

# FINANCE AND MONEY TURNOVER

UDC 336.14

DOI <https://doi.org/10.26661/2414-0287-2019-2-42-16>

## GENDER RESPONSIVE BUDGETING AS A VECTOR OF DEVELOPMENT OF PUBLIC FINANCES

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**Key words:**

public finance, gender equality, budget, gender responsive budgeting, economic development.

The current and strategic plans of the national economies determine the development priorities and how they will be implemented, funded and monitored. In Ukraine integration of social aspects into the planning and budgeting processes is a new and innovative contribution to the further development of the concept of budgeting focused on result. Generally, gender equality issues are not considered appropriately and are not taken into account in the planning, implementation and financing phases. The article is devoted to the study of the actual problem of the introduction of gender-responsive budgeting at all levels of the budget process. The study examines the foreign experience of using gender-responsive budgeting, analyzes the common and distinctive features of implementation in different countries. It is determined that an important result of the implementation of the gender budget initiative is the more effective use of budget funds, which indicates the importance of incorporating gender issues during the budgeting process, as well as the opportunity to improve the quality and accessibility of services for girls and boys, women and men on this basis. The period of realization of the project "Gender-responsive budgeting in Ukraine", the stage of its integration and prospects of the project development were researched. This subject has the prospect of research on a more detailed study of gender processes for the purpose of qualitative use and implementation in domestic legislation; improving the process of data collection on gender aspects and methods for their evaluation, in order to better allocate the financial resource of the budget.

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## ГЕНДЕРНО-ОРІЄНТОВАНЕ БЮДЖЕТУВАННЯ ЯК ВЕКТОР РОЗВИТКУ ДЕРЖАВНИХ ФІНАНСІВ

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державні фінанси, гендерна рівність, бюджет, гендерно-орієнтоване бюджетування, економічний розвиток.

Поточні та стратегічні плани національних економік визначають пріоритети розвитку і як вони будуть реалізуватися, фінансуватися та контролюватися. В Україні інтеграція соціальних аспектів у процеси планування та бюджетування є новим та інноваційним внеском у подальший розвиток концепції бюджетування, орієнтованого на результат. Зазвичай проблеми щодо забезпечення гендерної рівності не розглядаються належним чином та не враховуються на етапах планування, реалізації та фінансування. Статтю присвячено вивченню актуальної проблеми впровадження гендерно-орієнтованого бюджетування на всіх рівнях бюджетного процесу. Розглянуто зарубіжний досвід використання гендерно-орієнтованого бюджетування, проаналізовано спільні та відмінні риси впровадження в різних країнах. Визначено, що важливим результатом впровадження гендерної бюджетної ініціативи є ефективне використання бюджетних коштів, що свідчить про важливість урахування гендерної проблематики під час формування бюджету, а також можливість на цій основі підвищувати якість і доступність послуг для дівчат і хлопців, жінок і чоловіків. Досліджено період реалізації проекту «Гендерно-орієнтоване бюджетування в Україні» стадії його інтеграції та перспективи розвитку проекту. Ця тематика має перспективу дослідження з напрямку детальнішого вивчення гендерних процесів з метою якісного використання та впровадження у вітчизняне законодавство; удосконалення процесу збору даних стосовно гендерних аспектів та методів їх оцінки, задля ефективнішого розподілу фінансового ресурсу бюджету.

**Statement of the problem**

The issue of gender equality has been an important stage in the global development of society for many centuries. Many states actively promote the implementation of gender equality in their national policies and tools through action plans and organizational structures to coordinate efforts to achieve gender equality, gender budgeting policies and appropriate training of civil servants. Gender budgeting in Ukraine today is not only an up-to-date and fashionable topic, but also an important tool for implementing equal rights and opportunities policies for women and men.

**Analysis of recent studies and publications**

Gender budgeting is within the attention of many researchers and practitioners from the European Institute for Gender Equality [2, 7] and International Monetary Fund [5]. Among the national scientific works, the methodical manual “Gender-responsive Budgeting in Ukraine: Theory and Practice” [8] highlights the use of gender-responsive budgeting (GRB) tools aiming to introduce to a wide range of readers the GRB methodology, costing gender equality and the best Ukrainian practices supported by the UN Women and the Friedrich Ebert Foundation in Ukraine. The gender budgeting issue is not sufficient in Ukraine.

**Objectives of the article**

The research question consists of gender responsive budgeting as a tool of good budgeting method and achievement of gender equality by elimination of existing gender gaps in the society.

**The main material of the research**

The generally accepted definition of gender responsive budgeting is presented in the report of the special group of the Council of Europe, which in 2005 came to the conclusion that gender budgeting is the implementation

of a gender perspective in the budget process. The term “gender responsive budgeting” means a budget that includes planning the resources of the country, taking into account the budget revenues generated by women and men, as well as budget expenditures distributed among women and men.

More than 90 governments around the world are pursuing gender budgeting. The research outlines two overarching primary motivations for gender budgeting: it’s perceived positive impacts on economic efficiency, growth, and productivity, as well as its positive impacts on equity in terms both of inclusive development and equal realization of human rights. The basic argument underlying both the efficiency motivation and the equity motivation for gender budgeting is that, first, gender budgeting reduces gender inequality, which, second, causes growth, more equitable development of women and society generally, and equal achievement of human rights [1].

The purpose of Gender Budgeting is the following:

- to promote accountability and transparency in fiscal planning;
- to increase gender responsive participation in the budget process, for example by undertaking steps to involve women and men equally in budget preparation;
- to advance gender equality and women’s rights [2].

The growing number of GRB initiatives across the world (figure 1) differs greatly in their implementation of a gender perspective into government budgets and promote gender equality. The Australian Government launched annual Women’s Budget Statement in 1987, examining all taxes and expenditure for its implications for women (among achievements: recognition of costs of unpaid care work, national paid parental leave, increases in funding for child care).

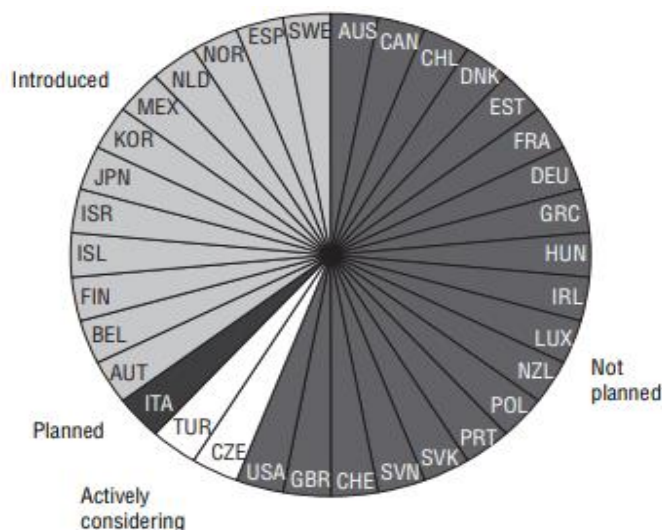


Fig. 1. Status of gender budgeting [3, p.8]

Inspired by the Australian example, South African parliamentarians and NGOs introduced Women’s Budget Initiative in 1995, producing an annual report on selected areas of expenditure and taxation [4].

Many countries, including those in Europe, have been implementing gender-related policy initiatives. In Canada, gender equality is a shared responsibility of federal, provincial and territorial governments, with

mechanisms in place to promote coordination and engagement. The Japanese government has been promoting gender equality through various legislative measures, including the Basic Act for Gender Equality of 1999, and has recently adopted gender budgeting formally. The UK has included gender equality in fiscal policy in different ways. In the US, several recent legislative measures were intended to address violence against women and promote more women in economic and technical leadership roles [5, p. 14].

There are many steps to integrate gender initiatives into the budget process. The OECD classifies measures for gender budgeting at the appropriate stage of the process:

- Ex ante gender budgeting approaches: ex ante gender impact assessment, Gender budget baseline analysis, gender needs assessment,
- Concurrent gender budgeting approaches: gender perspective in the performance setting, gender

perspective in resource allocation, gender-related budget incidence analysis,

- Ex post gender budgeting approaches: ex post gender impact assessment, gender audit of the budget, gender perspective in the spending review.

We have analysed the countries of Europe and the world, that practice some form of gender budgeting, according to these approaches (the results are given in Table 1).

As can be seen from Table 1, countries use different approaches for to increase openness towards gender-responsive policies throughout the public sector. For example, government officials in Korea must have to attend a specific training to learn how to prepare a Gender Budgeting Statement (a document that contains information on gender budgeting targets and the beneficiaries of government spending) before they can prepare one.

Table 1 - Use of implementation approaches GRB in different countries

|         | Ex ante gender impact assessment | Gender perspective in resource allocation | Gender perspective in performance setting | Ex post gender impact assessment | Gender budget baseline analysis | Gender-related budget incidence analysis | Gender audit of the budget | Gender needs assessment | Gender perspective in spending review |
|---------|----------------------------------|---|---|----------------------------------|---------------------------------|--|----------------------------|-------------------------|---------------------------------------|
| Austria | Yes                              | No  | Yes                                       | Yes                              | Yes                             | Yes                                      | No                         | Yes                     | No                                    |
| Finland | No                               | Yes                                       | Yes                                       | No                               | No                              | No                                       | No                         | No                      | No                                    |
| Iceland | Yes                              | Yes                                       | Yes                                       | Yes                              | Yes                             | No                                       | No                         | No                      | No                                    |
| Israel  | Yes                              | No  | No  | Yes                              | Yes                             | Yes                                      | No                         | No                      | No                                    |
| Japan   | No                               | Yes                                       | No  | No                               | No                              | No                                       | No                         | No                      | No                                    |
| Korea   | No                               | Yes                                       | Yes                                       | No                               | Yes                             | No                                       | No                         | No                      | Yes                                   |
| Mexico  | Yes                              | Yes                                       | Yes                                       | Yes                              | Yes                             | Yes                                      | No                         | Yes                     | No                                    |
| Norway  | Yes                              | Yes                                       | No  | No                               | No                              | Yes                                      | Yes                        | Yes                     | No                                    |
| Spain   | Yes                              | Yes                                       | Yes                                       | Yes                              | Yes                             | Yes                                      | Yes                        | No                      | No                                    |
| Sweden  | Yes                              | No  | Yes                                       | Yes                              | No                              | No                                       | Yes                        | No                      | Yes                                   |

Compiled by the authors based on [3]

Over half of the countries also report that an expert/consultative group advises on the application of gender budgeting and that there is an inter-agency working group(s) to exchange good practices on gender budgeting.

The scope of support for implementation varies. A greater range of support is available in Austria, Iceland and Mexico, where four out of the five administrative tools to support the implementation of gender budgeting are provided. By contrast, Japan provides just one of the implementation tools listed (an expert/consultative group that advises on the application of gender budgeting) [3, p. 16-18].

Gender budgeting can be applied to any type of budget system at all levels of government. Introducing gender budgeting at central government level is important because budgetary decisions on both revenue and expenditure are made at this level. If we are talking about regional gender budgeting, local governments' proximity

to people's everyday lives means there is potential to respond more directly to women's and men's needs when it comes to public policy and service delivery [2].

For example, in Austria gender budgeting has been integrated at central government level. The national foundations for the implementation of gender integration are articulated within Article 7 of the Federal Constitutional Law and in five subsequent cabinet decisions taken between 2000 and 2011 by the Council of Ministers.

Gender budgeting was enshrined as a goal in the federal constitution in 2007. With the introduction of effect-oriented budget management, the strategy of gender budgeting plays a central role, as every ministry is obliged to link its budgeting to the definition of outcome targets – including a gender-equality target.

Several methods are being deployed at national level, such as gender budgeting, gender analysis, gender impact assessment, capacity-building and stakeholder

consultations, among others. Several regions are deploying gender-integration methods. The methods most commonly used are capacity-building, gender budgeting, research and generation of knowledge, monitoring and sex-disaggregated statistics [6].

Ukraine joined the Gender Responsive Budgeting Project in 2014. The Gender Budgeting in Ukraine Project (“GRB Project”), funded by the Swedish Government supports the Ministry of Finance of Ukraine in the implementation of gender budgeting. Other institutions that are actively involved in the organization of gender budgeting processes in Ukraine are UN Women, the National Democratic Institute (NDI), and others. Currently, work on GOB is carried out both at the state and at the local level. Yes, all ministries have joined the state level, as well as the State Statistics Service, Parliamentary Committees and the Inter-faction MPs Equal Opportunities. At present, regional administrations of 24 oblasts (regions) and Kyiv city administration,

separate regions, cities of regional importance and united communities are involved in the work on the local level.

It is one of the biggest aid funded GRB projects in the world with a budget of approximately 7,8 million EUR.

The main goal of the gender responsive budgeting is the increased economic efficiency, effectiveness and transparency of budget expenditures through the integration of gender budgeting that takes into account the needs of different groups of women and men, girl and boys in Ukraine.

The implementation period is 2014-2020. The general approach of the GRB Project is based on the best international practices and implements GRB activities among selected ministries and oblasts, followed by amendments to the legal framework to integrate GRB approach to the all stages of the budget process in Ukraine (table 2) [7].

Table 2 – Stage of integration GRB to the budget process in Ukraine

| Period    | Stage                       | Directions of project realization  | Introduction on the territory of Ukraine   |
|-----------|-----------------------------|--|--|
| 2014-2015 | Introduction of GRB         | Selected pilot ministries (Ministry of Social Policy, Ministry of Health, Ministry of Education, Ministry of Youth and Sports) and oblasts<br>Capacity building for Ministry of Finance and pilot institutions on GRB<br>15 programs from health, education, sports, social policies analysed for their impacts to gender equality | Kyiv, Zhytomyr oblast, Ivano-Frankivsk oblast, Kherson oblast, Kharkiv oblast  |
| 2016      | Piloting of GRB             | Pilot institutions developed Action Plans for GRB<br>Improvement of programs and reports to close gender gaps in the analysed programs<br>Improved statistical reporting according to recommendations from analysis  | Expanded the piloting to include 8 more oblasts: Zaporizhzhia oblast, Zakarpattia oblast, Dnipropetrovsk oblast, Kyiv oblast, Kirovograd oblast, Cherkasy oblast, Chernivtsi oblast, Mykolaiv oblast |
| 2017      | Institutionalizing of GRB   | GRB included in Government Strategy for PFM reform (2017- 2020)<br>Developing of the Methodological Recommendations on GRB for state and local levels<br>Improving budget documentation and regulatory acts based on results of piloting<br>On-going work on gender analysis of programs at state and local level                  | Expanding GRB work on 6 new oblasts: Lviv oblast, Ternopil oblast, Sumy oblast, Poltava oblast, Vinnytsia oblast, Khmelnytskyi oblast  |
| 2018-2020 | Systemic integration of GRB | Final changes of legal basis by mainstreaming GE into the whole budget process<br>Amending the educational standards for relevant specialties to include GRB   | Expanding GRB work on 6 new oblasts: Volyn oblast, Rivne oblast, Chernihiv oblast, Luhansk oblast, Donetsk oblast, Odesa oblast  |

Compiled by the authors based on [7]

Considering that the gender-responsive budgeting methodology will always depend on the prerequisites existing in a particular state, the Ukrainian practice of GRB implementation is an attempt to adapt effective methodology to Ukrainian realities. These efforts made it possible to generalize the GRB approaches.

The general operational scheme is composed of the following stages:

1. Evaluating the initial situation and opportunities for work in a particular area.
2. Performing a gender-based budget analysis (sector/program, measures).
3. Identifying gender-specific issues, purpose and objectives of GRB.
4. Formulating gender-sensitive proposals and calculating the costs for their implementation.

## 5. Assessing the gender impact of the planned budgetary measures.

The distinction of the national approach is that in the process of working with GRB the researchers tried to identify and show possible “gender effects” of the proposed interventions within policies and programs. In particular:

- social effects defined as social benefits received by different target groups both directly and indirectly. The effect for beneficiaries is analysed both in the short and long perspective;
- redistribution effects, allowing to show that the redistribution of wealth and income is in the interests of the same gender groups the program focuses on;
- institutional viability – gender-based analysis of the sustainability and efficiency of bodies and structures, managing the program and analysis of the stability of the environment in which the program must be implemented;
- economic effect of the program – the reasonability of costs for the program implementation and funding of gender equality priorities is assessed based on the limited budget resources [8].

### Conclusions

Notwithstanding commitments to gender integration, most EU countries do not design public policies with gender equality as a primary consideration. As a consequence, many disparities and inequalities between the sexes have become embedded, to a great or lesser extent, in the baseline of public policies and the allocation of public resources. Many countries are engaged with gender budgeting as a way to redress these disparities and inequalities.

Gender responsive budgeting is recognized by international organizations as a highly efficient instrument for reducing inequalities between women and men.

GRB should start at the state level, since it is the Ministry of Finance that has the authority to create public finance management systems, set budgetary constraints and ensure a solid macroeconomic framework.

For further development of GRB in Ukraine and positive qualitative changes, it is necessary to:

- examine the legal changes underpinning gender budgeting in some jurisdictions – for example, Austria, Iceland and the Autonomous Region of Andalucía – with a view to determining an appropriate legislative initiative;
- review the Central Statistics Office’s collection and management of sex-disaggregated and gender-relevant data, and determine how the processes can be improved, so as to accommodate budgetary decisions;
- two mechanisms most commonly associated with gender budgeting are worth consideration: the inclusion of instructions on gender budgeting in the regular budget circular issued by the Ministry of Finance, and an annual gender budget statement, outlining how the budget has contributed to the attainment of gender equality outcomes, presented to parliament;
- as with most new policy innovations, pilot projects are a useful way of experimenting with available tools and of identifying the most relevant and potentially productive budgetary programs.

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