Gender-Responsive Budgeting: Moving Women in China Further Along the Road to Full Equality

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Over the past 25 years, the progress toward gender equity has gained momentum in most parts of the world, and has been galvanized by significant actions taken by the international community of nations. There has also been a growing worldwide awareness that governments’ budget decisions relating to both revenues and expenditures can be critical in promoting gender equity. For example, on the expenditure side of the budget, a government’s reduction of agricultural subsidies could impact heavily on women who generally comprise the bulk of farm workers, especially in developing countries. Restoring, or even increasing, the subsidies could increase household incomes, raise agricultural production and improve the quality of life for all villagers. On the revenue side, an income tax rate reduction would primarily benefit men whose incomes are generally greater than those of women. Changing the structure of the tax reduction to, perhaps, a tax credit could result in a more equitable gender distribution of the benefits of lower taxes. Several terms including “women’s budgets,” “gender budgets,” “gender-sensitive budgets,” and “gender-responsive budgets” have been used to describe government budgets that incorporate a gender perspective. In my paper, I use the term “gender-responsive budget” (GRB) to define a government budget that explicitly integrates gender into any or all parts of the decision-making process regarding expenditures and/or revenues. I use the term “GRB initiative” to include: (1) the actual integration of a gender perspective into any or all aspects of budget decisions; and (2) an organized movement to influence government to incorporate a gender perspective into its budget decisions. Thus defined, GRB initiatives have been undertaken in more than 60 countries at the national and/or subnational levels of government. The purpose of my paper is to show how the lessons learned in these GRB initiatives can be applied in the People’s Republic of China (PRC) where the equal treatment of women is a goal that has yet to be fully realized along most dimensions, including education, health, economic prosperity and political involvement.

Over the past 25 years, the progress toward gender equity has gained momentum in countries throughout the world, and has been galvanized by significant actions taken by the international community of nations. The near unanimous adoption by the UN in 1979 of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) – sometimes referred to as the “international bill of rights for women” – defined what constitutes gender discrimination. It also set an agenda for international and national action to end it (UNDAW 2004, 1). The United Nations 4th World Conference on Women, held in Beijing in 1995, reaffirmed CEDAW’s commitment to end discrimination against women. This conference was, at the time, the largest ever held by the United Nations as well as the first large-scale international conference ever hosted by the People’s Republic of China. There were 15,000 delegates from 189 countries and regions in attendance at the conference as well as 31,000 representatives of non-governmental organizations (NGOs) from all over the world (ACWF 2005a).

Both CEDAW signatories and Beijing conference participants identified the equal treatment
of men and women in budgetary processes as central to the achievement of gender parity. In fact, the Platform for Action adopted at the Beijing conference specifically called on governments to “incorporate a gender perspective into the design, development, adoption and execution of all budgetary processes as appropriate in order to promote equitable, effective and appropriate resource allocation and establish adequate budgetary allocations to support gender equality…” (United Nations 1995).

Several terms including “women’s budgets,” “gender budgets,” “gender-sensitive budgets,” and “gender-responsive budgets” have been used to describe government budgets that incorporate a gender perspective. Gender budgets are not separate budgets for women, or for men. They are, instead, an attempt to break down or disaggregate a government’s mainstream budget according to its impacts on women and men. Gender budgets are designed to incorporate gender-specific analysis in budget decision-making processes regarding the allocation of resources and/or the generation of revenues.

For example, a gender budget analysis on the expenditure side of the budget might find that proposed cuts in spending on agriculture would fall most heavily on poor women farmers. Restoring the agriculture budget could increase household incomes, raise agricultural production and improve the quality of life for all villagers. On the revenue side, a gender budget analysis could find that a proposed income tax rate reduction would primarily benefit men.

In my paper, I use the term “gender-responsive budget” (GRB) to define a government budget that explicitly integrates gender into any or all parts of the decision-making process regarding expenditures and/or revenues. I use the term “GRB initiative” to include: (1) the actual integration of a gender perspective into any or all aspects of budget decisions; and (2) an organized movement to influence government to incorporate a gender perspective into its budget decisions. Thus defined, GRB initiatives have been undertaken in more than 60 countries at the national and/or subnational levels of government (Budlender and Hewitt, 2003).

The purpose of my paper is to demonstrate how the lessons learned in these GRB initiatives can be applied to the People’s Republic of China (PRC) where the equal treatment of men and women – a fundamental and oft-cited government goal – has yet to be fully realized. I begin the paper with a brief discussion of the current status of women in the PRC. I then summarize lessons learned from GRB initiatives that have been undertaken worldwide and discuss how these lessons might be applied in China. I conclude the paper with observations on China’s readiness for a gender-responsive budgeting initiative.

It should be noted that, except where specifically discussed, the statistics cited for China are for the country as a whole and thus do not reflect the substantial differences among its individual provinces and ethnic groups and between its urban and rural areas. The urban-rural divide in China along most economic and social dimensions is one of the highest in the world (UNDP 2005a) and may affect the overall conclusions reached in this paper.

**Gender Equality in China**

From its earliest days, official documents of the PRC have stated that men and women should have equal rights and obligations in society – a stark contrast to what had been the historic image of women in China, with the “binding of feet” perhaps the most renowned symbol of their subservient status. For example, on the eve of its founding in 1949, the PRC adopted the Common Program of the Chinese People's Political Consultative Conference which specifically stated that "...women shall enjoy the same rights and obligations as men in political, economic, cultural, educational and social activities…” (Xu 2005).

Moreover, the first constitution of the PRC, adopted in 1954, reiterated that the rights of women were to be equal with those of men (Xu 2005). More recent laws and regulations show the continued efforts of the PRC to promote gender equity. For instance, The Law on the Protection of Rights and Interests of Women adopted at the Fifth Session of the Seventh National People's Congress on April 3, 1992, states that “The State shall guarantee that women enjoy equal rights with men relating to their persons”
The steady progress of women in China has lead to its increasingly higher ranking in the United Nations’ Gender-Related Development Index (GRDI) in which higher rankings are associated with a more positive environment for women. In the year 2003, China was ranked 64th out of 140 countries (UNDP 2005b), compared with its 1993 ranking of 79th out of 137 countries (UNDP 1996). In another comparative “gender-gap” ranking, published by the World Economic Forum in 2005 (WEF 2005), China was ranked 33rd out of the 58 OECD and selected emerging market countries included in the study, the highest ranking of any of the Asian countries included in the index. The WEF index incorporates five dimensions: educational attainment, economic opportunity, economic participation, health and well-being and political empowerment. The progress of women in China along each of these dimensions is briefly summarized below.

**Educational Attainment**

Equal access to education for males and females is the official policy of the PRC as defined in China’s Education Law, its Compulsory Education Law and its Vocational Education Law (PRC 2005). However, among the 58 countries in the World Economic Forum report, China ranked 46th in educational attainment, considerably below its number 33 ranking in the overall index (WEF 2005). Even though the educational attainment of China’s girls and women has increased substantially over the years, according to ActionAid, against poverty on a world-wide basis:

… at the primary level, girls are much more likely to drop out of school, or not be enrolled at all. …at higher levels of schooling girls constitute 47% of students at the secondary level, 40% at the college level and only 32% at the doctoral programme level (ActionAid 2005).

Within the adult population, the illiteracy rate of females in China is 2.6 times that of males (UNDP 2005a). And while disparities among China’s many regions have narrowed over the past ten years, in its less developed areas the gender disparity is even greater than the overall illiteracy rate would indicate (UNDP 2005a). For instance, the male-female differential is close to 19 percentage points in Qinghai Province in Western China, the fourth largest province in China with about five million residents including Han (the majority ethnic group in China), Tu, Hui, Salar and Mongolian minority ethnic groups. In the Tibetan Autonomous Region adjacent to Qinghai, the male-female differential is close to 18 percentage points (UNDP 2005a).

**Economic Opportunity and Participation**

As mentioned earlier, from its inception, the PRC has held that “…women shall enjoy the same rights and obligations as men in …economic… activities…” (Xu 2005). China’s institutional framework is generally in place to accomplish this goal. However, while Chinese women, particularly those living in urban areas, have made substantial progress in achieving economic equality, there is still a gender gap, especially in the wake of China’s economic reforms. Gender differences “…tend to be much lower in the state sector than in the non-state sector…” (UNDP 2005a) and, as Jing Lin, a scholar writing in the Harvard Asia Pacific Review states:

In the economic restructuring, millions of urban and township workers have been laid off. Women have been especially disadvantaged in several ways: 1) more women are laid off than men; 2) women are forced to retire at younger age than men; 3) women receive less social support after being laid off; and 4) the chances of re-employment are lower due to the lack of social connections (Lin 2003).

It should be noted that with regards to earlier retirement for women, this is a continuation of the policy instituted under Mao Zedong as a benefit for women. While earlier retirement may not be looked upon favorably by all women, for some it may be still be viewed as a benefit, especially if their income and benefits after retirement are not much lower than they were when employed.
Health and Well-being

In China, the differential in the “well-being” of males and females begins at birth and even before. In 1979, the PRC adopted a “one-child” policy to slow its rapidly increasing population growth. In August 2005, there were close to 120 male births for every 100 female births in China, compared with the worldwide average of 106 male births for every 100 female births (UNDP 2005a). In some of China’s rural provinces, the male-to-female birth ratio is even more skewed. In Guangxi Province, for instance, there are 140 boys born for every 100 girls and in Hainan Province, 135 boys for every 100 girls (ActionAid 2005). While China’s “one child” policy has been somewhat relaxed so that rural families are now permitted to have two children, families that conform to official policy will often go to great lengths to make sure that they have male children.

Even though ultrasound scans to determine the sex of the foetus [sp] and sex-based abortions are illegal, in rural China many women still find a way to determine the sex of the foetus [sp] and, if it is female, they abort it... China's family planning policy... does not carry effective measures to counteract the preference for sons among the rural population...caused by both cultural factors and the lack of a social protection net for farmers (ActionAid 2005).

The Chinese government is trying to improve the protection of female infants by punishing those who abandon or kill them. However, there is no evidence that China will discontinue its one-child policy even though it is becoming increasingly concerned that there will be 40 million more men of marriageable age than women by 2020 (AsiaNews.it 2007).

The Chinese government is also trying to slow the growth in prostitution. Denounced many decades ago by Mao Zedong as a social evil, prostitution is on the rise and becoming an increasing threat to the health and well-being of women.

Chinese public security sources estimate that there were... four to six million sex workers in China in 2000. The major reasons for prostitution in China are economic: women from rural areas seek better incomes and migrate to big cities where many end up as sex workers... A study amongst sex workers in China found that... Very few (2-3%) perceived themselves at risk of contracting HIV (Avert 2006).

Looking at the health and well-being of all women in China, there is some evidence of gender-based differences in the availability of health care services and medical insurance.4 However, the urban-rural differential in health care services overwhelms the gender differential. In China’s rural areas, which are home to between 70 and 80 percent of China's population, most health care services are now provided on a fee-for-service basis and are not affordable by the vast majority of residents either female or male. This is in contrast to earlier years when most medical services were provided by the state.

Political Empowerment

Women have been officially represented at all levels of government since the founding of the PRC, and their role is slowly increasing. According to the All-China Women’s Federation, the proportion of women officials at all levels grew from 34.4% in 1997 to 36.7% in 2001 (ACWF 2005b). However, women’s political empowerment is still far below that of men. China's ranking by the World Economic Forum in the category of women's political empowerment was number 40 of 58 countries, somewhat below its overall ranking of 33, suggesting that the country is not doing as well in the political empowerment of women as it is in the other dimensions in the index taken together. For women in China to gain political equality with men they must become more involved in the political structure and administration of the country at all levels.

Among the 198 women deputies to China's NPC, only five are in the decision making position in the legislature and central government. By the end of 2003, the women's representation in village committees was less than 20 percent while only one percent of the village heads were women throughout China (Rong 2005).
Why a Gender Budget

The actions of government can have an impact on women along all of the dimensions discussed above: education, health, economic prosperity and political empowerment. Yet, few countries consider differential gender impacts at the time that most laws are debated and enacted. This is certainly true for budget-related legislation in which revenues and expenditures are generally determined and presented in financial aggregates with no specific references made to men or to women. As such, the laws appear to be gender neutral. However, if there are unintended differential gender impacts of revenue and expenditure decisions, the laws are not gender neutral, and to ignore the differences constitutes what has been termed “gender blindness” (Elson, 1999).

Implementing a gender responsive budget can help to correct gender blindness on both the revenue and expenditure sides of the budget and can “…raise awareness among stakeholders of gender issues and impacts embedded in budgets and policies…” (Sharp 2003, 9). The increasing awareness of this impact explains the growth of gender budget initiatives over the past 20 years in most regions of the world.

Gender Responsive Budget Initiatives

The first gender budget initiative was undertaken in Australia by its federal government in 1984 and fully executed in 1985. In time, all of Australia’s states and territories would follow the central government’s lead and implement their own gender budget initiatives. The Australian experience brought international attention to GRB as a way to address gender inequities, although it took a decade before the next initiatives were undertaken in South Africa and in the Philippines.

The South African initiative undertaken in 1995 was spearheaded by the Women’s Budget Initiative (WBI), a partnership of two policy-based research NGOs and newly elected members of Parliament (primarily female) along with the Gender and Economic Policy Group of the parliamentary Committee on Finance (Budlender 2003, Budlender & Hewitt 2002, Budlender 1998). The GRB initiative in the Philippines also began in 1995 as part of a gender and development (GAD) movement. In the wake of the Australian, South African and Philippine experiences, close to 60 countries throughout the world have undertaken GRB initiatives (See Table 1). Some initiatives have originated in government, but most have been undertaken by civil society groups, generally NGOs, working to promote gender equity.

Table 1: Countries in Which a Gender Budget Initiative has been Undertaken at the National or Subnational Levels of Government as of 2003*

<table>
<thead>
<tr>
<th>Africa</th>
<th>Americas</th>
<th>Asia</th>
<th>Europe</th>
<th>Middle East</th>
<th>Pacific</th>
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<tbody>
<tr>
<td>Botswana</td>
<td>Barbados</td>
<td>Afghanistan</td>
<td>Austria</td>
<td>Israel</td>
<td>Australia</td>
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<td>Egypt</td>
<td>Belize</td>
<td>Bangladesh</td>
<td>Croatia</td>
<td>Lebanon</td>
<td>Fiji</td>
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<td>Kenya</td>
<td>Bolivia</td>
<td>India</td>
<td>France</td>
<td>Marshall Islands</td>
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<td>Malawi</td>
<td>Brazil</td>
<td>Indonesia</td>
<td>Germany</td>
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<td>Mauritius</td>
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<td>Malaysia</td>
<td>Ireland</td>
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<td>Morocco</td>
<td>Chile</td>
<td>Nepal</td>
<td>Italy</td>
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<td>Mozambique</td>
<td>Ecuador</td>
<td>Pakistan</td>
<td>The former Yugoslavia</td>
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<td>Namibia</td>
<td>El Salvador</td>
<td>Philippines</td>
<td>Norway</td>
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<td>Nigeria</td>
<td>Mexico</td>
<td>Sri Lanka</td>
<td>Republic of Macedonia</td>
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<td>Rwanda</td>
<td>Peru</td>
<td>Thailand</td>
<td>Russian Federation</td>
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<tr>
<td>Senegal</td>
<td>St Kitts/ Nevis</td>
<td>Vietnam</td>
<td>Scotland</td>
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<td>South Africa</td>
<td>USA</td>
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<td>Serbia &amp; Montenegro</td>
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<td>Swaziland</td>
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<td>Spain</td>
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<td>Tanzania</td>
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<td>Switzerland</td>
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</tbody>
</table>

*The information presented in this table is based upon what was known in 2003. Whether there are other countries that have undertaken a gender-responsive budget initiative is difficult to determine for several reasons including my reliance on publicly available data and the timing of the research. Source: A Practitioners Guide to Understanding & Implementing Gender-Responsive Budget Initiatives (Budlender & Hewitt 2003, 7).
In some countries, GRB has actually been integrated into one or more phases of the budget cycle at the national or subnational levels of government. In other countries the initiatives are still in their formative stages in which gender analysis of one or several government programs has been conducted and/or workshops have been held for various groups including government workers, NGOs and other representatives of civil society. International and bilateral donors have funded a number of these workshops as part of their overall capacity-building efforts in developing countries and countries in transition.

Although GRB initiatives have differed across countries, their implementation has yielded several commonalities, which I call “preliminary lessons learned,” that can inform future gender budgeting initiative. They relate to:

- the buy-in and commitment from both government and civil society stakeholders;
- the level of government at which GRB is undertaken;
- the stage of the budget cycle into which GRB is integrated; and
- the availability of disaggregated data by gender, and of technical expertise from outside the country in which the initiative is undertaken.

**Preliminary Lessons Learned**

**Lesson 1: AGRB initiative must have the buy-in of government and of civil society stakeholders.** The integration of a gender perspective into public budgets requires that decision-makers in government acknowledge gender inequities in society and see budget policy as a way to promote equal treatment of men and women. GRB initiatives undertaken in Australia, the Philippines, Rwanda and several countries in the Andean region in South America illustrate this point.

In Australia, elections in the early 1970s brought a new government into office that was committed to making government more responsive to women’s needs (Sawer 2002). Feminists, referred to as “femocrats,” were recruited to work for the new government so that they could implement commitments to promoting gender equity made during the election campaign. The new government acknowledged that budget actions were critical to achieving gender equity. The Philippines GRB initiative was also part of an overall national and subnational government campaign to address acknowledged gender inequities in society and as part of overall efforts to democratize government (Flor and Lizares-Si 2002).

The commitment of government to use the budget to achieve gender equity has also been a critical element in the Andean region where several GRB initiatives are underway (GRBI, Ecuador, 2). And in Rwanda, the President and other leaders struggling to put their country back together after years of civil war and genocide are using gender budgeting as one way to bring about government reform and to address gender inequities and poverty (Diop-Tine, 2002).

However, if government’s commitment to gender equity is crucial for GRB’s success, so too is the need for stakeholders outside of government to take ownership of the initiative and to advocate for its acceptance. A prime example is Australia where GRB was initiated by the government, but was never really able to coalesce Australia’s feminist NGOs and women in civil society (Sawer 2002). This lack of support was one of the main reasons cited for the eventual watering down of GRB, at least at the federal level (Sawer 2002).

**Lesson 2: GRB can be introduced at all levels of government.** Most gender-responsive budgeting initiatives have been introduced at the national level of government. However, GRB initiatives have also been undertaken at subnational levels of government, beginning with the earliest efforts in Australia, South Africa and the Philippines. Several gender-responsive budgeting initiatives in local governments are underway in the Andean Region of South America (Ecuador, Peru and Bolivia) as part of overall government reform and decentralization (UNIFEM 2003). And in Berlin, Germany, the City Parliament introduced gender budgeting in 2001 for selected city districts and for selected expenditures (GTZ 2004).
Lesson 3: GRB can be implemented at all stages of the budget cycle. Each of the four phases of the budget cycle – budget formulation, approval, implementation and audit/evaluation – provides the potential for integrating gender budgeting into its decision-making process. Budget formulation, the first phase of the budget process, is generally the responsibility of the executive branch of government. GRB can enter this phase in a number of ways: in budget preparation guidelines to departments, in agency deliberations and in final decision-making by the chief executive. To date, several governments, including those in India, Nepal, Mexico, Tanzania, Uganda, and Egypt, have included gender-specific language in their general budget guidelines (UNIFEM 2003).

Once the budget is prepared, it enters the second stage of the cycle, which is the approval or legislative phase, in which GRB again has the potential to be integrated in several ways. Specific gender guidelines can be promulgated for expenditure and revenue legislation in the overall framework for legislative action or in language establishing new programs or agencies. During this phase of the budget cycle, decisions can entail extensive debate over the executive plan or be largely pro forma. The latter is more likely to be the case in parliamentary governments where the same political party controls the executive and legislative functions.

While members of legislatures, especially women, have played important advocacy roles in several GRB initiatives including those in South Africa, Uganda, and Scotland (Budlender and Hewitt 2002), there is little evidence that GRB has yet taken hold in legislative decision-making (UNIFEM2003). Several efforts are underway to bring GRB into the legislative budget process. For example, UNIFEM is working with India’s national parliament to formulate gender-responsive guidelines to be used in the disbursement of discretionary resources allocated to members of Parliament (UNIFEM 2003). UNIFEM also worked with the Inter-Parliamentary Union (IPU) and the World Bank Institute in the publication of a handbook for parliaments interested in bringing gender into their decision-making process (IPU 2004).

After the budget has been approved, it enters into the third or budget implementation phase when budget plans are put into operation. To the extent that individual departments are given discretion to allocate resources among their agencies/programs, GRB can inform allocation and other decisions during the execution phase. Also administrative directives within departments can influence the allocation of funds. GRB initiatives have yet to achieve a major success in this phase of the budget cycle although efforts are underway in several countries such as Mexico and India to bring gender explicitly into decisions regarding budget execution (UNIFEM 2003).

Most gender-responsive initiatives have focused on audit and evaluation, the fourth and final phase of the budget cycle. A gender dimension can be incorporated into financial audits that focus on expenditures and compliance and into performance audits that focus on results. Katherine Rake of the UK Women’s Budget Group, writes “…a gender audit of policy and expenditures offers a unique opportunity to evaluate the impact and effectiveness of the Government’s social and economic programme” (2000, 117). In Victoria, Australia, for example, “community based gender audits have achieved some success…” (Sawer 2002, 63). And in South Africa, a 1997 evaluation of the Community Based Public Work Program (CBPWP) that included a gender focus “… formed the basis of the Department’s current plans to finetune the program and further improve targeting” (Elson 2002b).

Lesson 4: Both gender-disaggregated data and knowledgeable technical expertise are needed to implement a GRB initiative. Countries do not generally collect revenue or expenditure data disaggregated by gender, a basic requirement if GRB is to be incorporated into the budget process. For example, if women have a greater dependency on public transportation than do men, decreased spending on government supported buses or trains will have an unintended differential gender impact. In developing countries, the lack of relevant data, particularly gender-disaggregated data, has been identified as a serious impediment to implementing
GRB (Balmori 2003). Not only is the lack of disaggregated data a challenge, but so too is the lack of budget expertise by government workers and members of civil society. In many cases, experts have been brought in from the outside to lead a GRB initiative. However, these experts may not be familiar with the internal culture and politics of a country or region. For example, in Sri Lanka, participants in an externally funded gender budgeting workshop (some of whom were already familiar with gender-responsive budgeting) felt that the information presented by the outside consultants was not specifically tailored to their needs (Budlender 2003).

GRB Lessons Learned: Applications to China

Over the past decade the PRC has made great strides in increasing the role of the budget in its resource allocation decisions. Previously, all such decisions in the planned economy were made in the plan with the budget serving essentially as a secondary accounting device (OECD 2005). And while China still has several budget issues that must be resolved, Lou Jiwei, the PRC First Vice Minister of the Ministry of Finance writes: “…relative to the traditional Chinese budget management system, the current…reform amounts to “revolution” (Lou 2002, 51). Because the budget is evolving in these “revolutionary terms,” and given that gender equity is one of the fundamental tenets of the PRC, it would seem that the stage is set in China for a GRB initiative. Such an initiative can be informed by the lessons learned from the GRB experiences in countries throughout the world.

Lesson 1: Buy-in of Government and Civil Society Stakeholders. In 2005, the PRC amended its groundbreaking 1992 Law on the Protection of Women’s Rights and Interests. The amendment strengthened several government policies related to women’s political, social and economic equity, and committed China’s government to taking “…proper measures to iron out all forms of discrimination against women... in accordance with the Convention on the Elimination of All Forms of Discrimination against Women made by the United Nations in 1979, which China ratified in 1980” (Rong 2005).

PRC’s willingness to amend the 1992 law is evidence that the government continues to work toward eliminating gender inequities in society. However, what is also necessary if a GRB initiative is to be successfully implemented in China is to have the government understand and acknowledge that its budget decisions have an impact on gender equity.

Furthermore the government must be willing to use revenue and expenditure policies to reduce gender disparities. The implementation of a GRB initiative in China also needs the active support of civil society, especially its women’s groups. In China, this would mean not only the cooperation but also the leadership of the All-China Women's Federation (ACWF), the largest NGO in the country working on behalf of the empowerment of women. Established in 1949, at the very beginning of the People’s Republic of China, the ACWF was a member of China's Organizing Committee for the previously mentioned 4th United Nations World Conference on Women held in Beijing in 1995. The ACWF was represented on the PRC delegation to the Conference and was involved in drafting and negotiating the Beijing Declaration and the Platform for Action adopted by the Conference. It was in this document that governments were called upon to include a gender perspective in their budget processes.

Lesson 2: Level of government. With its large population and land area, China has historically been divided into several political subdivisions. Today, the PRC has five levels of government below the national government level: provinces, prefectures, counties, townships and villages (See Figure 1). At the first subnational level, there are 31 governmental divisions, including 22 provinces, five autonomous regions, four centrally administrative municipalities with the same political economic and jurisdictional rights as a province, and two special administrative regions (SARs): Hong Kong and Macao. At the second subnational level, there are 333 prefectures that generally comprise an urban core (a city in the strict sense) and its surrounding less-urbanized areas usually many times the size of the central, built-up core. At the third sub-national level, there are close to 3,000 counties, at the fourth, more than 44,000 townships and, at the fifth, more than a million
villages (Luard 2005).

China is one of the world’s most fiscally decentralized countries. Its sub-national levels of government account for 70% of total government expenditures (See Table 2). It is “…virtually unique among countries in the world in assigning responsibilities for providing vital social services such as social security, basic education, health care and public safety to local governments…” (OECD 2005, 14). Since it is at the local level of government where the largest proportion of China’s expenditures are made, if a gender responsive budget initiative is to be introduced, its greatest potential could be at this level of government. Although China’s central government makes major policy decisions impacting all levels of government – and the introduction of GRB would certainly fall into this category – local government officials will still have to understand that their decisions on the expenditure and revenue sides of their budget can have differential gender impacts.

However, China’s local governments, that are having to do “more with less,” need to enhance their capacity to manage limited resources, especially if they are going to consider gender equity in their allocation decisions. China’s national government is working to improve the administrative capacity of local government leaders through training projects offered in many parts of the country. Building local capacity is also an important objective of international donor agencies and bilateral donor institutions. Several of them, such as Canada’s Development Research Centre (IDRC), the United Kingdom’s Department for International Development (DFID) and the Ford Foundation, are supporting budget reform activities in China. These and other institutions, which also fund projects to improve local government capacity and to encourage gender equity, could provide resources to support GRB initiatives at the local government level in China.

Table 2: Proportion of Country Expenditures by Sub-national Governments

<table>
<thead>
<tr>
<th>Category</th>
<th>Proportion</th>
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<tbody>
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<tr>
<td>Developing countries 1990s</td>
<td>14</td>
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<tr>
<td>Transition countries 1990s</td>
<td>26</td>
</tr>
<tr>
<td>OECD member countries 1990s</td>
<td>32</td>
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<tr>
<td>Other large countries 1990s</td>
<td></td>
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<tr>
<td>Germany</td>
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<tr>
<td>India</td>
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<td>Japan</td>
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<td>United States</td>
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Lesson 3: Stages of the budget cycle. As stated earlier in this paper, during the past decade China’s central government has made significant advances in reforming its budget infrastructure. A centerpiece of this reform has been the introduction of departmental budgets in the budget preparation process (Phase 1 of the budget cycle). According to China’s Vice Minister Lou:

“…in the past the organizational structure in the Ministry of Finance was designed to match the management of a planned economy. Each operating department of the ministry was in charge of several categories of expenditures by function, making it necessary for the various central government departments to establish contacts with virtually all of them. …since a department’s revenues and expenditures are all reflected in one budget book, central government departments for the first time have
the NPC traditionally has been subservient to the leadership's wishes, and in most respects has operated as a "rubber stamp" legislature. Beginning in the early 1990s, this role has gradually been changing, and the NPC has begun to exercise more control over the legislative and policy agenda in accordance with its constitutional mandate” (CECC 2005).

Because of its infrequent meetings, the NPC functions through a permanent body, the Standing Committee. Constitutionally, the NPC is the supreme source of law in China. One of the areas in which NPC’s role is expanding is the budget. An indication of this change is the creation by the NPC of a Budget Commission of the Standing Committee. The Commission, that became operational in 1999, has three primary functions: (1) to assist in the review and approval of the government’s budget proposal; (2) to monitor the implementation of the budget and to undertake any related special studies; and (3) to draft laws relating to the formulation and implementation of the budget. The government presents its budget proposal to the NPC at the beginning of the plenary session. The parliamentary budget process, however, starts about six to eight weeks prior to the introduction of the budget proposal to the NPC. During this “preliminary stage,” the Ministry of Finance and the Budget Commission of the NPC hold formal discussions on the content of the budget proposal to be introduced. Since any power that NPC has to influence the direction of budget policy occurs only during this preliminary stage, here is where a gender perspective would have to be brought into Phase II of the budget cycle. Once the budget is introduced, the NPC can only approve or reject the entire document; it cannot amend it.

In the budget implementation phase (Phase III of the budget cycle), to the extent that departments are given discretion to allocate resources among programs, gender-responsive budgeting could inform allocation and other decisions as department budgets are established. As mentioned earlier, this has been very slow to happen worldwide.

In the audit and evaluation phase (Phase IV of the budget cycle), as the role of audits in improving public sector management increases, they could be used to assess the differential impact of expenditures on males and females. And, if the government begins to recognize and accept the fact that the budget can be used to address gender inequities, the information from the audits could re-enter the budget cycle in Phase I to inform budget formulation.

**Lesson 4: Data Availability and Technical Expertise.** China, like most countries, collects and publishes its budget related information in financial aggregates with no specific references to gender except where it is obvious in the intent of the program, e.g., expenditures for maternal and child welfare and re-employment projects specially for 40-50 year old females who have been laid-off from their jobs. If gender-responsive budgeting is to happen in China, data collection and compilation related to both revenues and expenditures by gender would have to be initiated. This could be one way in which China could begin its road to gender budgeting.

Most countries that have undertaken a GRB initiative have used outside experts to provide technical support. Several international organizations,
such as the International Budget Project (IBP), working with the Ford Foundation, have already begun to “…assess the potential for strengthening applied budget work in China (IBP 2005).” IBP has done some introductory training, which included a briefing on gender budgeting, to a network meeting of women’s organizations. IBP will be working with ActionAid International China in efforts to increase citizen participation in the budget process. A gender budget initiative is one idea under consideration (Polska 2005).

Conclusions

The road to gender budgeting in China may not be an easy one. In general, budget reform has lagged behind economic reforms in China, and budget reforms that have occurred, such as the formulation of department budgets, are just emerging at the country’s central level and in some of its wealthier provinces (OECD 2005). It will take time before other local governments develop the capacity to implement their own reforms. A key challenge is to get all levels of government to consider gender impacts of budgets when making these reforms. China has several essential conditions in place that provide an environment in which this challenge can be met.

First, from its inception, the PRC has stressed the equality of women and men as one of its basic goals and has included language in its constitution and in many other official documents that explicitly address gender equity. Second, the government recognizes that although significant progress has been made toward achieving gender equity, there is still more that must be done. The 2005 amendments to China’s 1992 Law on the Protection of Women's Rights and Interests moved women further along the road to full equality. Third, there are women in China’s civil society with the capability to provide the leadership necessary to move a GRB initiative forward. The All-China Women’s Federation (ACWF) already has a well-established record in which it has identified challenges related to women's rights and interests and has made suggestions for changes in government policies that have differential gender impacts. The ACWF has also participated in the drafting and revisions of laws, regulations and policies which have helped strengthen the protection of women's rights. And, finally, the PRC is undertaking extensive reforms of its budget process. As the budget infrastructure and process are evolving at the central level and at local levels, there can be a place for gender-responsive budget initiatives, especially in emerging departmental budgets. The incorporation of gender equity into the central budget as well as local government budgets could help to move China closer to meeting its goal of full equality for men and women.

ENDNOTES

1. The GRDI is a composite index developed by the United Nations Development Program (UNDP) to measure average achievement in the three basic dimensions included in the UNDP human development index (HDI) – a long and healthy life, knowledge, and a decent standard of living – adjusted to account for inequalities between men and women.

2. The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

3. Information obtained in a telephone interview in August 2006 with Dr. Jinbo Wang, an Associate Professor at Sanda University in Shanghai.

4. Information obtained in spring 2006 in a confidential telephone interview with a woman who worked for several years for a foundation that has funded a number of health care and other projects in China.

5. Other characterizations of the levels of government differ somewhat from the five levels presented here. For example, Chen, Chen and Zhang write that there is a “…four-layer structure in the system of local government in China: province, large city, county and town” (Chen et. al. 2002).

6. The Congressional-Executive Commission on China was created by the U.S. Congress in
October 2000 with the legislative mandate to monitor human rights and the development of the rule of law in China, and to submit an annual report to the President of the U.S. and to the U.S. Congress.

7. Information on the role of the NPC in the budget process was obtained by the author in several telephone interviews with OECD staff in April 2006.

REFERENCES


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