



Gender Mainstreaming in Finance Ministries

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Summary. — Ministries of Finance appear largely to have escaped careful scrutiny in attempts to sensitize different divisions of government to gender concerns. This paper shows three possible points of entry to engendering the work of Ministries of Finance: at the level of ongoing macroeconomic management, which includes the annual budget of the government and the fiscal deficit, external and internal debt, and the balance of payments; at the level of structural reforms—particularly deregulation, liberalization, and privatization—which are intended to improve efficient resource use and eradicate poverty; and in the specific context of credit liberalization and the provision of micro-credit. © 2000 Elsevier Science Ltd. All rights reserved.

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1. INTRODUCTION

Ministries of Finance appear largely to have escaped careful scrutiny in attempts to sensitize different divisions of government to gender concerns. In gender terms, Ministries of Finance have tended to remain singularly untouched by the winds of gender change that are beginning to blow through other ministries.¹ Nor have women's organizations in many places demanded that Finance Ministries consider gender seriously. While women's groups have, during the Beijing conference and in different national settings, expressed considerable concern about the implications of structural adjustment reforms for women, this has generally been targeted to agencies or governments generally, not to Finance Ministries specifically (for example, see DAWN, 1995). This has been the case even though women's groups are generally aware that the lead agent of structural reforms within countries is usually the Finance Ministry.

The reasons for this yawning gap in the attempts to mainstream gender in policy making lie in the content of what Finance Ministries do, in their prevailing ethos and attitudes, and in the relatively weak capacity of many women's organizations to engage in macroeconomic policy debates. When it comes to engendering the policies or actions of Finance Ministries, there are some inherent constraints posed by the substantive content of the work that they are expected to perform. Finance Ministries do not directly deal with

people in their subject matter, but rather with monetized variables—revenues and expenditures, taxes and subsidies, allocations and appropriations. Their concerns with the budget or the aggregate money supply in the economy are by and large at the level of macroeconomic aggregates.

The impact of a Finance Ministry's actions on gender/women (or on people more generally) is felt only indirectly through the impact on macroeconomic policies and variables. This is quite different from education, health, rural development or even other so-called economic ministries such as agriculture or industry whose policies, programs and actions directly affect the well-being of people. Incorporating an analysis of gender relations into the work of these ministries, while doubtless challenging, is in a sense simpler than engendering the work of Finance Ministries. Partly for this reason perhaps, there are not many Finance Ministries that have taken much action toward engendering what they do.

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The content of the work of Finance Ministries also affects the ethos of the people who work there and the ambience that surrounds their work. Macroeconomics, even at its simplest, can be quite incomprehensible for noneconomists or those who are not specialists in finance; it carries with it an aura of technical expertise and mystery. Those who work in Finance Ministries often come to feel themselves more powerful on the basis of superior knowledge and skills that few others can penetrate, and hence are less open to challenge by those outside the discipline.

Institutionally, the Finance Ministry, especially today, is high within the pecking order of government. Working within it carries prestige and authority that social development ministries can rarely aspire to. By contrast, government institutions (whether ministries, departments, special branches or other) responsible for gender issues are often handicapped by their small size, newness, uncertain futures and poor access to resources. Although their role may include providing advice to or vetting the work of other ministries including finance, they rarely wield the institutional authority to actually do so effectively.

The barriers to engendering the work of Finance Ministries therefore include the following:

- insufficient analytic clarity regarding the Finance Ministry's work and, in particular, its changing role during the recent period of globalization and liberalization of economies;
- the absence of a clear conceptual understanding of how gender is linked to that role;
- nonconducive institutional structures and ethos within which Finance Ministries function;
- a weak understanding of the attitudes prevalent among those who work within Finance Ministries, and how these have changed over time;
- insufficient knowledge and capacity among women's organizations to engage effectively in macroeconomic policy debates.

The responsibility for managing macroeconomic policy and setting such instruments as exchange rates and interest rates varies from country to country. In many cases, a considerable part of this responsibility lies not with the Ministry of Finance as such but rather with the Central Bank. For the purposes of this paper, the discussion of Ministries of Finance applies equally to central banks, and the

measures suggested for engendering the Ministry of Finance can also be effective in the Central Bank of a given country.

2. THE CHANGING ROLE OF MINISTRIES OF FINANCE

During much of this century prior to the 1980s, the role of Finance Ministries, while significant, was by no means pre-eminent in the development policy process. The Finance Ministry was expected to manage the government's resources through the annual budget (taxes, expenditures and transfers) so as to ensure that economic decisions taken in the planning or other ministries were financially viable. The Finance Ministry's role, therefore, essentially used to be a *supportive* one, and was exercised through the annual ritual of the national budget, ongoing financial approvals of detailed programs, and the monitoring of financial and monetary variables.²

Finance Ministries typically functioned with relatively short time horizons, and did not concern themselves with medium or long-term economic planning, which was the job of the Planning Ministry or Commission whose task was to set the long-term strategic direction for the rate of economic growth, its structure and patterns, the distribution of income and employment, the creation of physical infrastructure, human development, and poverty alleviation.

These roles and the division of labor between Finance and Planning Ministries have changed during the current period of structural adjustment-oriented economic reforms. Three factors—the end of the age of economic growth of the 1950s, 1960s and early 1970s (Howes & Singh, 1995); a major technological revolution resulting in significant changes in the structures of output and employment away from manufacturing toward services in the OECD countries; and the rapid growth and diversification of global financial transactions—have had a number of effects. These include pressure for greater fiscal discipline, as well as a positive balance of payments enabling countries to compete globally while keeping inflationary pressures under control and managing external and internal debt. The result has been a major change in the relative influence and economic clout of Finance Ministries within most countries. In a time of sharply increased fiscal stringency, the role of Finance Ministries has

changed from a supportive one to a disciplining one. Planning Ministries are now required to cut their coats according to their financial cloth, and it is the Finance Ministry that determines how much cloth there is.

The changed role of the Finance Ministry *vis-à-vis* other ministries and especially relative to the Planning Ministry and the Central Bank also reflects a major change that has occurred worldwide in the meaning and parameters of macroeconomic management. From the end of WW II to the end of the 1960s, the principal objective of short-term macroeconomic management (at least in the countries of the North) was to minimize unemployment and recessions through fine-tuning government spending and taxation. From the late 1970s onward, however, effective macroeconomic management has meant less focus on reducing unemployment and much greater focus on inflation rates and exchange rates.

Stabilizing a national economy within a liberalized global economy has meant ensuring that inflation rates remain low and exchange rates remain stable; the freedom to maneuver government spending to reduce unemployment or to pull the economy out of a recession appears to be significantly curtailed. It is within this context that one has to view the new role of Finance Ministries in relation to macroeconomic management. Maintaining fiscal discipline and strengthening the balance of payments is now central to macroeconomic management for which the Finance Ministry has the prime role.

The relative weight of Ministries of Finance has changed in another important sense as well. The need to ensure greater fiscal discipline has been viewed not as a temporary result of external shocks but as more fundamentally related to poor economic management by governments. This is believed by some to have resulted in weak economic growth, excessive controls over private economic activity, curbing of economic incentives, and therefore weak capacity of the government to mobilize resources.

Maintaining fiscal and monetary discipline has therefore become part of the larger structural reform process which includes: liberalizing markets, limiting state economic activity, and supporting the private sector. Ministries of Finance have come to have a key role in setting the new strategic economic directions for long-term growth. The role of Planning Ministries is now typically limited to indicative planning for

long-term infrastructure—both physical and human. Along with privatization of the public sector and of public services, the liberalization of markets and deregulation of private economic activity are key ingredients of the current structural economic reforms supported by most Ministries of Finance. The aim of these changes is to correct biases in the allocation of economic resources that are purported to have resulted from excessive government intervention, and thereby to lay the basis for a fiscally sound pattern of economic growth and government expenditures over the medium and longer term.

3. MAINSTREAMING GENDER IN THE WORK OF MINISTRIES OF FINANCE

Recent research has shown that when economic reforms are not engendered, their potential positive effects are weakened, and they have unanticipated and unplanned negative effects.³ Engendering a particular ministry's work requires an understanding of:

- gender-based power relations and how they interact with the work of the ministry, with its institutions and structures, and with suggested policy and program changes;
- the implications of current and future policies and programs on the daily and generational reproduction of human beings, i.e., on what has been called the “care economy” (Elson, 1993) and its workers who are largely women; and
- the impact of current policies and programs and any suggested changes in them on different groups of women (and men) in terms of access, effects, and so forth.

This understanding can be acquired through a process of gender analysis, using gender-sensitive indicators and qualitative analyses of the relative situations of women and men both in the national economy and within the structures and institutions of government.

There are three possible points of entry to engendering the work of Ministries of Finance:

- at the level of ongoing macroeconomic management which includes responsibility for the annual budget of the government and the fiscal deficit, external and internal debt, and the balance of payments (especially but not exclusively the capital account);
- at the level of structural reforms intended to improve the efficiency of resource use and

support poverty eradication in the economy, particularly in approaches to deregulation, liberalization and privatization; and—in the specific context of credit liberalization and the provision of micro-credit.

These points of entry are interlinked, so that attempts to engender one area of work inevitably impinge on others. For instance, the national budget, is a key instrument not only of short-run macroeconomic management but also of the strategic reform process.

(a) *Engendering macroeconomic management*

Because of the critical linkages between short-term macroeconomic management and longer-term structural economic changes, it is important that the Finance Ministry not take a narrow short-term approach to macroeconomic stabilization. While ensuring fiscal and monetary discipline may be an important priority, it should not override critical requirements for a sustainable longer-term growth path for the economy. A major criticism of stabilization reforms is that in some cases they have jeopardized the basic requirements of the growth process in terms of both physical investment and human development. A gendered approach to economic stabilization means not only examining the welfare outcomes of policy on women and girls as compared to men and boys, but measuring their feedback effects on growth.

A key step to engendering macroeconomic management is for the ministry to conduct a *budget tradeoff exercise* that will examine alternative scenarios for reducing budget deficits while strengthening the ability of government to support human reproduction needs (Budlender *et al.*, 1980; Elson, 1996).⁴ These needs must be seen to include aspects of human reproduction typically left out in discussions of human development which tend to focus largely on education and health, *viz.*, childcare, maternity and paternity support, safe water, and fuel, to name a few. As part of this exercise, the ministry should evaluate the opportunity cost of the possible tradeoffs between a reduction in the fiscal deficit and a reduction in the potential rate of growth of the economy in the medium term, as well in the extent of poverty reduction.

Budget deficit reduction exercises under structural adjustment stabilization are usually conducted on their own terms, *i.e.*, in terms of what the implications of different combinations

of subsidy cuts will be for the deficit itself, rather than in terms of their impact on growth or human reproduction. Typically, it has been assumed that the reduction of government expenditures will of itself release the blocks to private investment and expenditure. Experience now clearly points to the fact that private investment and markets do not automatically step into the breach when the public sector withdraws or cuts down its spending.

Furthermore actual budget cuts have often been dictated by political expediency rather than any systematic analysis. Areas of human reproduction and poverty alleviation, which do not have vocal or powerful interests supporting them, have suffered disproportionately from cuts. These areas impinge particularly on women and on gender relations since they are a key aspect of women's responsibilities. For example, there is evidence that growing pressure on adult women to earn incomes and increasing school fees and expenses has led to a greater withdrawal of girl children from school. The importance of making budget exercises more sensitive to gender concerns and to the sustainability of medium-term growth cannot be stressed enough.⁵

(b) *Engendering structural reforms*

As the key ministry directing the pace and pattern of structural economic reforms, the Finance Ministry has a critical role to play in liberalization and deregulation even if specific decisions have to be taken by other ministries. The gendered implications of liberalization measures are more clearly perceived when one examines how these measures actually work in practice. While the theory of liberalization identifies its positive potential, there are certain caveats to be borne in mind while attempting to engender these measures.

First, in arguing that a shift toward the production of tradables will lead to greater resource use efficiency, the theory makes an implicit assumption that international markets for most commodities are in fact competitive and therefore efficient. While this is certainly true for some markets, there is also considerable evidence that imperfect competition and oligopolistic structures dominate many international markets.

As is well known, global markets consist not of the small, perfectly competitive firms of economic theory, but of large multinational companies often operating in highly imperfect

markets. In such a milieu, breaking into export markets for a small/medium producer requires pursuing one of three alternative routes—finding selective niche markets, accepting low product prices from multinational buyers, or linking up as outsourcing ancillaries to multinational producers. Among small producers, many successful exporters belong to the last category, especially in labor-intensive products that rely heavily on the use of female labor. There is considerable pressure here to keep wages low, minimize benefits, and exploit gender relations to control the women workers. Furthermore, the availability of a healthy and educated female labor force is no guarantee that other cheaper sources of labor will not bid away the outsourcing firms.⁶ For small firms using women's labor to be able to compete in international markets, a range of support mechanisms may be needed which involve improving the efficiency of the workers as well as marketing and input supports such as skills training, crèche services, maternity support, and toilets/rest facilities.

Second, the theory focuses on static efficiency of resource use, i.e., given certain factor endowments, the most efficient use of those resources can be made by directing production to specialize in goods using relatively more of the abundant factor. Hence economies endowed with relatively large supplies of unskilled labor are best off specializing in labor-intensive exports. But specializing according to static comparative advantage is neither necessary nor sufficient to lift an economy onto a path of high growth and structural change, as the recent experience of many East and Southeast Asian economies suggests. Static efficiency does not automatically lead to dynamic competitive advantage in global markets.⁷

Liberalization theory presumes that the shift of resources from nontradables to tradables can take place relatively smoothly and quickly. In actual fact a variety of supply constraints may operate, ranging from the poor availability and quality of physical infrastructure (transport, telecommunications, corporate services) to nonavailability of an experienced entrepreneurial class to the poor quality of available labour. Gender issues can constrain supply in a number of ways. In many countries, because of gender biases, lack of access to basic education or health care affects girls and women more than boys and men, making it more difficult for the former to avail themselves of new employ-

ment opportunities should they arise. Recent experience of global job creation points in fact to greater potential for female employment in labor-intensive manufactures and services provided the job seekers meet basic health and education standards. This potential cannot be taken advantage of in situations where there are severe gender biases in health and education (Tzannatos, 1991).

The gender division of labor in smallholder agriculture has also been known to constrain supply (see Darity, 1995; Elson, 1993; Warner and Campbell, 2000). Where women do much of the field labor but men control crop marketing and the incomes therefrom, and access to credit is restricted, increasing the production of cash crops means that women have to put in additional labor in cash crop fields controlled by men, over and above the labor they continue to invest in the production of food crops. If the income from increased cash cropping does not accrue to women, they cannot use it to purchase food and thereby reduce their labor in food production. As a result women have been known to be reluctant to increase the labor they invest in fields used for cash crops (Brown, 1995; Tibaijuka, 1994).

In countries where the government has played a major controlling role in the past, the benefits of liberalization may be felt more in some sectors of the economy. These tend typically to be the large formal economy where big firms and large agricultural producers operate. Single window permission mechanisms and simplified procedures do not appear to benefit informal sector producers and traders. This sector is one where women are heavily represented. Their efficiency continues to be hampered by exploitation at the hands of petty officials, and by traditional barriers to women's access to and control over productive assets. Land/tree rights, access to common property resources, technical services in agriculture and the self-employed sector, and a national policy in support of human reproduction can be vitally important measures (Deere & Leon, 1997; Devereux, 1998).

Taken together the caveats discussed in the previous paragraphs cast some doubt on the economic efficiency of the outcomes that the theory of liberalization predicts. The actual effects of liberalization have in fact been rather mixed. Few countries have actually been able to raise export earnings significantly, despite removing barriers to the production of tradables. The absence in many countries of

regulatory institutions appropriate to liberalized markets such as anti-trust regulatory authorities, functioning legal systems, or an effective whistle-blowing press have meant an increase rather than a reduction in political rents in many instances. In a number of countries, there has been little sign of sustained growth even in the medium term.

There have also been a number of unintended effects of doubtful value. The freeing of exchange rates and markets and the resulting movement toward world prices have led to sharp jumps in the cost of living (depending on the extent of price-cost spillovers to the domestic economy). There is now a premium on jobs which provide access to global incomes, a scramble among professionals and middle-class salary earners to obtain them, and an accelerated "brain drain." As economies "adjust" to globalization, livelihoods at the lower end of the income spectrum have become more precarious, with greater pressure on women particularly to earn incomes. Financial liberalization has also meant the removal of certain types of positive discrimination, for example, low-interest loans to the poor (Baden, 1996).⁸ In addition to this, there is considerable evidence on the negative effects for women of cutbacks in the public sector, traditionally the source of some of the best paid and most secure jobs for women.

Addressing the gender dimensions of supply constraints, selective deregulation, imperfect competition, and industrialized country protectionism is crucial if growth is to be placed on a more sound footing. Major supply constraints such as low levels of female health, education, and lack of childcare facilities need to be addressed on a priority basis. Barriers to women's potential as producers, *viz.*, lack of land rights, or adequate access to technology, credit or other services also need to be addressed. The problems that women as informal sector producers/traders face with petty official barriers, corruption and exploitation must be dealt with so that their time and productivity can be released.

Many of these problems are not under the direct control of Finance Ministries in developing countries, but the Finance Ministry can spearhead an adequate response. It can set up a regular and *effective* institutional mechanism for interaction with other ministries under whose ambit the actions might normally fall. But the Finance Ministry needs to demonstrate the seriousness of its commitment by playing

the role of nodal ministry, and spearheading the actions that need to be taken. As is well-known, actions to correct gender biases often fail to fructify because of the low institutional weight of the agencies charged with carrying them out.

Debates about the pros and cons of liberalization and deregulation can and ought to take better note of gender than they have to date in most countries. Certain other bases of economic identity, *viz.*, organized versus unorganized labor, small versus large producers, domestic market suppliers versus foreign traders, have been acknowledged as defining potential winners and losers as resource allocation shifts from the domestic market to tradable goods. But the potential implications of liberalization on women as producers and managers of human reproduction need to be better recognized at the official level through support for a National Human Reproduction and Social Development Policy. There now exists a significant literature that has identified the implications of liberalization for women in a variety of contexts. This could be drawn upon to develop a gender audit for each of the measures suggested.

Not all measures will have the same intensity of impact or even, necessarily, impact in the same direction in all countries. The components of such a gender audit would include checking for each measure, the direct and indirect impacts on different groups of women; the spillover effects to other groups, especially girl children; and the feedback effects on the rate and pattern of economic growth in the medium and longer terms.

Doing this may well require some rapid field appraisals or surveys using participatory methods.⁹ A gender audit cell staffed by competent technical staff, and with direct access to the Finance Minister will need to be set up in most cases. The gender audit process should be ongoing so that the gender impact of new policy measures can be examined prior to policy decisions. Corrective measures should also be initiated on this basis.

4. INSTITUTIONAL AND ATTITUDINAL CONCERNS

(a) *Promoting attitudinal change*

Ministries of Finance hold that ensuring fiscal and monetary discipline is their

overriding objective, and that liberalization and privatization are key mechanisms to achieve this objective. This exclusive focus on short-run macro stabilization of economic aggregates through budgetary management seems to insulate the Finance Ministry from a need to weigh the implications of its actions for human resources development over the medium and longer terms. But the finance ministry in fact does a great deal more than short-run macro stabilization. It has become the key ministry setting the strategic directions for long-term growth of the economy. Officers in the Finance Ministry are often reluctant to acknowledge this, and it is not hard to understand why. Long-term growth concerns more than saving, investment and other macro aggregates; it also depends on how the labor force and its capabilities, skills and expertise keep pace with the requirements of the growth process.

Acknowledging the ministry's strategic role requires therefore that the ministry begin to factor in the effects of its macroeconomic actions on the potential and current labor force, and the feedback effects therefrom to the growth potential of the economy. This has two important implications for the Finance Ministry's objective of fiscal discipline: (i) *how* fiscal discipline is brought about can be as important for the economy's long term growth prospects as *whether* it is achieved; some methods of balancing revenues and expenditures in the budget may be less damaging to human development than others; (ii) there may be tradeoffs between short-run fiscal stability versus medium and long-term growth possibilities; an excessive emphasis on fiscal discipline may cause serious damage to an economy's growth prospects.

The first attitudinal shift needed among Finance Ministry officials, therefore, is the acknowledgement that what they do affects not only short-term macroeconomic management but the human resources needed for sustainable development. A second important attitudinal change that is needed is about gender itself. As discussed earlier in this paper, Finance Ministry officials who are used to thinking in terms of macro financial variables, are likely to be somewhat at a loss when asked to engender their work. A change in this attitude is best likely to be effected through the process of working together with external experts on an overall framework for engendering the ministry's work.

This is likely to be more effective in sensitizing Finance Ministry officials to gender than gender training that does not include a practical component. Past experience in many countries has shown that attempts to sensitize powerful government departments through gender training alone has not always been successful. Participants may tend to treat such training as a spare-time activity of little consequence to their ongoing work. For this reason, gender training within the Finance Ministry should, where possible, be integrated into the hands-on process of developing a gendered framework, such that officials can directly see the relevance of gender to their work; and can also themselves be involved creatively in defining how a consideration of gender will affect their policies, programs, and workplans.

(b) *Easing institutional constraints*

Changing attitudes is only one of the ways in which change can be promoted within an organizational structure. Another important way is to create or support a reformation of lines of authority and incentive systems within the organization that will make staff realize that the new directions are in their personal interest.

An important lesson that has been learned from previous attempts to mainstream gender is that the effectiveness of newly created institutions depends heavily on the extent of political will or support that they have from above, and the skill with which they can parlay this into cooperation from below. If such political commitment is not there, it often does not matter what type of institutional arrangement is made because it is unlikely to be effective. Assuming the presence of serious political support at the top levels of the Finance Ministry for engendering, the following institutional arrangements can be put in place:

—One or two *Gender Focal Points* (individual staff members) or a special *Gender Unit* (consisting of a group of staff members), located directly in the office of the Minister of Finance or the senior bureaucrat (as appropriate), whose task would be to provide technical support for the engendering process. The role of the Gender Focal Point or Gender Unit would be to: oversee the formulation of the overall engendering framework for the ministry; support the incorporation of the framework into policies, programs, and workplans; and identify and initiate

Engendering dimensions ⇒	Differential impact on the well-being of women and men	Human reproduction / the "care economy"	Gender power relations
Finance ministry's roles ↓			
Short-run macroeconomic management			
Structural reforms			
Financial sector reforms/ liberalization			

Figure 1. Analytical matrix of interactions between gender and the Finance Ministry's roles.

specific research on the gender aspects of the work of the ministry. If mainstreaming of the Finance Ministry is being done in the context of the implementation of a government-wide Gender Management System (GMS), the Gender Focal Point or Gender Unit will also be represented on the GMS Inter-Ministerial Steering Committee (Commonwealth Secretariat, 1998; 1999).

—An *interdepartmental standing committee* on gender to which senior staff from all the departments of the ministry would be seconded; the committee's task would be to develop an overall time-bound plan for engendering different aspects of the ministry's work, and to monitor and review progress. The committee should also preferably include external experts as technical advisors who would support this process.

In addition to these institutional changes, an incentive system needs to be put in place to encourage personnel to take the engendering process seriously. Innovative incentives such as an award program (with appropriate monetary and prestige benefits) for the department that makes the most progress in engendering each year, with an external jury, could be tried. This might be in addition to quantitative checklists whose purposes, experience has shown, are all too easy to circumvent. Other incentive systems could also be tried. For example, the GMS recommends the inclusion of gender-sensitive indicators in whatever performance appraisal system is in place in the ministry. This would include provisions for evaluating employees' performance in achieving gender goals and targets.

5. RECOMMENDATIONS FOR ACTION

In order to engender Ministries of Finance, a number of strategic areas of action have been identified, with specific action points in each area. These action points are not sequential in time; some of them may be undertaken simultaneously. The actual timing will vary, depending on the specific country context.

The effectiveness of the actions taken will depend in the end on the extent of political support that the process of engendering has from the highest levels of the Finance Ministry or from the Cabinet as a whole. Such support is essential to bring about the institutional and attitudinal changes that the process of engendering requires.

(a) *Strategic areas of action*

(i) *Develop a gendered macroeconomic framework of interactions for the overall economy with particular focus on the role of the Finance Ministry*

The gendered macroeconomic framework provides an analytical base for understanding gender interactions in the national context. It incorporates gender along three dimensions: gender power relations (as they impinge on the gender division of resources, labor, norms and institutions); human reproduction or what has been called the "care economy"; and the differential impact of policies and programs on women and girls as compared to men and boys. It would focus on three key aspects of the Finance Ministry's role: short-run macroeconomic management; setting the direction and

taking key decisions regarding structural reforms; and financial sector reform/liberalization.

(ii) *Action point 1: develop an analytical matrix*

A starting point to developing the gendered macroeconomic framework is to build an analytical matrix showing the two-way interactions between various dimensions of gender differentials and the work of the Finance Ministry, as outlined in Figure 1. The matrix should be developed in as much detail as possible by Finance Ministry officials with the help of gender experts. This can be done as part of a gender training program that will provide “hands-on” experience of considerable value. The number of rows and columns will increase as more detail is brought in. For example, in the cell on the interactions between short-run macroeconomic management and human reproduction, subcells might include interactions between specific elements of the budget and of aspects of reproduction such as childcare or healthcare. The specific content of the interactions in each cell and subcell will vary with the country context, although the broad categories of the matrix remain the same.

Developing the gendered framework is therefore the first and most critical step; how well the framework is conceptualized will govern how effectively the next steps in the

engendering process can be undertaken. The deeper the ministry’s officials go into such an exercise, the more sophisticated the matrix will become and correspondingly, the better their appreciation and understanding of the importance of gender.

Developing the framework is not a one-off task to be done prior to the other steps in engendering the Finance Ministry, but an ongoing process that helps to strengthen and deepen officials’ understanding of the implications of gender analysis over a period of time, for example, two to three years. This process of building the framework also becomes a mechanism for maintaining substantive work and interest on gender in the ministry. It is especially important that such a framework building process be located in the Finance Ministry, because of the central and powerful role of the Finance Ministry in current structural reform processes.

An effective framework does not need to be comprehensive in the sense of spelling out all the relationships in complete detail. But at a minimum it should be developed at two levels—the aggregate economy, and the specific ministry/department’s work, and it should include all three aspects of engendering. The framework should conclude with a set of guidelines that spell out how its elements can be transposed to the ongoing work of the ministry.

Table 1. *Strategic areas of action and suggested action points*

1. Develop a gendered macroeconomic framework of interactions for the overall economy with particular focus on the role of the Finance Ministry	<ul style="list-style-type: none"> —Develop an analytical matrix of two-way interactions between gender and the Finance Ministry’s work —Carry out budget tradeoff exercises and other measures to engender the national budget
2. Incorporate a gender perspective into the Finance Ministry’s plans, policies, and programs	<ul style="list-style-type: none"> —Conduct a gender audit of the Finance Ministry’s plans, policies, and programs —Support a National Reproduction and Social Development Policy —Adopt a comprehensive approach to supporting women’s access to assets and incomes
3. Address institutional and attitudinal barriers	<ul style="list-style-type: none"> —Adopt a hands-on approach to gender training —Establish institutional arrangements <ul style="list-style-type: none"> Gender Focal Points or a Gender Unit within the Finance Ministry Interdepartmental standing committee on gender within the Finance Ministry Interministerial steering committee on gender —Create incentives and disincentives for Finance Ministry officials and staff

Once the framework has been developed, it has to be incorporated into the policies, programs and workplans of the ministry involved. To do this, existing policies, programs and workplans have to be examined in light of the framework and the points of contradiction identified. Where possible, existing programs should be retro-fitted to bring them more into line with the framework's guidelines. This may not be feasible for all of the ministry's previously determined plans and programs in which case some examples may be chosen for retro-fitting in order to provide lessons for future attempts.

(iii) *Action point 2: budget tradeoff exercises*

The budget tradeoff exercises examine alternative scenarios for reducing budget deficits while supporting human reproduction needs and reducing gender inequities. Traditional budget exercises seldom take gender into account when developing alternative revenue and expenditure possibilities. Engendering budget tradeoff exercises will require examining the role gender plays in the two-way impacts between annual budgets and medium- or long-term growth. Clearly, budget exercises will inform and be informed by the matrix development exercise, but they need to be seen as a distinct though linked activity.

(b) *Incorporate a gender perspective into the Finance Ministry's plans, policies and programs*

(i) *Action point 3: gender audit*

The gender audit is different from the framework building exercise in that the framework is a macro-level exercise for the economy as a whole while the gender audit is a meso-level exercise focusing on particular plans, policies and programs. The gender audit examines how the various dimensions of gender (see Figure 1) are affected by specific policies and programs. It then identifies positive steps to be taken to engender these plans and programs. The audit needs to examine ways in which the routine work of the Finance Ministry and its future plans can be made more gender-sensitive. Current programs and plans may have to be retro-fitted to at least partly incorporate more gender-sensitive approaches.

(ii) *Action point 4: national reproduction and social development policy*

The Finance Ministry should take the lead in (or at least support) the formulation of a

National Reproduction and Social Development Policy which would work out the modalities and financial implications of providing effective support to the "care economy." The Finance Ministry's task is both to work out the financial implications of different measures, and also to lend its weight and clout to the formulation of the policy.

(iii) *Action point 5: comprehensive approach to supporting women's access to assets and incomes*

It is important for this effort to be spearheaded by the Finance Ministry with its standing and expertise. A key aspect of such support is ensuring women's access to credit as part of financial sector reform. Other aspects include guaranteeing women effective rights to land, trees and common property resources; promoting availability of technology and training for women particularly in agriculture, small-scale industry, and self-employed services; the removal of gender inequitable practices in labor markets (unequal wages, occupational segregation, sexual harassment/violence); and the removal of barriers to self-employment by women. While many such measures fall within the purview of other ministries, the Finance Ministry can help by working out their financial costs and benefits from the viewpoint of the overall economy, and also provide its support to less powerful ministries.

(c) *Address institutional and attitudinal concerns*

(i) *Action point 6: "hands-on" approach to gender training*

Moving the engendering agenda forward in a ministry as powerful and complex as finance requires a strong institutional structure. Much of the work required to be done will be quite new to the ministry's officials, and an appropriate institutional set-up needs to use external gender expertise judiciously as well as draw out the knowledge and cooperation of the ministry's own experts. The action points suggested above provide the opportunity for a hands-on approach to gender training, one which involves finance ministry officials in the development of the gendered framework, the gender audit, and gender-sensitive policies.

(ii) *Action point 7: establish institutional arrangements*

The setting up of a technically competent gender focal points or a Gender Unit in a strategic location in the office of the Minister of

Finance or senior bureaucrat is an important institutional arrangement for gender mainstreaming. The Gender Focal Point or Gender Unit, which should be staffed by people with expertise in both macroeconomics and gender, would backstop the activities in the first two Strategic Areas, initiate research to fill in knowledge and data gaps, draw on the expertise of external consultants as needed, and liaise with counterparts in other ministries. The competence, tough-mindedness, and tenacity of the Gender Focal Point or Gender Unit are key ingredients in an effective engendering strategy.

Since many of the proposed measures and actions cross over the different departments within the Finance Ministry (revenue, taxation, etc.), an interdepartmental standing committee may also be necessary. The function of this committee is to facilitate communication and coordination across all departments. The overall engendering strategy of the government may also require a high-level inter-ministerial standing committee that would draw up plans, and monitor and review the progress made. The Gender Focal Point or the head of the Gender Unit in each ministry, including the Ministry of Finance, would be the representative on the interministerial steering committee.

(iii) *Action point 8: incentives and disincentives*

The structures of incentives and authority within the ministry/department need to be

examined and modified to ensure that the engendering is successful. This is the critical step between the theory of engendering and its actually being put into practice. It involves a set of actions that challenge entrenched interests and ways of doing things within the ministry/department itself. Carrying out this change requires, therefore, the strongest possible support from the highest level of the ministry (or even beyond), in order to overcome possible inertia, resistance, or even outright opposition (see Table 1).

A system of incentives and disincentives needs to be developed so that Finance Ministry officials and employees find it in their interest to take gender seriously. Measures that are more creative than the traditional checklists need to be developed. For example, performance appraisal systems could be updated to include references to established gender targets and achievements, and to the level of gender awareness attained by employees. Since these measures may not be specific to the finance ministry alone, developing them may be one of the first tasks of the interministerial steering committee, with technical back-up from the Gender Unit in the Finance Ministry. Ideally, such incentives should be put in place by the government's central personnel office or Public Service Commission, as part of an overall strategy for gender mainstreaming.

NOTES

1. An examination of a range of Commonwealth Finance Ministries reveals no real attempt to consider gender at the policy level, barring the Women's Budget initiatives in Australia, Canada and most recently, South Africa and Sri Lanka.

2. It is another matter, of course, that Central Banks often did not play this role earlier, allowing governments to finance fiscal deficits through uncontrolled internal borrowing or simply printing money, thereby fueling inflation and allowing the government's budget constraint to remain "soft."

3. See for example Cagatay, Elson and Grown (1995); Bakker (1994); and Sen (1996).

4. Given the weakness in most countries of the database on the magnitude of the gender impact of macroeconomic management, such an exercise can probably only be done in stages.

5. For more details on gender-sensitive budgets, see Budlender (2000).

6. In the aftermath of the ratification of the agreements creating the World Trade Organization, a number of industrialized country governments, under pressure from their own labor organizations, have been pressing for social and environmental clauses that would give countries the right to ban the import of goods produced under substandard labor or environmental conditions. Although most of the focus of the social clause is currently on the use of child and/or prison labor, goods produced with the cheap labor of women could also become a target.

7. Rather than reducing worker benefits in order to attract multinational capital, which often has a disproportionately large negative impact on women workers, governments should take a leaf from the book

of a successful economy such as Singapore, which has concentrated on increasing worker productivity (rather than cutting costs) by raising skills, providing benefits, and thereby creating a high-quality, competitive labor force, both female and male.

8. In India, for instance, liberalization measures after 1991 have included the downgrading of governmental

commitments to so-called priority-sector lending through public sector banks.

9. Some of the methodologies developed under the joint World Bank-NGO exercise (Structural Adjustment Programme Review Initiative, SAPRI) to study the impact of structural adjustment programs could be adapted usefully here.

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