

Gender Responsive Budgeting as Smart Economics: A Comparative Analysis between Bosnia and Herzegovina and Republic of Macedonia

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Abstract: *This paper addresses a comparative analysis of two different frameworks for inclusion of gender in fiscal economics through gender responsive budgeting (GRB) initiatives that took place over one decade - from 2000 till 2010 in two former Yugoslavian republics: Bosnia and Herzegovina (BiH) and Republic of Macedonia (Macedonia). Namely the comparison of two countries with two different methods for GRB is depicted: a) Case of BiH where GRB was introduced through overall public finance management (PFM) reform within the realm of program based budgeting, versus b) Case of Macedonia where GRB was introduced through specific program level initiatives and interventions without an overall integration with budgetary system and performance budgeting as a baseline concept. The paper analyzes these two approaches, and provides an argument and evidence for concluding that the introduction of gender sensitive budgeting through an overarching PFM reforms a more practical and comprehensive mechanism. It suggests that GRB can be used as a tool for more efficient and equitable policy and budget making decisions, and that the capacity level directly affects the absorption capacity, level of implementation and overall sustainability. Furthermore, due to the transition from social regime toward open market parliamentary democracies that Balkan countries are experiencing, integration of GRB practices within the PFM reforms is an attractive model given that those reforms are already taking place. Gender equality through GRB mainstreamed through PFM reforms supports contributes to overall socio-economic prosperity.*

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Introduction and context

“Forget China, India and the internet: Economic growth is driven by women” (Anonymous, 2006, p.3). When it comes to acknowledging the importance of gender equality and the significant role it plays within economic development, there is quite a consensus at the official level. Gender equality plays a crucial part in stimulating growth, generating employment, and contributing to capital generation and poverty alleviation. In order to integrate gender perspective in the policy, gender mainstreaming is applied. The Council of Europe defined gender mainstreaming as “the (re)organization, improvement, development and evaluation of policy processes, so that a gender equality perspective is incorporated in all policies at all levels and at all stages, by the actors normally involved in policy-making”(Quinn & Council of Europe, 2009, p.3). Thus, this is a preventive approach, with an objective of strengthening equality between men and women. In societies where significant gender gaps exist, disparities persist in men’s and women’s access to and control of human, economic, and social assets, and gender based inequality limits economic growth and diminishes the effectiveness of poverty reduction efforts. Namely, many development strategies rely on, among other things, raising household and individual income. “To achieve the economic expansion we all seek, we need to unlock a vital source of growth that can power our economies in the decades to come... By increasing women’s participation in the economy and enhancing their efficiency and productivity, we can have a dramatic impact on the competitiveness and growth of our economies,” said the United States Secretary of State, Hilary Clinton (2011) at the Asia-Pacific Economic Cooperation Summit (p. 1).

However, to achieve gender equality, gender mainstreaming is not enough as practice often demonstrated. Degraef (2002) found that in spite of the clear commitment on the application of gender equality to all policy areas and programs, policy fields that relate to finance, capital markets and technical fields are still predominantly male occupied. Nevertheless, the acceptance of gender notion within the economy heavily picked up over the past decade. Recently, Prime Minister of Britain, David Cameron (2012) promoted the increase of the number of women in

roles of responsibility in industry by saying that “It’s about quality, not just equality...if we fail to unlock the potential of women in the labor market through equal access to resources, we’re not only failing those individuals, we’re failing our whole economy” (p.2).

Therefore, in order to bridge the concepts of gender equality and budget, and introduce women as both contributors and users of public budgets, the notion of GRB was introduced as a way to close the gap between gender responsive policy making introduced through gender mainstreaming and budget planning and allocation processes. The integration of gender perspective into public policies implies that it requires financial resources, which in fact is GRB concept. Thus, GRB requires a more transparent, effective and targeted use of public resources – i.e. being responsible for outputs achieved with public resources, without which, the gender mainstreaming could remain only a tool expressed on the paper.

Research objective

Although principles of gender equality and GRB are quite universal declaratively, practice demonstrated different approaches in South Eastern Europe (SEE) region. This paper explores two different frameworks for inclusion of GRB through a comparative case study analysis of BiH and Macedonia. Specifically, BiH introduced GRB through overall PFM reform within the realm of program based budgeting, while Macedonia introduced GRB through specific program analysis (policy and budget analysis) and interventions without an overall integration with budgetary system and performance budgeting as a baseline concept. These two countries pose for an interesting comparative case analysis given that they were both part of the socialist regime within the former Socialist Federal Republic of Yugoslavia (SFRY), and share similar demographic, social, economic and cultural background. Although they both realized the importance of gender equality for the overall growth and prosperity, different implementation approaches were taken in this transition process toward market oriented parliamentary democracy.

This comparative research analysis will contribute to defining ‘best practice’ framework for implementation of GRB within the developing countries and countries in transition – as is the case with Balkan countries and SEE region in general.

Literature review

As Elson, Budlender, Hewitt and Mukhopadhyay (2002) highlighted in their research, over the past 25 years, the movement toward gender equity has gained momentum in countries throughout the world. The international community has publicly committed itself to promoting gender equity, reflecting the realization that the equality of men and women is essential for sustainable economic growth and full social development (Hewitt and Mukhopadhyay, 2002; Klase, 1999).

However, gender responsive budgets are neither referenced in the public budgeting and finance literature (Orosz, 2001), nor in the emerging literature on feminist approaches to public administration (Public Administration Review, 2005, Vol. 65, No. 3). The literature outside public administration is more extensive in its work on GRB. However, GRB is still a relatively new topic, reliant on relatively few researchers. Debbie Budlender, Diane Elson, and Rhonda Sharp are three prominent contributors to the gender budgeting concept, both in terms of policy and practice, and they are cited extensively throughout the gender budgeting literature.

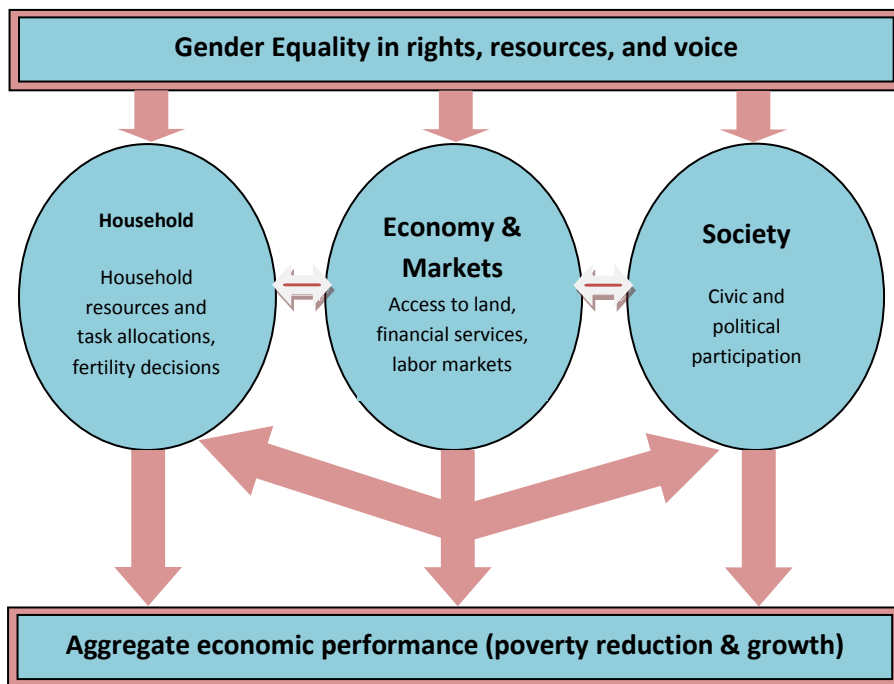
In 1997, the UN General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), often referred to as 'international bill of rights for women', while in 1995, representatives of 171 governments at the 4th UN World Conference on Women held in Beijing, identified the equal treatment of women and men in government budgets as central to the achievement of gender parity. The Beijing platform called for incorporating gender perspective into the design, development, adoption and execution of all budgetary processes in order to promote equitable, effective and appropriate source allocation and establish adequate budgetary allocations to support gender equality. Although several terms since then have been used to describe inclusion of gender perspective into public budget processes, including engendered budgets, gender sensitive and gender responsive budgets, they all have the same idea: planning and implementing development having in mind needs of both men and women, and making sure that the development benefits and gender equitable.

Almost all of the research related to gender-responsive budgeting has taken a normative approach, promoting its use as a way to advance gender equality. Cagatay et al. (2000) convey that the ultimate goal of these various gender budget initiatives

is to come up with reprioritization of both expenditures and revenue raising methods in order to promote social justice. Traditionally, budget has been viewed as a simple collection of revenues and expenditure, serving as a technical instrument of PFM. Over the course of past three decades, many countries experienced a movement toward a performance and program oriented budgeting, motivated by transparency, efficiency and accountability for public resources. This shift is based on integration of performance indicators in the budget process, as a way to measure outputs and thus base the budget decisions according to expected results. The notion of GRB fits well with performance and program based budgeting as it promotes the notion that budget resources are evaluated per final results in accordance with specific policy, meaning that if the policy is gender sensitive due to the process of gender mainstreaming, budgets should be gender responsive simply by implementing those policies that result in specific outcomes. In order to bring the discussion of GRB into the mainstream of debate in the public finance community and in the community of public administration scholars and practitioners, Marilyn M. Rubin and John Bartle (2005) described gender responsive budget as a “government budget that explicitly integrates gender into any or all parts of the decision-making process regarding resource allocation and revenue generation” (p.259).

Combined with the different roles in the economy, gender becomes relevant for income-earning at the household level. Gender inequality limits growth and decreases both household and individual income, if the women are not participating in the paid economy. Since the household and the market economies co-exist and are interdependent, trade-offs and linkages may be very significant, especially when it comes to assets and labor constraints faced by poor individuals and households. The interdependence of the market and household economies brings to light: (i) short-term inter-sectoral and inter-generational trade-offs within poor asset and labor constrained households; and (ii) positive linkages/externalities, whereby investment in the household economy will benefit the market economy in terms of improved efficiency, productivity, and, hence, growth. The trade-offs are compounded by intra-household inequality and the complexities of intra-household relations. This relationship between the household and economy, as well as impact on the well being of society is well represented in the following image (Alvarez, 2010, p.16).

Figure 1. Gender equality in the context of economic performance



Stephanie Seguino (2009), a Professor at Department of Economics, University of Vermont, conducted significant work in the field of connecting gender and economics, with the most recent paper addressing the global economic crisis, its gender implications and policy responses. Specific attention was given to potential approaches to address the global economic crisis via transformational fiscal policies, where a system in which growth is compatible with equality is a key goal, rather than approaches that are dependent on inequality for growth – as this has proven to be an unsustainable strategy (Seguino, 2009).

The implementation of GRB: Case Studies of BiH and Macedonia

Implementation of GRB as part of the PFM reform: Case of BiH

Overview

Bosnia and Herzegovina is a country with very complex and turbulent past that continues to evolve. Throughout its recent history, BiH went from its position within the federal system of the SFRY, through the devastating impact of the 1992-95 war, post-war state of independency, rebuilding and stabilization, to its current state which can perhaps best be described as transitional. As the result of war and due to slow reconstruction and development after the war, BiH is a disintegrated community, and this is evident in its political, social and economic structures. Reforms resulting from Dayton Peace Agreement placed Bosnia and Herzegovina in economically and politically disintegrated administrative system of municipalities, cantons, two entities, one district and a distant central government. This is evident in country's key lawmaking and executive mechanisms, and PFM structures are no exception.

Serious fiscal problems continue to challenge the development of BiH, exacerbated by uncontrolled spending as well as the current global economic crisis. The economic environment of BiH is at present characterized by a small, underdeveloped market that is regulated through a partially reformed legislature, a slow privatization process, a negative trade deficit and persistently high rates of unemployment. The overall business environment remains unfavorable and unattractive to investors due to the red-tape of restrictive regulations and inefficient administration, which results in reduced investment and, subsequently, leads to reduced job creation and labor opportunities. Labor market policies are not significantly developed despite the fact that the rate of unemployment remains alarmingly high, 27.6% in 2011 (BiH Agency for Statistics, 2011, p.6). Given these alarming poverty indicators, BiH addressed the issue of poverty reduction in its first Poverty Reduction Strategy Paper in 2003, followed by Country Development Strategy in 2010.

At the same time, the issue of gender equality emerged on the agenda of BiH institutions, invigorated by politicians, civil society and European Union (EU) community. As is the case throughout the Western Balkans, BiH has started its EU integration process and is on the path toward accession. This, among other factors, is leading to public sector reforms, one of its key dimensions being the strengthening of the PFM towards a more complete, accountable and transparent financial

resources planning, management, auditing and reporting that respond the governments' development initiatives, and gender responsive PFM mechanisms.

In 2007, National Human Development Report published by United Nations Development Program estimated that over 50% of the population was socially and/or economically excluded (health, education, employment and/or participation in society), with gender adding a transversal and intrinsically related layer of vulnerability (Papic, 2007, p.1). Women with disabilities, single mothers and girls suffer severe social exclusion in an environment where scarcity of resources is combined with a patriarchal belief system. This results in women becoming second-class members of communities. These remarks, along with the fact that BiH has the lowest percentage of women participating in the labor market in SEE region, only 35% (Papic & Fetahagic, 2010, p.3), signaled a growing problem that needs to addressed systematically, one of the ways being equitable distribution of public finances aimed at progressive, gender sensitive development.

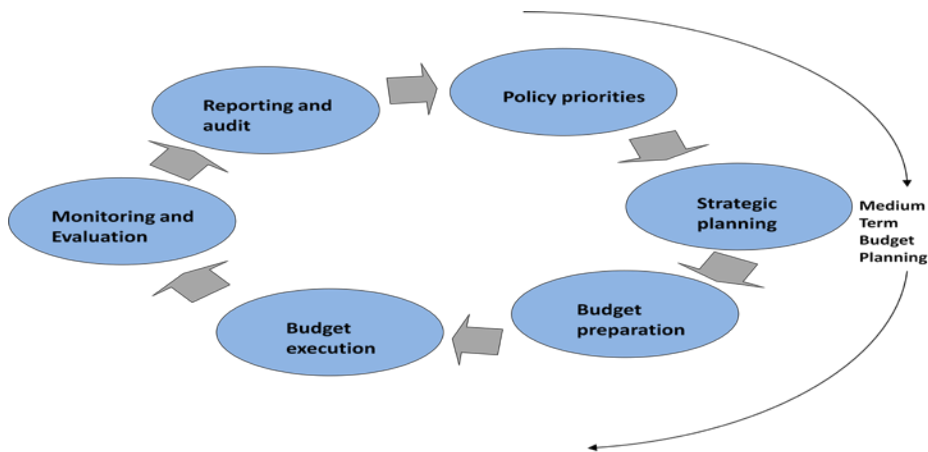
Case study

Bearing in mind that the public budget is largely made up tax payers' money, it is necessary that the budget, in a simple manner, represents the results of the allocation and budget consumption through easily identifiable and measurable outputs. Based on the output, the quality and effectiveness of specific government initiatives is measure, helping determine whether the government's decision to invest in certain program reflects an adequate value for consumed money. Accordingly, the basic principles of effective mid-term budgeting include i) establishing affordable budgets - fiscally and economically responsible, ii) the allocation of scarce resources on the most important priorities of economic and social policy - setting priorities for resource allocation, and iii) focusing on the results of the allocated budget - monitoring the efficiency and effectiveness of results and measuring of the value received for money invested.

In order to prepare a responsible budget, a medium-term budget planning system, based on principles of transparency, participation and accountability is necessary. The medium-term budget planning system is supported by mid-term budget framework paper, which includes clearly defined schedule of budgetary responsibilities, affordable fiscal strategy, the budget priorities based on the most

important objectives of economic and social policies, predictability of budget policies and budget cycle which encourages more effective and efficient use of public funds while improving transparency and accountability of government policies, programs and decision-making process. The medium term budget planning process has a key role in linking the government priority policies with outputs, which can be clearly seen from the following diagram:

Figure 2. The concept of medium term budget planning



The best practice in medium-term budget planning process uses program budgeting or results budgeting as a basis for decision making regarding budget policy and the allocation of budgetary resources in line with government's strategic priorities. Program budgeting is budgeting by performance results i.e. submission of information on the results through the budget process, which should streamline the decision making and resource allocation processes. Program budgeting presents budget information in a manner that clearly connects the budgetary resources with the ultimate results of government policies, and promotes accountability for resources used, services rendered, and end results achieved.

Over the past decade, there has been a worldwide trend towards performance and results oriented budgeting, and SEE is no exception. Although BiH is hindered by state of ineffective and complicated four-level federation, significant PFM reform progress based on program budgeting has been made. With an understanding that the planning and distribution of public finances strengthens good intentions of

government to responsibly manage the assets of public spending, serve citizens, and promote equitable development no matter what is their racial, religious, sex, etc. orientation, and that it is a serious task for any public administration authority, starting in 2005 BiH engaged in a PFM reform. The PFM reform involved State institutions of BiH, as well as the entity, cantonal and Brcko District level governments' institutions, engaging them on the path of series of reforms in the budget process in order to strengthen the planning and management of public funds. The overall purpose of these reforms is to build a strategic basis for the allocation of funds reflecting priority policies, objectives and planned results which will be achieved through public spending, ensuring that public finances are increasingly effective at delivering the national priorities of the governments in BiH. The reform institutionalized the principles of effective planning, allocation and monitoring of the budget, and as part of these reforms, the government adopted a medium-term approach to planning and budgeting based on performance (i.e. program budgeting), which links budget to implementation of government policy priorities. BiH adopted the 'Program budgeting process in 10 steps' that includes planning and budgeting timeframe that is aligned at State, entity and cantonal levels of government. As such, budget became an instrument of government policy and the means by which government policies are converted into programs and services for the benefit of its citizens. Program budgeting in BiH is yet to be introduced at the local level, although some progressive gender responsive, program budgeting initiatives are taking place within local communities and work of municipalities.

The most significant shift in the establishment of gender mechanisms in BiH happened when Centers for Gender Equality in both entities were established (in 2000 and 2001 respectively). Adoption of the Law on Gender Equality at the State level in 2003 consolidated gender equality policy measures, which was followed by establishment of Central Agency for Gender Equality as an umbrella institution for the harmonization of initiatives for gender equality in public and private life throughout the country. In addition to national policy framework, BiH ratified CEDAW in 1993. Despite the establishment of relatively progressive legal and institutional framework in the field of gender equality in BiH, in reality the situation

was worrisome. Gender gaps continued to exist and are particularly notable in the areas of political representation and participation of women in decision making process, employment and social protection. Therefore, it is evident that the commitments to women's rights and gender equality often remain on paper and do not properly translate into action and equitable development. Since budget reflects the values, the notion of power and political, economic and social priorities in the community, advocacy of gender equality through the budget is an attractive model for GRB implementation. "There seems to be a direct and logical link between performance based budgeting and GRB as both focus on results and a broader cycle of policy planning, implementation and evaluation" (Klatyer, 2008, p. 12-13). Klatyer further comments that enhanced accountability is an issue for both approaches, and that equally, better governance structures, transparency, enhanced participation and democracy are elements in both. With the help of international donors, namely Department for International Development (DFID) that supported the PFM reform and United Nations Development Fund for Women (UNIFEM) that supported the GRB implementation, a partnership was formed with key gender mechanisms, Ministries of Finance and several line ministries at entity level who were eager to link program and gender budgeting and address the needs of all citizens equitably. The consensus was reached that the best gender equality will be achieved through concrete programs, which means that they need to be combined with budget allocations, and thus be part of the systematic PFM reforms. Consequently, UNIFEM, DFID and local counterparts combined their efforts toward amending the standard budget templates and introducing a more gender responsive approach. Specifically, Budget Framework Paper now includes a section on GRB, which means that the gender equality issues and participation of women is considered in the process of long term economic planning. "Framing gender issues in terms of an economic disclosure, gender budgeting 'liberates' gender and gender mainstreaming from the 'soft' social issues arena and raises it to the level of macroeconomics, which is often thought of as technical, value-free and gender neutral" (Holvoet & Universitaire Instelling Antwerpen, 2003, p. 68). Furthermore, budget instruction documentation, in which budget users define their initial budget requests was modified to require from users to undertake the gender analysis in order to demonstrate the impact of any new spending on men and women (although this

is still poorly developed due to lack of local capacities). Capacity building assistance aimed at increasing knowledge and skills related to GRB, in particular gender analysis, were provided to Ministries of Finance and budget users by local and international consultants. The training emphasized (Varbanova, 2010, p.7):

- The need to consider gender needs and priorities that are provided annually to all budget users by the Gender Agency and Gender Centers;
- That sex disaggregated statistics released by the statistical institutes should be examined when developing policy priorities, and gender related performance indicators used for each specific sector;
- That existing and new policies and programs should be examined to identify gender aspects.

Discussion and corresponding recommendations

BiH used budget reform processes as an instrument to advance gender equality. The GRB was initiated as part of the regular budget planning and distribution practice, which implies that the process has been mainstreamed and GRB can be used as an instrument of analysis and control. Nevertheless, certain challenges and complexities continue to exist. Below is a list of key challenges that need to be addressed when choosing this approach for GRB implementation.

- The experience suggests that it takes a number of years to fully achieve all the benefits of performance budgeting, and therefore, require long-term commitment of governments, ministries of finance, local levels of government and all users of budgetary resources. Capacities need to be build in order to link the budget cycle and gender equality properly, with heavy focus on Ministry of Finance staff, line ministries as well as all budget users in order to analyze gender impacts of proposed programs.
- Capacity gaps continue to exist for a long time after the GRB initiation through the budget process commenced. These capacity gaps need to be addressed systematically and through continuous technical assistance efforts in order to ensure program budgeting is practiced in way that addresses the needs of both men and women. This is often a problem if the local institutional mechanisms are not strong enough to carry out this mission, and donor assistance which is most often project based, ends at some point in time.

- Complexities of governance structure, as is the case in BiH poses challenges to the implementation of PFM reforms, and thus GRB practices through PFM reforms. PFM reforms are implemented faster and more effectively in an efficient administrative governance set up, where there is no duplication of responsibilities within different levels of government (for example, BiH has 14 Ministries of Finance, and all of them along with their budget users need to be trained on program budgeting and GRB).

Implementation of GRB as part of program intervention: Case of Macedonia

Overview

When Macedonia declared its independence in 1991 from SFRY, it was the least developed of the Yugoslav republics, producing a mere 5% of the total federal output of goods and services (Central Intelligence Agency, 2012, p.1). An overall poor development, an absence of infrastructure, UN sanctions on the downsized Yugoslavia, and a Greek economic embargo over a dispute about the country's constitutional name, heavily hindered economic growth until 1996. In 2001, during a civil conflict, the economy shrank again, but from 2003 to 2008 growth that averaged about 4.5% per year was recorded (Central Intelligence Agency, 2012, p.1). Currently, Macedonian economy is marked by small, open economy which makes the country vulnerable to economic developments in Europe and dependent on regional integration and progress toward EU membership for continued economic growth. Macedonia has maintained its macroeconomic stability with low inflation, but it has so far lagged the region in attracting foreign investment and creating jobs, despite making extensive fiscal and business sector reforms. Official unemployment remains high, which in the wake of the global economic crisis marked by decreased investment, low capital flow, and a large trade deficit, posed quite a problem.

From the public administration viewpoint, Macedonia functions with State level government and municipalities as the local government. A formal EU candidate status was granted in 2005 and the accession negotiations are underway. Implementing a responsible and disciplined budget policy, as the main principle for responsible treatment of public finances and regular and adequate use of the funds, is a priority for Macedonia government in the mid-term period for year 2011 – 2015.

Although some significant reforms happened for example, audit, financial system, budgeting, Public Internal Financial Control and internal audit, Macedonia still needs further improvements in relation to adequate mid-term budget framework which links development strategy with budget, formulation of performance indicators or some other way of tracking the value received for usage of public resources (Macedonia is still in most instances doing a traditional line budget), internal and external audit, internal financial control, as well as overall improvements of the oversight and scrutiny of budget and financial information by the parliament (i.e. what is the value for money invested in certain activities financed by public budget). The GRB activities have been initiated both on central and local level as part of the National Action Plan for Gender Equality (NAPGE) 2007 – 2012, but have not been integrated with the overall PFM system.

Case study

Just like BiH, Macedonia ratified CEDAW convention in 1991, and the right to non-discrimination is upheld in the country's Constitution. As an accession country, the gender mainstreaming represented one important segment of EU policy and conditionality set up by the EU Treaty of Amsterdam. Through the signing of the Beijing Platform for Action, Macedonia recognized the need and committed to the implementation of an overall gender mainstreaming policy. On the national side, specific gender equality policies represent a significant step toward ensuring equal opportunities, including Law on Equal Opportunities adopted in 2006 (Stojanoska, 2008). Nevertheless, the situation on the ground was still ruled by social stereotypes and was far from equitable, and concerns regarding equitable access to resources increased. „Despite equal rights and liberties, though, citizens' are diverse in their physical, material, social and cultural traits and consequently have different opportunities to convert their formal rights in substantial freedoms” (Stojanoska, 2008, p.34). Although the gender neutral citizenship formula entitled women and men to same rights and liberties, inequalities were registered in Macedonia not only between both genders but also within these social categories in the exercise of their political, civil and social rights. The low presence of women in the structures of decision-making, their increased unemployment and economic inactivity in a period

of economic recession, their progressive lagging behind in the level of education or in vocational training were not considered as a causal combination of circumstances or a free expression of choices. Although roots of these problems often went back to examination of social and cultural factors, concern with disparate opportunities was evident, and it was to be addressed through making sure that resources are shared equitably between men and women. Coupled with strong advocacy at all levels of government, a NAPGE 2007 – 2012 was adopted, which specifically entails the „inclusion of methods of gender budgeting at national and local level” (Trajanov et al., 2007, p. 4). Thus, GRB is to be carried out as a cross-sectoral approach, while the Ministry of Labor and Social Policy (MLSP) is the key institution responsible for the implementation, with specific focus on employment, social protection and equal opportunities. These responsibilities of the LMSP are also stipulated in the Law on Equal Opportunities „...promoting the equal status of women and men in all areas of society and gender mainstreaming in government policies, programs and strategies” (Trajanov et al., 2007, p.3).

Rather than placing the norms of gender quality within the budget structure, although they clearly require resources, more focused analysis of specific policy areas of intervention was conducted. Simultaneously, capacity building efforts were carried out, as the MLSP expressed interest in doing GRB within its own Ministry. Supported by UNIFEM, in 2009 the MLSP identified key interventions that were needed, namely i) establishing a GRB task group and developing its capacities, and raising awareness of the gender equality coordinators as the focal points in the line ministries on the need to introduce GRB, ii) developing methodology and conducting analysis of selected MLSP programs, and iii) developing advocacy strategy for more sustainable integration of gender into policy making and budgetary processes (Varbanova, 2010). It is evident that even at this stage, the Ministry realized the potential challenges with not including the PFM structure in this initiative, and moving the gender concepts within the budget making framework.

Specific activities were carried out aimed at analyzing six programs identified by the MLSP which were acknowledged as programs for addressing high unemployment rate and country's dependence on social assistance. They were seen as particularly relevant from a gender perspective given high level of economic inactivity among

women (Varbanova, 2010). The programs were analyzed from the policy and resource level perspective, assessing the extent to which these policies and measures contribute toward gender equality. Although this analysis exercise, combined with capacity building for the task group, generated substantive results, key challenge in this process was noted – gender needs to be considered within budget making decisions since that is where the resources are divided. Based on these findings, the MLSP put substantive efforts in raising awareness among high level government officials and MPs about GRB and placing it within the realm of budget framework rather than just the program analysis level. In 2010, an official communication was sent out to the Government, detailing that the involvement of Ministry of Finance officials is necessary in order to understand the logic and usefulness of GRB as an instrument for equitable and effective public resource planning and spending (Varbanova, 2010). Since then, various advocacy efforts were carried out in order to bring gender concepts closer to the budgetary process, pointing to concrete examples of GRB success, and presenting examples from other countries in the region as well as EU member states. Nevertheless, enhancing the budget call circular by including specific gender related requirements for budget users still remains just a goal on paper.

Discussion and corresponding recommendations

Macedonia introduced gender equality and GRB concepts as separate initiative as part of the NAPGE. While setting up the initial implementing structures, they focused on the MLSP as the key institution charged for implementing the Law on Equal Opportunities, without involving the budget making structures in this process. Although significant conclusions were made from the program based analysis approach, they were difficult to carry out without direct interference with the Ministry of Finance and budget making institutions. Below is a list of key challenges that need to be addressed when choosing this approach for GRB implementation.

- The experience suggests that it is important to involve Ministry of Finance and/or other PFM mechanisms into the GRB game, since that is where the resource distribution decisions are made. The involvement of Ministry of Finance, perhaps first as an observer and then as an active participator, can help deepen the understanding of the usefulness of GRB as an instrument for more efficient, effective and equitable public spending. This is especially important because once the gender program analysis is well underway, it is difficult to involve the budget institutions at this later stage due to lack of capacities and already heavy workloads.
- Despite training and capacity building assignments, capacity gaps continue to exist, and GRB is often seen as an additional requirement to already extensive workload. This is even more visible when introducing GRB as separate initiative for specific programs, as opposed to introducing it systematically through already established PFM processes. The experience of Macedonia suggests that capacity building needs to be carried out simultaneously within all stakeholders – line ministries to conduct substantive policy analysis and mainstream gender in their budget requests, MLSP high level commitment to GRB as a crucial method for implementing gender equality, and Ministry of Finance commitment to GRB analysis as one the key decision makers for resource planning and distribution.
- Without placing GRB within the budgetary framework, the process is not sustainable, and each time the new gender analysis on the program level is carried out, it is seen as a new/additional activity.

Conclusion

Perhaps the best way to summarize the role of women in economy is by quoting Robert B. Zoellick (2007), President of the World Bank Group “Gender equality is smart economics”. Therefore, the question is not whether women play a role in the economy, but what is the best way to do so. It is necessary to design a strategy and unlock internal resources in order to enhance growth and stability – and one of the inevitable strategies is the implementation of GRB. With women being acknowledged worldwide as a powerful economic entity that can contribute to enhanced economic growth, decreases unemployment, and elevated poverty, GRB is an excellent way to ensure that gender is considered when it comes to generation, control and utilization of public resources, and that all these processes are carried out in an equitable manner that pertains to the needs of men and women.

Due to the economic, political and social environment in transition countries that are moving from social regime toward open market parliamentary democracies, as is the case with most countries within SEE region, integration of GRB practices within the PFM reforms is an attractive model for contributing to gender equality and overall socio-economic prosperity. Since various reform processes are already taking place in most of these countries, and many of them are moving toward performance

based fiscal planning, it is beneficial to tie GRB to these ongoing trends as opposed to new intervention initiatives and programs. The reform environment offers perfect opportunities for systematically addressing gender equitable resource planning and allocation through linking the gender equality principles and policies with the budgetary processes. This will ensure systematic approach and application of GRB across all areas that dictate public funds allocations, as well as enable sustainability of GRB concept, since it will be carried out on an annual basis with well established budget cycle schedule. Thus, GRB can be established as a tool for more efficient and equitable policy and budget making decisions.

This model is demonstrated in the case of BiH although capacity gaps continue to pose problems (however capacity gaps pose challenges for both approaches – in BiH and Macedonia). It is important to keep in mind that this process requires donor

involvement, national partners' commitment, and advocacy groups' efforts including CSOs in order to bring the change. It takes public policy leadership, commitment through budget expenditure management, extensive monitoring, and above all, continuous coordination and commitment of different stakeholders involved. Without adequate cooperation between government and non government sector, often including the donor community, scarce resources available are spent in less efficient manner, often without gender balance. The synchronization of all stakeholders involved, i) strong, focused and committed government with adequate capacities, ii) well developed and action oriented CSO sector with strong government ties and effective partnerships, and iii) donor community with commitment to GRB within the PFM process, since donor community often drives the public administration reform processes within transition countries. All these stakeholders need to develop simultaneously, interacting and reinforcing each other toward common goal of gender equitable development.

Once GRB is initiated through PFM system, it needs to be regulated within gender and budget policy frameworks, contributing to public administration structure that properly addresses concerns about welfare, equity and equality between the gender and macroeconomic policy, reducing the gender gaps on many levels. Finally, gender equality must be situated as an overlaying factor to political and economic progress that is based on the platform of common interests –providing a country wide approach to political stability and socio-economic prosperity, responding not only to the most impelling problems causing the inequalities between men and women but also for marginalized categories within these groups. If successful, countries of SEE will steer toward democratic, economically prosperous, stable, safe and contributing nation of EU and NATO.

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