided by the state. In light of this, expenditure cuts may affect women disproportionately.

To preemptively guard against the risk that women will bear the disproportionate burden of expenditure cuts, governments should closely scrutinize proposed expenditure cuts, for instance, by consulting civil society organizations, particularly those that represent women from the most marginalized groups. Civil society organizations can make an important contribution by monitoring expenditure to identify trends in expenditures that are disadvantageous to women (see Box 3).

Macroeconomic policy is designed with careful consideration of all alternatives from a gender perspective and in ways that maximize flexibility to comply with CEDAW

- The type of macroeconomic policy is often, and should be, determined through careful consideration of all alternative macroeconomic policies. Even after a macroeconomic policy direction has been chosen, it is important for governments to retain some room for flexibility in their decision-making to respond to changes in societal patterns. Indeed, gendered patterns of work, expenditure, consumption and investment may shift over time and governments always need to have the ability to adjust practices to continue

to address women's needs and comply with their obligations, including those under CEDAW. One way in which governments can maintain this flexibility is to adopt flexible budget rules that enable them to balance budgets over the economic cycle (normally four to eight years) rather than each year. For example, governments such as the United Kingdom have budget rules that make it possible to adopt what is known as an "anti-cyclical" fiscal policy. This means that governments spend more money than revenue in the downswing of the cycle and offset this by spending less money than what they raise in the upswing of the cycle.

To best enable governments to keep track of the changes that macroeconomic policy needs to address governments should create conditions for widespread dialogue and input on macroeconomic strategy. Civil society can play a critical role here and can contribute to the formulation of alternative macroeconomic policies by producing an alternative budget. This is what happens, for example, in Canada, where every year since 1995, 50 civil society organizations have created an Alternative Federal Budget (AFB). The AFB has proposed different strategies for reducing the budget deficit without having to cut expenditure and has recommended that budget surplus be used to restore social programmes rather than give tax cuts and reduce outstanding debt.

BOX 3

Scrutiny of Expenditure Cuts: Examples from Mexico and Nepal

Mexico GBI

In 1998-2000, the Mexican Ministry of Finance announced expenditure cuts that would affect the National Electricity Commission, the state-owned oil company (PEMEX), and the Department of Communication and Transport. Further cuts were made in 2002 affecting the budgets of the Ministries of Health and Education, and the Social Security Institute. The budgets of the Ministry of National Defense, the Ministry of the Navy and the Ministry of Public Security were not cut.

Scrutiny by civil society organizations revealed that cuts in 1998-2000 had actually affected the Ministry of Social Affairs, the Ministry of Health and the Ministry of Education. Furthermore, the 2002 cuts, whilst not directed at women-specific programmes, affected anti-poverty programmes of which women were the main beneficiaries.

In response to these findings, the Commission on Gender Equality of the Chamber of Deputies became active in negotiations on the 2003 budget and succeeded in getting larger appropriations than originally proposed by the government for programmes on reproductive health, reduction of maternal mortality, women in agriculture and immigrant women.

Gender Budget Audit, Nepal

In 2003, the Institute for Integrated Development Studies carried out a Gender Budget Audit that looked at trends in social expenditure (education, health, drinking water and local development) compared to total expenditure in Nepal. It found that cuts impacted more heavily on social expenditure than on total expenditure. The audit also looked at another type of expenditure that affects women: expenditure on subsidies. It found that subsidies that particularly affected poor women (such as food and fertilizer subsidies) were cut, whilst others that were important for politicians (such as media subsidies) were kept.

IV. Budget Process

WHAT ARE THE KEY FEATURES OF BUDGET DECISION-MAKING PROCESSES?

The budget process consists of four stages: formulation of the budget; setting out expected revenue and planned expenditure; consideration and adoption of the budget by members of the legislature and its enactment into law; budget implementation; and budget audit and evaluation which checks that funds are spent as authorized and evaluates overall government performance

Each of the four stages of the budget decision-making process involves a variety of actors from government and civil society (see Box 4). Government is the key actor in budget decision-making and its executive and legislative parts each play different roles depending on the stage of the process. In addition to government actors, the last decade has seen an increase in civil society participation in budget decision-making. For example, in Brazil, individuals in over 100 municipalities have been involved in the participatory budget process originally developed by the Partido dos Trabalhadores (Workers' Party) in Porto Alegre. Participatory budgeting can take place at different phases of the budget cycle and at all levels of government. The precise nature of participation is dependent on factors such as political will of government and the capacity of civil society. The relationship between government and civil society ranges from joint-decision making (as in the Porto Alegre process) to consultation (e.g. when civil society contributes to Poverty Reduction Strategy Papers (PRSPs) which are key sources of information for budget formulation in developing countries which seek to borrow from the World Bank). The relationship maybe influenced by other powerful actors (such as the International Monetary Fund and the World Bank).

CAN BUDGET DECISION PROCESSES DISCRIMINATE AGAINST WOMEN?

Not all individuals have the same opportunities to contribute to budget processes. Women are consistently under-represented in government agencies that formulate, approve, and implement government budgets as well as in civil society groups that implement and evaluate government budgets. Women in government tend to be assigned to “soft” or “social” parliamentary committees and portfolios (such as Ministries of Family Affairs and Women's Affairs) and tend to be excluded from ministries (such as Ministry of Finance) where key budget decisions are made.

Even when women are present in these forums their involvement may be limited. The difficulties elected women representatives (EWRs) face are highlighted by a research project carried out by the Karnataka Women's Information and Resource Center (KWIRC) in India. This project examined the role of EWRs in the determination of the budgets of two village- and municipal councils. The project found that as a result of gender discrimination and cultural norms women representatives were frequently excluded from budget discussions, denied access to relevant budget documents and financial statements, lacked detailed information about the budget, and had their funding requests de-prioritized in comparison with requests made by male representatives. Access to information is also a key concern for women in civil society groups. In addition to problems in accessing government information, an even greater issue is that governments themselves do not often produce the sex-disaggregated data that is needed for a true picture of the gender implications of budgets to emerge.

BOX 4 Opportunities for Women's Civil Society Involvement in Budget Decision Making Processes

Formulation: In this phase, the budget is prepared by relevant bodies in the executive. The process is normally led by the Budget Office of the Ministry of Finance (or comparable body). There is a large degree of continuity from year to year. Nevertheless, policy decisions have to be taken on what to continue and what to change. Women in civil society can influence these choices by: proposing projects based on women's needs and priorities; developing alternative budgets that set out different spending priorities for women; and participating in the development of PRSPs.

Approval and Enactment into Law: In this phase, the budget is analyzed by the legislature and brought into effect through the passing of a budget law. The extent to which members of the legislature can modify the budget proposal varies. The approach of civil society will depend on how much flexibility there is for the legislature to bring about budget change. Civil society activities at this stage of the process include providing the legislature with information about the likely impact of budget proposals on women as compared to men.

Implementation: Implementation is undertaken by Ministers, administrators and all relevant public sector employees. Civil society can play a crucial role in this phase by tracking whether allocated resources actually reach the intended recipients of the government programme.

Audit and Evaluation: In this phase bodies such as the Office of the Auditor-General investigate whether government expenditure was authorized; determine whether the government accounts are accurate; and report to the legislature (often to a Public Accounts Committee) on their findings. Increasingly, in addition to financial audits, evaluations are carried out to assess what has been achieved with the spending. Civil society can play a role at this stage by conducting its own audits and evaluations on whether programmes perform in a way that advances gender equality. Tools include producing "report cards" or surveys to find out women's experiences of government programmes.

There have been some advances in women's participation in budget processes. GBIs have made it a priority to monitor women's presence in government and civil society groups, and an increasing number of countries have adopted temporary special measures, such as quotas, to ensure more women are represented in the budget decision-making bodies. Many GBIs have also focused on building the capacity of women to contribute to budgets once they are in these positions. For example, in West Bengal and Rajasthan, women, who have been empowered to effectively contribute to budget processes, have played a role in advocating for improvements in government spending on women's priorities (for example through increased allocations of resources to water and sanitation).

HOW DOES CEDAW APPLY TO BUDGET DECISION-MAKING PROCESSES?

CEDAW principles of substantive equality, non-discrimination, participation and modification of social and cultural patterns of conduct, require, to varying degrees, that:

Women participate on equal terms with men in budget decision-making processes

- As outlined above, Article 7 of CEDAW requires measures to eliminate discrimination in political and public life, and particularly, to ensure that women have the right, on equal terms with men, to participate in the formulation and implementation of government policy, to hold public office, and to participate in non-governmental organizations (NGOs). In the area of budgets, ensuring participation on equal terms with men means removing formal barriers to participation in budget processes. Examples of formal barriers may be laws prohibiting women from being in elections and taking further steps to ensure that women enjoy full or substantive equality in decision processes. This obligation applies to all women – it is not just privileged women's groups (e.g. wealthy urban women) that are entitled to voice their opinion on how money should be raised and spent. In concrete terms, the requirement to ensure

participation on equal terms implies both increasing the number of women in relevant government and civil society groups, and also increasing the capacity of women in these positions to engage with the budget decision process.

Number of women in decision-making roles

The first step in deciding what measures are needed to increase women's presence is to identify the number of women involved at different stages of the budget making process and the importance of their position. This is necessary because women are often well represented in less influential bodies at the local level, but are a minority in more influential bodies at the local, regional, or national levels.

Once this information is collected, measures that governments may be required to adopt include:

- Introduction of temporary special measures to increase the number of women in elected bodies. The CEDAW Committee has recommended quotas for this purpose and supports the interim goal that women hold 30 to 35 percent of positions. Special measures may also be needed to increase the number of women in civil society organisations. For example, some states in India have introduced rules about the proportion of women that in community assemblies that deal with budgets. CEDAW requires that these measures stay in effect until their outcomes have been achieved and it is clear that their benefits will continue.
- Increasing the role of national women's machinery in budget decision processes. For example, since 2002, the National Women's Machinery in Chile (Servicio Nacional de la Mujer-SERNAM), has worked with the Budget Office in the Ministry of Finance to mainstream gender into government spending practices. This involves evaluating whether public expenditure advances gender equality and certifying that departments have taken gender into account in allocating expenditure. This certification is important; failure to do so results in the loss of a two per cent salary bonus for employees of the relevant Department.

- Enhancing the possibilities for women's groups in civil society to set priorities for expenditure. It is important that these possibilities are open for all types of expenditure, not just those earmarked for women's issues. For example, in Kerala, India, all-women groups set priorities about how the Women's Development Fund will be spent. However, this Fund only represents ten percent of the budget. Women do not contribute equally to decisions about how to use the majority of budget resources.

Capacity of women decision-makers

CEDAW requires more than just increasing the number of women in government and civil society. It also requires that women's voices be equally heard once they are in these positions. This in turn calls for measures that build the capacity of elected representatives and civil society to analyze budgets, particularly from a gender perspective. For example, in Mexico, an NGO, Equidad de Genero, holds public finance workshops for women leaders. In India, the Karnataka Women's Information and Resource Centre (KWIRC) has commenced a project with poor and often illiterate local EWRs to enable them to construct budgets. The GBI in Uganda (organized by the Forum for Women in Democracy (FOWODE) and women members of parliament) has used government sources and other information to produce a series of short briefing papers that help women parliamentarians undertake gender analysis of budgets.

Reform of budget decision-making processes ensure that women participate on equal terms with men and that budget decisions incorporate a gender perspective

- This requirement stems from Article 7 and the requirement for substantive equality (Article 3) and calls for the restructuring of decision processes to overcome the inbuilt factors that prevent women from enjoying full and equal participation. These factors fall generally into two categories: lack of transparency, and lack of accountability. These two areas have been a particular focus of GBIs in the Andean region (Bolivia, Colombia, Ecuador and Peru).

Steps that governments can take to ensure that budget processes are more open and transparent include ensuring that budgets contain all relevant information (including the distributional implications of the budget) and that budgets are presented in a user-friendly way.

Accountability reforms include those which ensure: the right to information (particularly sex-disaggregated information), the right to contribute meaningfully to budget deliberations, and the right to redress where budget guarantees are not properly fulfilled (such as when service delivery is inadequate). Where there are problems in collecting sex-disaggregated information, governments may consider introducing a law mandating such collection. Civil society can assist in promoting this option. For example, in Oaxaca, the Institute for Oaxacan Women successfully lobbied the Governor to pass a law that requires the government to produce sex-disaggregated information. To enable civil society to use this information, stakeholders can advocate measures such as the participatory auditing developed by the Mazdoor Kisan Shakthi Sangathan in Rajasthan, where budget accounts are presented at public hearings and villagers can identify instances of misappropriation and corruption. To ensure accountability, such mechanisms must include a way for individuals to get redress if a problem is found. All stakeholders must test whether barriers to implementing this right to redress (for example fear of intimidation, difficulties for poor women in having their complaints heard) have been truly overcome, and the opportunities for ensuring women's rights maximized.

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