Gender Responsive Budgeting

Why we should adopt it and how

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Foreword

Gender provides a crucial lens

This was a conclusion from a Workshop on Gender Responsive Budgeting (GRB) held in Penang in February 2011. Participants included representatives from the State Government; Municipal Council of Penang (MPPP); Municipal Council of Seberang Perai (MPSP); Women's Development Research Centre (KANITA) and other research organisations; 3Gs and other NGOs; and other Malaysian representatives.

Together we discussed GRB work already done in Malaysia and elsewhere, and how GRB makes budgeting more sensitive to the different needs of different groups within our various communities.

The Workshop agreed that there was plenty of scope for taking GRB forward in Penang, and a series of initiatives have since been taken to progress this. We hope this Handbook will serve both as an introduction to GRB, as well as help inform the on-going work to make GRB an integral and positive part of our Penang and Malaysian budgetary processes.

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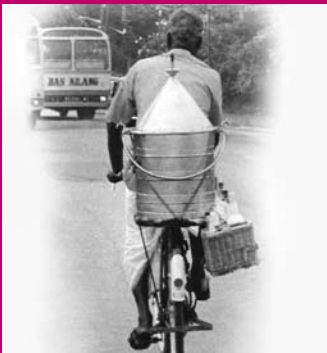
Penang's ambitions

Penang wants to be an international city.

This means:

■ **a capable, clean and efficient civil service**, with a commitment to the development of human capital (emphasising excellence, creativity and innovation);

■ **an overriding commitment to economic growth**, which is sustainable and leads to a balanced development;

■ **a people oriented government** which will enrich everyone by an equitable share in the economic cake, empower the people with rights, opportunities and freedom, and enable the people with skills and knowledge;

■ **social cohesion and inclusion** which results in a shared society that allows democratic participation, respect for diversity and individual dignity, equal opportunity and prohibition of discrimination; and

■ **the building of reciprocity, reputation and trust** through civic education and communication for a strong civil society.

– YAB Lim Guan Eng, Chief Minister of Penang, 2010

To achieve these goals, the state and municipal council budgets are central. Adequate and strategic allocations of financial resources are vital to the attainment of international city status.

2011

For 2011, the estimated budget expenditures for Penang are as follows:

State Government

RM 900.35 million

Municipal Council of Penang (MPPP)

RM 324.07 million

Municipal Council of Seberang Perai (MPSP)

RM 177.64 million

These are serious amounts of money.

SO THE KEY QUESTION:

‘ **What is the most effective way of spending this money in order to achieve our goals?** ’

For example

RM3.6 million was spent by the State in 2010 to eradicate hard-core poverty

But how do we know that this program has achieved its aims and, therefore, contributing to Penang's ambition of becoming an international city? We will need to ask and answer a series of questions, including:

Who are the hardcore poor exactly, and what are their needs? Are there different groups facing poverty – for example, children? disabled? women? – and do they have different needs?

Then we could ask: Does every person in need respond to this programme? If not, why not? Is there a difference in responses between men and women? And, going further, do women and men spend the amounts they receive differently? If so, does this difference have any implication on policy design and program delivery?

How do we begin to answer these questions?

Or another example:

RM 9.4 million was allocated by MPSP to

'pocket development' to help achieve their Key Result Area (KRA) on cleanliness.

Again, to assess the impact of this allocation, we need to ask: Who are our target groups and how are we reaching them? If communities are involved, who exactly in the community are we involving or reaching?

We can also ask what we can learn from the beneficiaries of the pocket development programme. Perhaps they have suggestions for improvement. We could also think of others in the community who are not directly involved in the project: what are their experiences, do they have suggestions, and how can they be involved?

Feedback from the community helps to make budgetary allocations more effective. Effectiveness comes from being able to consider the different needs of different groups.

The importance of GRB

GRB recognises the often significant differences in the needs of men and women, girls and boys. It recognises the different services that are needed, and the different ways different people use and benefit from existing services.

Through GRB, the necessary interventions needed to address these different needs are identified and reflected in government policies, plans and budgets.

GRB recognises the huge advantage in adapting budgets to the users of public services.

Models of delivery

Formal Model of Equality

One saucer provided for all. This assumes everyone accesses services in the same way.

Corrective Model of Equality

With proper assessment and understanding of individual differences, appropriate vessels are provided for each user, so that everyone can benefit.

GRB identifies these differences and guides budget decisions accordingly. GRB is an inclusive budgeting; it is not a budget just for women; it is not a way of dividing the budget 50:50.

The benefits of GRB

Using GRB will give us a more holistic and accurate consideration of the different situations, experiences, needs, contributions and potentials of different groups of men and women. Factors such as age, ethnicity, location, income level, education, and disability would all be part of this consideration.

In so doing, GRB brings us at least four further main benefits.

1 Firstly, it will help maximise Penang's human resources, helping each individual (men and women) attain their potential without stereotype or discrimination.

2 Secondly, gender budget work offers a number of tools to help us use the state's financial resources well, by matching budgets to plans, priority programmes, and projects.

3 Thirdly, gender-responsive budgeting will help us at all stages of the policy and budget process to improve (a) prioritisation, (b) planning, (c) implementation, (d) monitoring and evaluation, and (e) impact assessment.

4 Fourthly, gender responsive budgeting encourages good governance, extending the principles of inclusion, social equity, transparency, accountability, efficiency and responsiveness.

How does it work? GRB and the Budget Cycle

5th STAGE Dec–Jan

4th STAGE November–December

3rd STAGE August–October

1st STAGE before June

2nd STAGE June–July
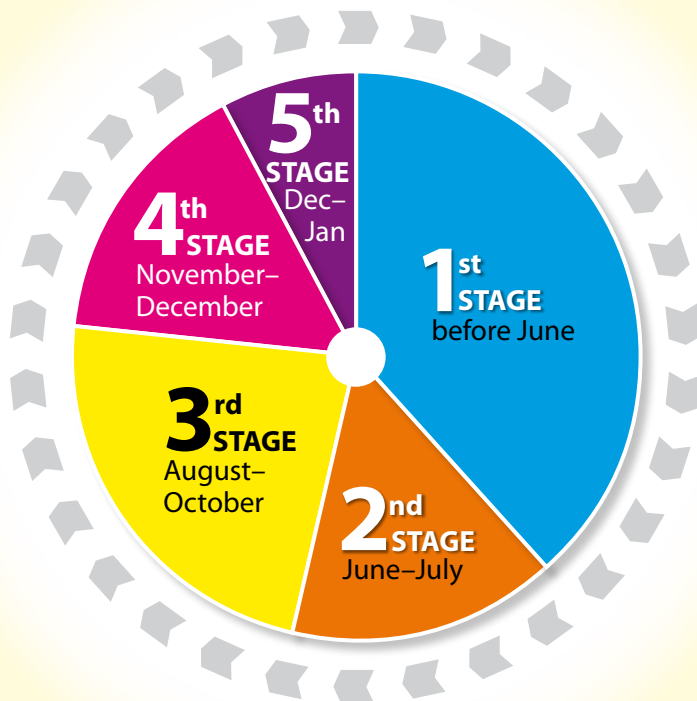
Budget decisions are made via a process that lasts most of the year, as illustrated. GRB has something to offer at each stage of the cycle.

A brief description of each stage

FIRST STAGE (before June): A call circular is issued requesting for budget estimates for the next year. The circular will contain guidelines used by the departments and agencies to prepare their estimates. Guidelines will include policy objectives, outcomes, priority guidelines, review of past performance, future strategy and Key Performance Indicators (KPIs).

SECOND STAGE (June–July): The Finance Department will look into the first set of estimates. These will be evaluated according to a range of considerations, such as inflation, social commitments, financial constraints, and non-financial needs (training and ICT).

THIRD STAGE (August–October): There is a budget hearing and review which includes various stakeholders, including councillors for the municipal budgets. The focus is on financial evaluation, and matching expenditure to priorities.

FOURTH STAGE (November–December): The State Legislative Assembly debates the proposed budgets of both municipalities as well as the state government. This is the last chance for improvements in the proposed budgets. After approval, warrants are issued and the departments and agencies can begin to implement their programmes using the approved budget.

FIFTH STAGE (December–January): The previous year's budget is audited.

1. FIRST STAGE

POLICY ANALYSIS

Good policy analysis is the crucial basis on which nearly everything else follows. So our most extensive work needs to be done at this stage. We should ask ourselves:

What approaches can we use to assess our policies and programmes?

What will be our criteria for evaluation?

Do we have reliable data and information that we can use for our assessment?

What is the appropriate methodology for analysing the data and information that we have?

Good policy analysis depends on good data.

GRB asks that we have a comprehensive data system. Not only should our information be disaggregated by sex, we also need to know other characteristics, such as age, income, location, educational attainment, and disability. Additional data might need to be collected.

The information provided by such data will put a human face to public service - this is very important.

THE PRINCIPLE:

The better the data, the better the analysis, the better our planning.

1. FIRST STAGE

POLICY ANALYSIS

We can use **EXISTING DATA SOURCES** such as census, surveys and various other information systems. These should be adapted, if necessary, to ensure they provide the sort of information described on the previous page.

We can **EXTEND SOURCES** of **DATA COLLECTION** to include more specialised data collection tools and techniques such as:

- **public expenditure benefit incidence analyses** which estimates how much a particular social group gets from the budget according to whether they use a certain public service.

- **analyses of the impact of the budget on time use** which tells us how much time different members of a community spend using or volunteering for a particular public service.

- **revenue incidence analyses** which tells us what the impact of direct or indirect taxes and fees have on members of a community.

Our aim is to understand how policies affect (different) people and how. This knowledge then helps us become more sophisticated in our policy choices.

For example

The Seberang Perai Tengah (SPT) Recreational and Sports Complex includes a swimming pool, which cost MPSP RM90,000 to maintain in 2010. A total of 53,603 persons used the pool for that year - about 15% females and 85% males. With a gender lens, this allocation means a subsidy of around RM 76,500 to help males keep fit, and just RM 13,500 to females. Does this matter?

Or, the Penang Public Library has 276,129 members (between 1991 and end 2010). Of these, 98,041 (35.3%) were males and 178,088 (64.7%) were females. The Penang state government spent RM6.5 million for the library in 2010. By implication, females benefitted far more than males from this. Does it matter?

We cannot assume that spending money on facilities will benefit males and females equally. GRB would encourage us to look closer at this, and perhaps to:

- **do a survey** on who is using the facilities, including by age, gender, frequency of use, type of use;

- **analyse this data** to understand which group in our society is using the facilities and who is not;

- understand the reasons behind non-use and **devise suitable programme** changes to improve services accordingly.

1. FIRST STAGE

POLICY ANALYSIS

To be successful, a budget has to be sensitive to the effects of government policies and resource allocations on the unpaid activities of the household and the community.

GRB will help us understand the vital contributions women and men make in both reproductive work and to the caring economy.

Reproductive work refers to child bearing, child rearing and home-making responsibilities which are of course essential tasks, significantly borne by women but rarely 'costed'.

The **care conomy** is becoming increasingly more important as 'care' for the elderly and sick become ever more significant issues. Yet much of this is borne by households, not least by the women in the households.

Gender-responsiveness in budgeting recognises this type of work which we often take for granted. This will ensure that our policies and resource allocations can directly and indirectly support the caring and reproductive activities of women and men, vital to the health, strength and sustainability of our society.

In assessing policy, GRB also stresses the need to ask people for feedback. This is sometimes called **Beneficiary Assessment.**

It aims to find out the actual experience of people using services/benefiting from programmes, and their suggestions for improvement, so we can adjust our approach to give more effective policy/service delivery.

One can do a beneficiary assessment on a particular service such as garbage disposal, a sector-wide assessment such as poverty reduction, or a particular locality such as a *kampung*.

There are different ways of getting feedback. We can conduct a customer satisfaction survey. Or organise a structured group discussion. In-depth interviews can also be undertaken. Various stakeholders can participate in these efforts. But we should also take care to include voices that are not often heard.

Beneficiary assessment can also be the basis for involving local people in policy decisions and delivery, helping maximise the partnership between government and people and ensuring effective services.

1. FIRST STAGE

POLICY ANALYSIS

So for example, if we want to make sure communities are involved in keeping Penang clean, we need to think about:

- **Who in the community is already involved? Who might like to be involved?**

- **How can these people be involved? Can they help promote the 3Rs? How?**

- **If we are trying to establish a kitchen waste composting project, who do we expect to be involved? How are we reaching them? What is in it for them?**

- **Are there specific groups we are overlooking?**

- **How do we consolidate partnerships and make participation sustainable?**

Working with communities is a vital component of GRB and good governance. And making sure we reach as many people and groups in those communities as possible is also vital. This will not just help us implement policies, but also get us excellent feedback for our policy analysis and formulation.

2. SECOND STAGE

OUTCOMES AGREEMENT

At the second stage, we set appropriate policy goals for the coming year. In budget talk, we agree on outcomes.

These are based on conclusions from our First Stage – which is why our policy analysis and impact assessment is so important.

Examples of existing outcomes include:

"a people oriented government which will enrich everyone by an equitable share in the economic cake."
Penang State Government

"to ensure a high quality standard of service based on agreed, appropriate client's charters."
MPPP

"to provide urban service, development planning and infrastructure efficiently, effectively and responsive to the needs of the community in Seberang Perai."
MPSP

So how do we ensure these outcomes become the focus of budget allocations to meet the different needs of different communities?

GRB argues that there is no such thing as a gender neutral budget. Every budget, every allocation, will impact on people differently, so will impact differently on different men and women.

The information that we gathered during the first stage of policy analysis will guide us in designing policies and programmes that are more attuned to the different needs of the people that make up our communities. So, for example, the needs of single mothers, of the elderly, of persons with disabilities are all identified outcomes which will then focus budget allocations.

But we need to agree on whose needs will be met in this particular budget. We can do this through dialogue and consultations. Just as the policy analysis stage asked about the different needs of the different groups, dialogue and consultations at this stage also need to be inclusive.

3. THIRD STAGE

INPUTS ALLOCATION

Having agreed overall policy outcomes, departments and agencies then deliberate their budget bids and how much they want to be allocated to their different activities (inputs). This is the Third Stage.

Our agreed outcomes needs to be translated into budget allocations. And GRB again can offer tools and processes to help us do this.

Budgets can be categorised in different ways depending on what information you are seeking. For example, using a GRB tool like 3-Way Categorisation will break down a budget into three components and see them from a gender perspective, viz:

- **Women-specific expenditures:** allocations to programmes explicitly targeted to women and girls (for example, a women's health programme).

- **Equal opportunities in the public service:** allocations for existing or prospective government officials promoting equal representation in decision-making, equitable pay and conditions of service (e.g. mentoring programmes for women public servants).

- **General or mainstream expenditures:** all other allocations analysed for gender impact.

Or, budgets can be categorised according to policy outcomes, such as cleanliness or poverty reduction. And, then further broken down according to social group where possible.

Allocation of inputs is done through detailed identification of budget needs, by activity and/or by department.

For example, the State Government in 2010 allocated RM6 million for Batu Kawan Indoor Arcade. For 2011, MPPP allocated just over RM1 million for uniforms. It also allocated nearly RM18.5 million for its Town Planning Department. Or, MPSP allocated RM15,000 for workshop equipment.

The link can also been seen in, for example, the way the Penang State Budget Report 2010 set out its objectives in relation to Women's Development and Gender Equality and then announced an allocation of RM800,000. The stages of the budget cycle are all connected.

4. FOURTH STAGE

FINALISATION AND APPROVAL

This is the Stage where the budget is under consideration at 'higher' levels, including EXCOs, Finance Committees and councillors, before presentation to full Council meetings, and then the State and federal governments for final agreement and gazettement.

Again, GRB at this Stage continues to ask relevant and positive questions to ensure the budget is sensitive and responding to different needs and possibilities. For example,

- **How do budgetary decisions affect the living conditions of men and women?**

- **Who benefits (directly or indirectly) from governmental spending?**

- **When is it appropriate for governments to pay for services which at the moment are provided for free (for example, care in the home)?**

- **Which decisions reinforce or change gender stereotypes?**

This is the stage at which our political leadership, conscious of their accountability, ask these more general and stringent questions. This is to make certain that the budget they are approving really does meet the objectives set out in the first and subsequent stages.

DEWAN UNDANGAN NEGERI

For example, they may look at provision of social infrastructure and employment opportunities, and do some spatial mapping.

GRB would also encourage them to revisit the overall goals in terms of gender impact.

For example, it is reported that the State Government is embarking on a study of the supply chain for strategic industries to help increase foreign investment and provide skilled job opportunities.

This is a policy that can have a very positive impact on men and women. But only if we recognise different dynamics.

At this Fourth Stage, we might for example express our concern at the relatively low female labour force participation rates, and the existing discrimination (implicit or explicit) which hinders women accessing skills, training and promotions. This means they remain largely at the bottom of the employment ladder, something we may want to change.

And we could ask whether the estimated RM 100 million (public-private partnership) expenditure on the Penang Tech Centre might be made more effective if we take into consideration potentially different responses to, and impact on, the opportunities of men and women.

5. FIFTH STAGE

AUDIT

This is the Auditing stage.

GRB would encourage use of tools which track the flow of resources through the various layers of administration, to determine how much of the originally allocated resources reaches the various target groups.

For example, a tool like a **Public Expenditure Tracking Survey (PETS)** typically consists of a combination of data sheets and questionnaires for interviewing facility managers and users of a given public service.

Examples of questions which a GRB PETS might ask:

- **How do allocated funds reach women and men differently?**

- **Are we spending on the right goods and people?**

- **Does the money reach all the people who need it (for example, in a poverty-eradication programme)?**

- **Are there enough checks and incentives to ensure the service is effectively delivered (for example, such as in cases of high absenteeism of service workers)?**

The Audit Stage is important in helping us to constantly upgrade our service provision.

A GRB Audit may reveal that not all allocations reach their target groups. Some reasons why people do not access programmes designed for them may include:

- **ignorance of types of aid available;**

- **language barrier;**

- **intimidation by formal settings;**

- **transport costs;**

- **missing out on information and recommendations;**

- **embarrassment to ask for/receive aid.**

Through the audit process, these reasons may become apparent and allow us to adjust budget requests for activities designed to get over these hurdles.

> **Budgets matter because they determine how governments mobilise and allocate public resources. Budgets are used to shape policies, set priorities and provide the means to meet the social and economic needs of citizens.**
>
> **– Noeleen Heyzer**
> 'Towards Gender-Responsive Budgeting', a conference in Brussels in 2001. Noeleen Heyzer is the Executive Secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), 2011

Summary: the benefits of GRB

There are many benefits to using GRB:

- **Responsiveness to different needs of different people.**

- **Inclusion of all stakeholders in budget planning and delivery.**

- **Improvements in policy analysis because of better data collection.**

- **Effective resource allocation to those who are most in need.**
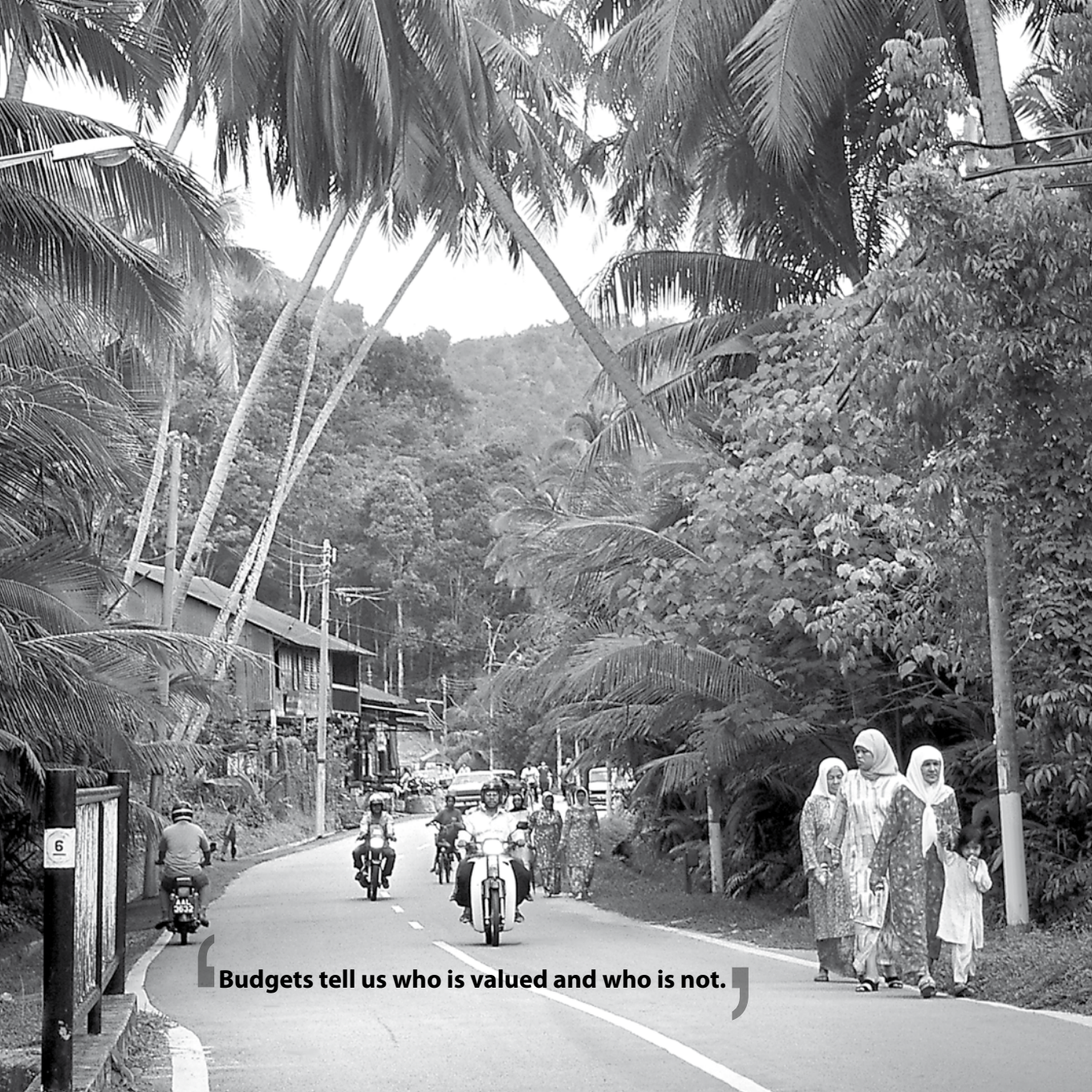
Budgets tell us who is valued and who is not.

Summary: the benefits of GRB

- Stronger links between policy and outcomes.

- Respect for the principles of good governance.

- Compliance with national and international gender commitments such as national gender policies and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

Penang to take GRB to the next level in Malaysia

GRB is not a new concept, neither in Malaysia nor regionally.

In Malaysia, there has been a GRB project coordinated by the Ministry of Women, Family and Community Development, supported by UNDP, and involving five Ministries. This has resulted in three Treasury Circulars advocating the use of GRB in all department and agency budgets.

Regionally and internationally, there are hundreds of examples of GRB projects in action, all bringing the benefit of better involvement, better targeting and better impact in the use of budgets and allocations.

So there is great opportunity for Penang to take GRB forward.

With more extensive use of Outcome-Based goal setting and a greater focus on the longer term, budgeting has become more receptive to the sort of tools and processes which GRB offers. These will help considerably in making our budgets more responsive and efficient.

The institutionalisation of GRB will develop transparent and accountable competencies (CAT) for delivering appropriate and well targeted services to meet the needs of different groups.

It can also serve as an inspiration and model for other state and local government authorities in Malaysia as well as regionally. This will truly put Penang on the map as an international city.

Good Governance and
Gender Equality Society, Penang
Persatuan untuk Tadbir Urus Baik
dan Kesaksamaan Gender

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