

# Socially inclusive and gender responsive budgeting



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Agency for Development  
and Cooperation SDC



© HELVETAS Kyrgyzstan

## SDC GUIDANCE SHEET

Prepared by  
the Gender Equality Network  
and the Decentralization and  
Local Governance Network

April 2019

This guidance sheet, targeting SDC staff, is written to outline the key issues, analytical framework and good practices for mainstreaming socially inclusive and gender responsive budgeting (SIB/GRB) into the design of SDC's programmes and project interventions. The guidance sheet contributes to SDC's Gender Equality Network and the Democratization, Decentralization and Local Governance Network (DDLGN) learning journey on socially inclusive and gender responsive budgeting.

# Key Issues

When contemplating on how to design a programme or project intervention that promote and strengthen socially inclusive and gender responsive budgeting it is important to apply four analytical lenses that consider (i) linkages between local and national level; (ii) revenue and expenditure side of budgets; and (iii) engaging with rights holders and duty bearer, and (iv) following the whole budget cycle, from planning through implementation and monitoring.



## Local and national

Socially inclusive and gender responsive budgeting efforts in municipalities and other categories of local authorities are closely connected to national Public Finance Management (PFM) processes. At the local level, the impetus is typically given to participatory planning and budgeting processes and use of social accountability tools to hold the local government to account. Linking local SIB/GRB interventions to national level is however critical since local government budgets and expenditures are only a small piece of the national budget pie. If national budgets are not adequately addressing the needs of women and marginalized groups or if decentralised funds do not fully trickle down to municipalities, local SIB/GRB interventions will have less impact.

## Revenue and expenditure

Analysing both the public revenue and expenditure side of budgets is imperative, as implicit and explicit gender and social biases exist within both revenue and expenditure policies. Income tax rules may be designed in a way that privileges married men and adversely affect single-parent households. Asset ownership is lower among women

and women have weaker property rights. In addition, a large majority of women in lower income countries work in the informal sector. The design of tax breaks, VAT policies and tax-based income redistribution mechanisms should therefore consider these issues. How revenue collection policies are administered, not least in view of increased efforts to mobilise more domestic resources in developing countries, needs careful monitoring. This to make sure that those who are in vulnerable positions or working in the informal sector are not the ones to pay the price. On the expenditure side public services often cater to the priority needs of men. While this guidance sheets focus' is on the budgeting and expenditure side, it is crucial to ensure that gender responsive public investments always look at both the revenue and expenditure side.

## Rights holders and duty bearers

The human rights-based approach to SIB/GRB implies that project interventions should focus on empowering the rights holders and developing capacities of duty bearers to engage in socially inclusive and gender responsive budgeting. This includes: a) empowering right holders to be aware, voice out, and realise their rights to

access socially inclusive and gender responsive services and: b) developing duty bearers' capacities to comply with their human rights obligations and interwoven duties to provide accessible, affordable and quality services while fostering participatory planning and budgeting processes and downward accountability mechanisms to citizens.

## Follow the full budget cycle

For SIB/GRB to have optimal impact, interventions should preferably be designed and implemented across all stages of the budget cycle. Municipal budgets can indeed become more responsive to the needs of women, youth and socially excluded and provide for services such as youth clubs, social amenities, nursery schools and care facilities for the elderly and sick thanks to participatory planning and budgeting processes. However, without strong social accountability processes in the budget implementation and monitoring phases there is a risk that the public investments for SIB/GRB does not reach its intended purpose and/or the quality of the public services remains inadequate.

# 1. What is socially inclusive and gender responsive budgeting?

SIB/GRB is an approach to promote social inclusion and gender equality through inclusive decision-making and public finance management. **Socially inclusive budgeting** can be defined as a process by which the rights of all population groups, in particular those suffering from poverty and exclusion, are better reflected in public policy-making, notably in the government budget. People may be excluded along many dimensions of their identity which includes age (children, elderly), ethnicity, caste, gender, disability and geographical/spatial location. **Gender responsive**

**budgeting** is an application of gender mainstreaming in budgetary processes. It requires a gender-based assessment of budgets and related decision-making processes, incorporating a gender perspective at all levels of the budgetary process, and restructuring revenues and expenditures to promote gender equality. E.g., budget allocations for the care of elderly or children has direct impacts on women's care responsibilities since such investments free up time for women and will enable them to increase their participation in the paid labour market. It is thus a common miscon-

ception amongst practitioners that SIB/GRB only looks at the needs of women and socially excluded and that responsive budgets lead to separate budget lines for priorities of women and vulnerable groups. On the contrary, as SIB/GRB requires a thorough analysis of policy priorities and how they are translated into budgets, it can establish equity and fairness for all citizens which is one of most crucial functions in Public Sector Management (PSM).

# 2. Why is socially inclusive and gender responsive budgeting important?

Socially inclusive and gender responsive budgeting is essential for advancing the rights of all men, women, youth and other socially excluded groups as it aims to ensure equitable economic and social outcomes for all. By ensuring inclusive public expenditure decisions, such an approach contributes to effective governance processes for all citizens. When budgets are gender-blind

and do not take social exclusion patterns into account, public spending is unlikely to meet the needs and improve the condition and position of those marginalized in a society. On the contrary, gender-blind public spending is likely to reinforce structural inequalities between various social groups. SIB/GRB is therefore a pertinent **political economy** process because it refers to de-

cision making that prioritises the allocation of available, and typically scarce, financial resources.

**The Financing for Development Agenda** (Addis Ababa Action Agenda) stresses that increased investment and mobilization of financial resources is required to close resource gaps for achieving gender equality and the empowerment of women and girls. This Agenda proposes to promote and institutionalize a gender responsive approach to public financial management and tracking across all sectors of public expenditure. Socially Inclusive and Responsive Budgeting also contributes to the achievement of the **Agenda 2030 for Sustainable Development** and to ensure that no one is left behind:

- **Goal 5 on gender equality**, in particular the targets 5.4. and 5.5., which call for women's equal participation and leadership at all levels of political, economic and public life, and the recognition, reduction and redistribution of unpaid care and domestic work by providing public services, infrastructure and social protection.
- **Goal 10 on reducing inequalities** which aims to promote the social, economic and political inclusion of all members of society, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- **Goal 16 on peaceful, just and inclusive societies**, which stresses the relevance of inclusion and non-discrimination in the management of public affairs, in particular target 16.6. on effective, accountable and transparent institutions, and 16.7 on responsive, inclusive, participatory and representative decision making.



### 3. How to analyse and address socially inclusive and gender responsive budgeting

When planning and designing SIB/GRB interventions there are several key issues to analyse and address as part of programmes and projects intended to put in place effective SIB/GRB systems:

#### Legal framework for SIB/GRB

A conducive legal framework for participatory, transparent and inclusive Public Finance and Sector Management is an important enabler for SIB/GRB programmes and projects to achieve results. In many countries, Governments are either in the process of formulating, or already have in place, national legislative frameworks for gender responsive budgeting. Socially inclusive budgeting, on the other hand, does however typically not have in place explicit legislation. Whereas most countries have adopted national gender policies, the specific needs of women and the socially excluded are far from always considered. Still, across the Globe national legislations that have specified provisions for gender equality have been gradually strengthened through the articulation of different instruments such as: Strategic Action Plans (Afghanistan); National Gender Budget Reports (Bangladesh); National Budget Framework Note (Benin); Budget Implementation Law and Budget Management Information System (Bosnia-Herzegovina); Budget Circular (Burkina Faso); GRB Guidelines (Nepal).

#### Defining the socially excluded

Identifying exclusion patterns and the socially excluded groups is not necessarily a simple exercise since the categorization of the poorest and most marginalised people varies between countries. Across countries, the definitions include a plethora of different groups and criteria such as: persons with disabilities; women in need; unemployed; families without land; orphans; elderly; beggars; displaced persons and refugees; widows; destitutes; street children; persons and families under the poverty line. In a given context programmes and projects therefore have to carefully consider which groups, or exclusion pattern, to target. Another challenge is that Government agencies often do not have disaggregated data and effective M&E systems in place that can identify and monitor to what extent vulnerable groups are included in budgeting process and if public services are reaching them.

#### Political will, economy & power

Failures in gender equality & social inclusion policy implementation are often attributed to lack of political will or buy-in of policy makers and civil servants. Ipso facto disconnects between official government rhetoric and the actual implementation of policies are common. Some of the common determinants include: lack of understanding of the transformative potential of SIB/GRB in PFM and Public Service Management (PSM); prejudices and discrimination and more broadly cultural barriers against addressing issues of gender or social inclusion; and protection of vested interests of patriarchal societies. Influencing decision makers challenging exclusive power relations and political settlements is at the core of social and economic justice for vulnerable groups. This prompts development practitioners to be conscious of the underlying power relations and leadership dynamics in which local stakeholders operate, both within civil society and Government institutions. A 'power-aware' type of policy dialogue can help redress power asymmetries between men and women, and between societal groups, and shape attitudes and approaches towards achieving gender equality and women's rights. Only a dialogue that incorporates diverse local perspectives can generate lasting and transformational change.

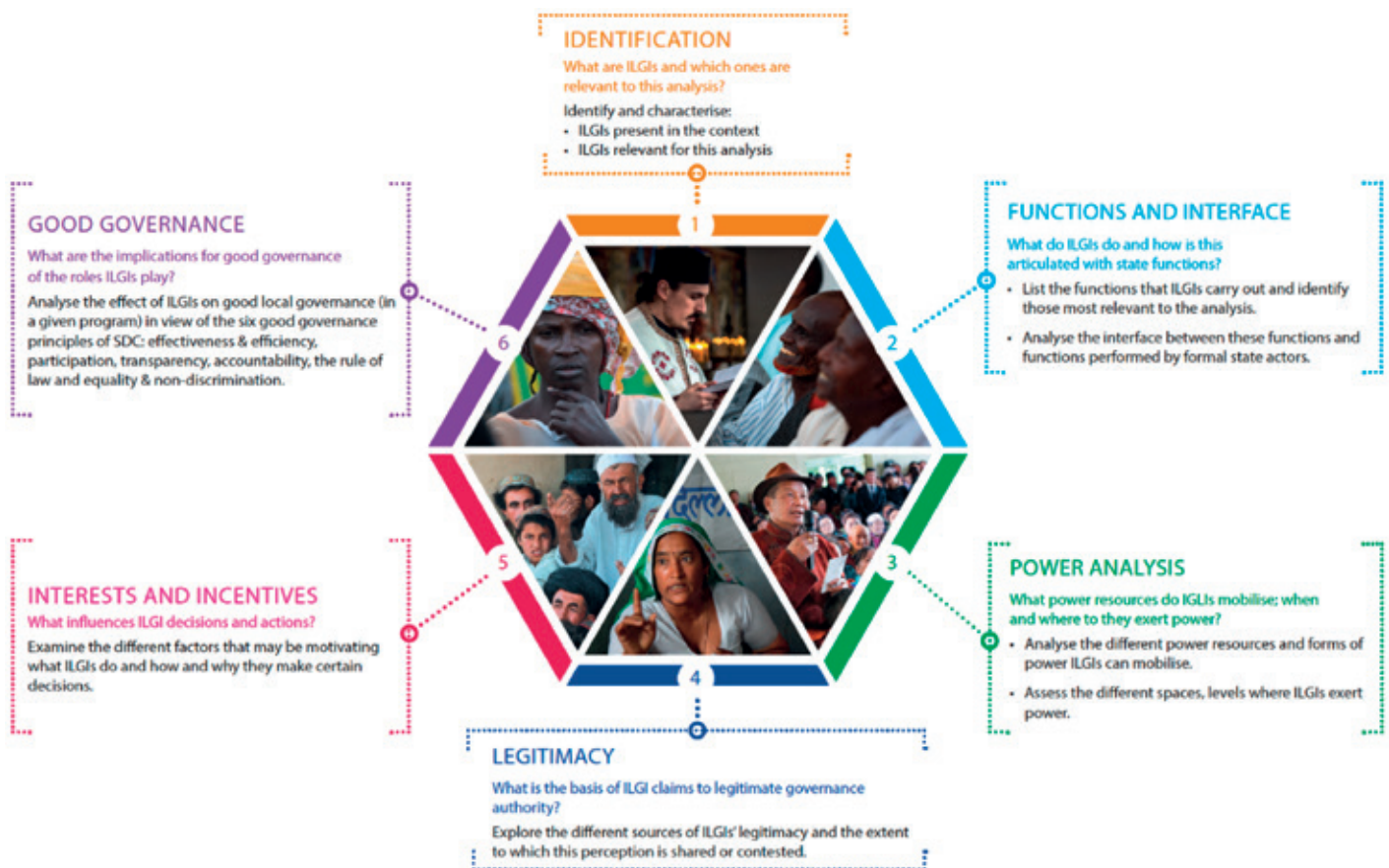
The holistic social protection policy in Benin has a list of validated criteria for identifying vulnerable persons and defines all the poor and socially excluded as vulnerable: "vulnerability is the inability of an individual, household or population to cope with a risk. It varies according to the nature of the risks and the capacities of households and individuals. Vulnerability must be understood in several dimensions: economic status of the household, geographic residence, gender, life cycle stages, educational and knowledge levels, chronic diseases, disabilities, etc."

## Fragile contexts and informal local government institutions

Fragile states typically fail to provide public services efficiently and equitably to all social and ethnic groups within their boundaries. In such contexts, states are frequently characterised by political instability due to the contested legitimacy of their authority. The political economy of SIB/GRB is exacerbated in fragile and authoritarian contexts. Here, it is not uncommon to encounter informal governing bodies, non-state groups and -authorities who either have been delegated or have claimed certain governing and administrative powers. Such informal governance institutions have considerable influence over how large parts of the population interact with governance processes, what information they access, how they vote in elections, and even to what extent they participate in deliberative forums. Any SIB/GRB process must take into account these local power dynamics and apply Conflict-Sensitive Program Management (CSPM). This to avoid unintendedly the exacerbation of political divides and, if possible, promote fair and inclusive distribution of resources.

## Mainstreaming SIB/GRB throughout the budget cycle

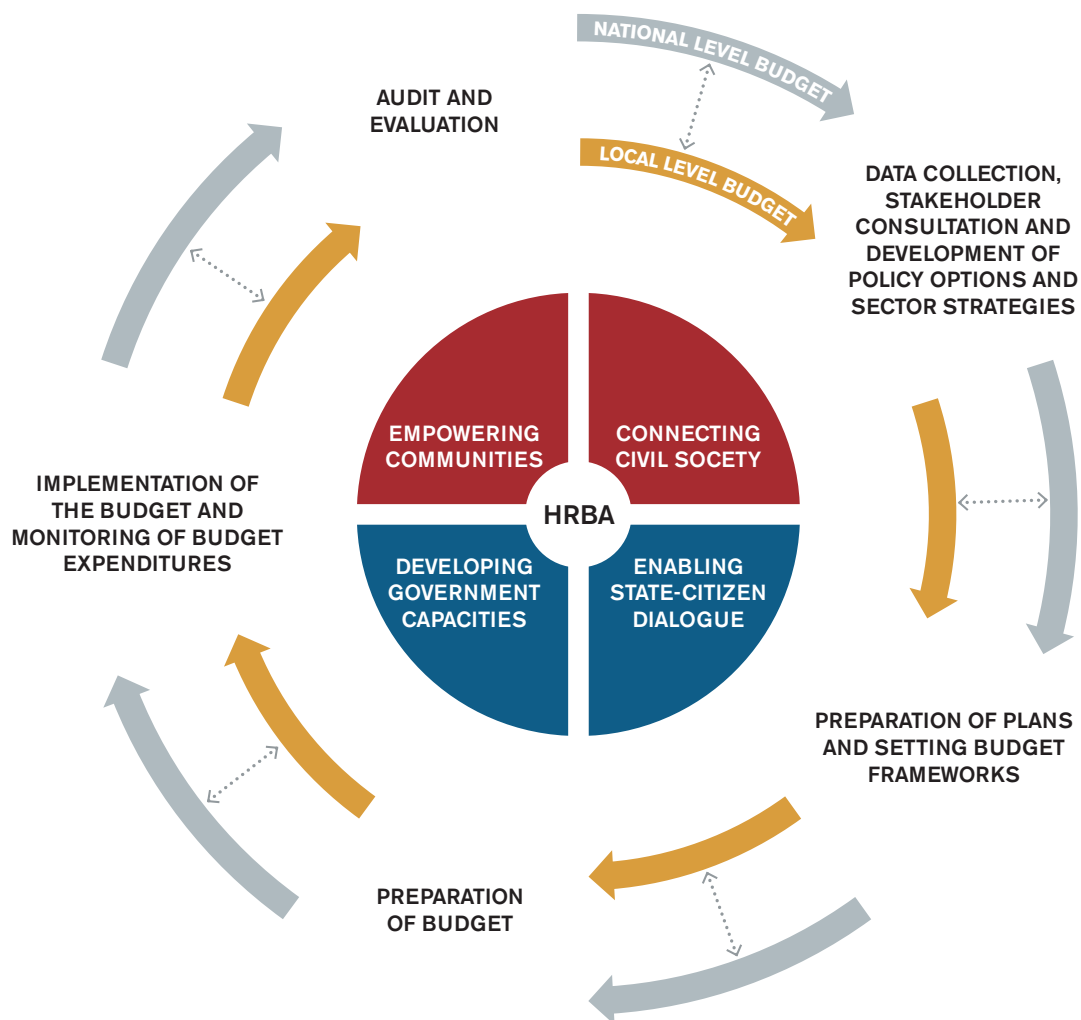
Programme and project interventions are likely to have less impact if SIB/GRB activities are implemented ad-hoc and as stand-alone efforts. Systematic integration of SIB/GRB tools and approaches into all stages of the PFM cycle are bound to generate a stronger stakeholder ownership and improved beneficiary impact. Most local SIB/GRB interventions focus on the participation in planning and budgeting processes where community members are consulted about their needs and priorities and are invited for public budget hearing. Notwithstanding the centrality of such activities, social monitoring and -accountability processes in the budget implementation phase is an important aspect of strengthening the social contract and improvement of public services.



## 4. Entry points for socially inclusive and gender responsive budgeting

**Figure 1:**  
**Two-tier public finance management cycle**

Along the public finance management cycle, the below listed entry points provide non-exhaustive examples of the types of interventions SDC considers particularly relevant for SIB/GRB in respectively national and local level public finance management cycles:



Phase	Entry points for SIB/BRB
<b>Analysis of needs, development of policy options and sector strategies</b>	<ul style="list-style-type: none"> <li>• Empowering communities and civil society, women and socially excluded groups to identify their needs, voice out and claim their rights</li> <li>• Developing capacities of politically elected representatives, civil servants and citizens to understand and analyse national and local budgets</li> <li>• Facilitating and organising participatory and inclusive stakeholder consultations</li> <li>• Enabling and supporting spaces for inclusive state-citizen dialogue on development needs and priorities</li> </ul>
<b>Setting the budget framework and preparation of the budget (fiscal objectives, budget priorities, allocation of resources)</b>	<ul style="list-style-type: none"> <li>• Connecting civil society actor to define common interest and strategies</li> <li>• Linking civil society actors with media and academia to carry out evidence-based research and advocacy</li> <li>• Supporting National and Local Government Institutions to conduct public hearings and transparently share budget information</li> <li>• Promoting financial literacy for civil society, women's organisations, social excluded groups (i.e. Citizen's Budgets, Tanzania)</li> </ul>
<b>Budget implementation</b>	<ul style="list-style-type: none"> <li>• Supporting local government associations to lobby for enhanced fiscal transfers and enabling conditions for municipalities</li> <li>• Developing capacities of elected representatives national and local level to scrutinize and question the responsiveness of public budgets and services</li> <li>• Connecting local level CBOs/informal groups with NGOs and national civil society coalitions</li> <li>• Developing capacities to understand and analyse financial flows from national to local level</li> </ul>
<b>Budget monitoring</b>	<ul style="list-style-type: none"> <li>• Supporting joint monitoring processes of public service construction, rehabilitation and delivery</li> <li>• Empowering community groups and local governments to monitor public service quality and expenditures e.g. through social audits, local government self-assessment, community score cards, citizen report card, public expenditure tracking systems</li> <li>• Supporting local governments and communities to set up and engage in social accountability and -dialogue processes</li> </ul>
<b>Audit &amp; Evaluation</b>	<ul style="list-style-type: none"> <li>• Developing capacities and establishing systems for disaggregated data collection and management</li> <li>• Developing capacities to evaluate impact and use of good practices in the budget cycle</li> <li>• Using evaluation findings for advocacy in national level public finance management processes</li> </ul>

## 5. SIB/GRB practices from SDC projects

SIB/GRB aims to influence public expenditure and trigger social and economic change by directly funding or subsidizing certain types of policies and actions. This requires a two-pronged approach:

**Socially inclusive and gender-responsive public sector management** refers to how public affairs are managed and how public institutions function throughout the cycle of planning, budgeting and delivering public services. It includes assessing whether decision-making in the public sector is socially inclusive and gender-responsive. It also includes monitoring whether the outcomes, services and investments, do respond to the effective needs.



### **Public Service Improvement (PSI), Voice and Accountability (VAP), Kyrgyzstan**

A new Budget Code of the Kyrgyz Republic has come into force as of 1st. January 2017. The Budget Code aims to optimize and open the public budgeting process. Both the VAP and PSI project takes point of departure in community consultations when prioritising public services that should be included in municipal plans and budgets; and selecting public services that need further improvement. Public hearings allow participants to discuss the gender and social inclusion relevance of the proposed budgets, actions and services. Local self-government (LSG) have within a short time witnessed an increased participation in public hearings due to use of different mobilisation tools such as notices on public information boards, delivery of invitation letters to households, megaphones, websites and word-of-mouth communication. However, the strongest contributing factor to the increased level of participation is the fact that communities observed tangible improvements in public service provision. Also, the good practices of transparently sharing budgets and budget expenditures and letting people freely voice out their opinions has improved the relationship between LSGs and communities.

M&E groups of the two projects also contribute to the public tendering and procurement processes. In the VAP project the M&E groups, together with the LSG develop specifications for the contractors. Also, the M&E groups collect cost estimates from experts before the tendering of the procurement process begins. Only thereafter is the public tender posted on the webpage and public information boards. As for the PSI project, Working Groups for public service improvement, together with a procurement specialist develop service standards that are used as basis for developing tender documents when selecting the service providers. The M&E groups devise plans so that they can more easily organize themselves to monitor the quantity and quality of procured material and assets, checking receipts and assessing the quality of repair and rehabilitation works. Importantly, M&E groups also track the budget expenditures, which is further strengthening the function of the LSG bodies towards the end of the fiscal year where they report to the communities on the implementation of municipal plans and execution of the allocated budgets. The instalment of suggestion boxes, public information boards and collecting citizens reports cards are other examples of M&E tools that have been put in place.



**Voice and political empowerment** refer to the representation, participation and influence of marginal groups, including of women, in decision-making. It includes addressing discriminative practices and perceptions of minority groups, stereotype linked to gender roles and women's subordinate status in the household, the community and in public life, to enable them to exercise their rights to participate actively in policymaking processes at different levels.



### **Sharique, Bangladesh**

Sharique's work on inclusive budgeting focuses on mobilising local communities, including women and marginalised groups to be involved in the budgeting; building capacity of the elected officials to plan budgets and to motivate them to share information; and creating participatory space for citizens to discuss plans and budgets with the elected officials. The programme specifically targeted women and marginalised groups. It raised their levels of awareness and built a relationship of trust. The programme included local women to engage with these groups which helped to create a better understanding. Sharique also created separate channels for women to develop their voice: The preparatory meetings before the ward level meetings helped women to identify their concerns, develop strategies for representation and instilled confidence in them. Attention to gender specific barriers such as times of ward level meeting ensured the presence of women. Moreover, the presence of women members meant that other women felt comfortable to present their demands to one of their own.

Building capacity of both the citizen's and the duty bearers enhanced the effectiveness of the programme as a whole. Capacity building not only included provision of trainings on budgets and laws, but also exchange visits to other unions to see how they raised revenues to address the needs of the population. Raising awareness of official representatives was a key strategy for change, particularly of the elected Union Parishad (UP) members about the mandates in the law and how systems could be more effective. Demonstrating the benefits of direct citizen's engagement to the elected UP representatives motivated the officials to change their culture of practice. Programme staff also assisted the UPs in conducting gender budget analysis, which enabled the UP's to function better. The performance monitoring system with its specific indicators that tracked allocation for women and marginalised groups allowed the staff and the elected UP officials to assess the kinds of progress made on addressing the needs of these groups. Finally, the collaborations and partnerships that the programme had built with the local government bodies allowed them to exchange lessons learned. These exchanges have created spaces within the local government to reflect on how budget processes at the local level could be effectively linked to the national level.

## 6. Monitoring SIB/GRB in SDC programs and cooperation strategies

SDC monitors gender equality and local governance processes through its Thematic Reference Indicators (TRI), including the Aggregated Reference Indicators (ARI). These indicators are related to the SDG targets and indicators.

Below the indicators proposed that can be applied for monitoring SIB/GRB

**Thematic Reference Indicator for Gender monitoring 'gender responsive public finance management':** This indicator may inform about the tracking of resources available for gender equality, and the participation of women in public finance management to improve gender-responsive planning, decision-making and public spending.

Proposed indicator: *No. of municipalities that conducted (one or more elements of) a gender budgeting process (due to SDC interventions)*

The related **SDG target is 5.c:** Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

The adherent indicator 5.c.1. says: *Percentage of countries with systems to track and make public allocations for gender equality and women's empowerment*

**A Thematic Reference Indicator for Governance monitoring 'effectiveness of civil society initiatives':**

Proposed indicator: *yy local authorities informed zz citizens transparently, involving them in decision-making-processes and considering their interests in local development and budget plans. Among the local authorities, xyz take specific measures for balanced participation and consideration of interests of women and vulnerable groups. (ARI)*

The related **SDG is target is 16.7:** Ensure responsive, inclusive, participatory and representative decision-making at all levels.

The adherent indicator(s) respectively say: *Proportions of positions (by sex, age, persons with disabilities and population groups) in public institutions (national and local legislatures, public service, and judiciary) compared to national distributions (16.7.1.) and Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group (16.7.2)*

These indicators can be used in the results framework of the Cooperation Strategy or for the monitoring of a project or program.



## 7. Selected references

Birchall, J. & Fontana, M. (2015).

**The gender dimensions of expenditure and revenue policy and systems.**

Brighton: BRIDGE, IDS.

Retrieved from:

<https://www.gov.uk/dfid-research-outputs/the-gender-dimensions-of-expenditure-and-revenue-policy-and-systems>

Budlender, D. (2015).

**Participation in Public Finance Reform and Gender (Budget Brief No. 31).**

Washington DC: International Budget Partnership.

Retrieved from:

<https://www.agora-parl.org/sites/default/files/budget-brief-31-participation-in-public-finance-reform-and-gender.pdf>

Council of Europe (2015).

**Gender responsive budgeting Innovative approaches to budgeting.**

Retrieved from:

[https://eige.europa.eu/resources/EPRS\\_BRI\(2015\)559503\\_EN.pdf](https://eige.europa.eu/resources/EPRS_BRI(2015)559503_EN.pdf)

Nazneen S. & Cole N. (2018)

**Literature review on socially inclusive budgeting.**

Bern: SDC

Welham B., Barnes-Robinson K., Mansour-Ille D., Okhandiar R., ODI (2018):

**Gender Responsive Public Expenditure Management.**

Retrieved from:

<https://www.odi.org/sites/odi.org.uk/files/resource-documents/12188.pdf>

Oduor, C. (2015).

**Institutionalising Social Accountability in Devolved Governance.**

Nairobi: Institute of Economic Affairs.

Retrieved from:

<https://www.africaportal.org/documents/13150/Institutionalising-Social-Accountability.pdf>

Quinn, S. (2016).

**Europe: A Survey of Gender Budgeting Efforts.**

(IMF Working Paper WP/16/155).

**Washington DC: International Monetary Fund.**

Retrieved from:

<https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Europe-A-Survey-of-Gender-Budgeting-Efforts-44148>

Swiss Agency for Development and Cooperation (SDC 2016).

**Analysing Informal Local Government Institutions.**

Bern: SDC.

Swiss Agency for Development and Cooperation (SDC 2017).

**Gender Responsive and Socially Inclusive Budgeting.**

Internal Document. Bern: SDC.

Swiss Agency for Development and Cooperation (SDC 2017).

**Issue Sheet: Gender, Democratisation and Local Governance.**

Bern: SDC.

Swiss Agency for Development and Cooperation (SDC 2018).

**Sharique Case Study: Gender Responsive Budgeting.**

Bern: SDC.

Swiss Agency for Development and Cooperation (SDC 2018).

**Input paper: Socially Inclusive and Gender Responsive Budgeting.**

Bern: SDC.

Swiss Agency for Development and Cooperation (SDC 2018).

**Case Study: Socially Inclusive and Gender Responsive Budgeting in Kyrgyzstan.**

Bern: SDC.

Swiss Agency for Development and Cooperation (SDC). (2018).

**Working Paper: Socially Inclusive & Gender Responsive Budgeting.**

Bern: SDC.