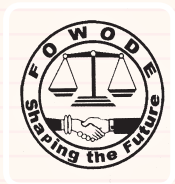


Gender in the Budget Speech

**A snapshot Gender Analysis of the FY 2008/09 National
Budget Speech**



June 2008

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HIVOS

Forum for women in Democracy

(FOWODE)

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ISBN 9789970980024

Published by

Forum for women in democracy

(FOWODE)

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Introduction

The Budget is the most important policy instrument of government that reflects its commitment to fulfill specific goals and priorities. It determines whether or not and the extent to which different groups of people such as women and men, girls and boys will benefit from the services provided by the state through public intervention. In other words, the budget process sets spending and revenue patterns for all sectors of Government, results in the implementation of broad economic choices and priorities and affects income distribution and social change within the country.

Government may be committed to gender equality but it is through the budget that “real commitment” is gauged. “Money matters: programmed action without money amounts to inaction” IDS. By allocating money to different functions, the budget reveals the government’s priorities. The budget, therefore, is a statement about who is valued and rewarded from public funds.

It is widely acknowledged that budgets are central to the development process and are not only tools for collecting and allocating financial resources, but also powerful instruments for shaping the future of nations in ways that advance or retard social, economic and political progress¹. FOWODE believes that all development initiatives must clearly show benefits for women and men and that a gender perspective should be integrated in policies, programmes and budgets. Only then can the government show accountability for gender equality and women’s empowerment.

¹ Centre for Budget Advocacy (CBA), one of the rights-based advocacy units of the Integrated Social Development Centre (ISODEC) in Ghana.

Statistics show that even if women contribute 70 to 80% of the agricultural labour, only 7% own land and 30 % have access to and control over resources. It has been widely acknowledged that budgets are central to the development process and are not only tools for collecting and allocating financial resources, but also powerful instruments for shaping the future of nations in ways that advance or retard social, economic and political progress.

This analysis explores two sides of the budget, the revenue side (taxation) as well as the expenditure side. The paper, though not based on rigorous incidence benefit analysis gives some insights based on existing research work and inferences thereof. The analysis follows the format of the budget speech, reviewing the budget priorities and then the proposed tax measures. The paper will also look at the weaknesses of the budget budget speech from a gender perspective.

The budget speech highlighted a number of genders sensitive issues which the government proposes to embark on the FY 2008/09. This is a good gesture on part of government to addressing gender inequality and also promote equitable distribution of resources . The budget also remained silent on a number of gender issues that have persistently not been addressed in the budget which we would have loved the Minister of Finance and Economic Planning to address and show how they will be addressed. Both the strength and weakness in the budget speech in addressing gender issues will be the highlight of FOWODE's response to the budget speech

Gender issues addressed by the budget speech

a) Building and maintenance of national, district and community roads

To urgently embark on new road development and implement a vigorous national, district and community road maintenance program. The speech notes the need build all-weather roads and to maintain national, district and community roads. This is a gender responsive statement indeed and its realism shall be assessed by the actual amount of funds allocated to community roads. These are the roads mainly used by the poor people in general and the women in particular.

b) To increase funding for agricultural production through

mechanization, and provision of tested varieties and improved breeds nationwide. The focus is supposed to be increasing employment and incomes of rural households. The Financial Year 2008/09 budget will focus on interventions that address rural unemployment and underemployment in order to stimulate the agricultural sector. This will include the provision of seeds and seedlings, walking tractors with standard implements, irrigation and pesticides. This would have been a very noble gender responsive set of interventions if the time poverty suffered by the women who constitute the majority of farmers was also addressed. The Uganda National Household Survey (UNHS) 2005/06 established that 83% of women are employed in the agriculture sector.

“Mr. Speaker Sir, I have made a total allocation of Shs. 1.1 trillion in Financial Year 2008/09 to the road sector for road development and maintenance”.
(Budget speech June 2008)

The proposed provision of seeds and seedlings, walking tractors with standard implements, irrigation and pesticides is gender responsive. Many poor farmers, particularly women had received agricultural extension training but had not adopted because of the failure to buy the necessary inputs. The speech elaborated that, the strategy underlying the NAADS programme has been reviewed to emphasize enterprise selection, value addition, and increased production and export orientation. During the Financial Year 2008/09 the budget will provide additional funds for the supply of improved varieties and inputs to farmers. Capacity building within the community is to be linked to Savings and Credit Cooperative Organizations (SACCOs) as well as marketing cooperatives. The provision of technologically improved inputs will be linked to the production of specific commodities including coffee, tea, cotton, fish and fruits. The problem is with the selected commodities where little gender inclusiveness was considered. It is well documented that women in Uganda are mainly engaged in food crop production which is glaringly missing from the list noted above.

The speech further notes that in addition to the activities through NAADS and Microfinance, Government will make an effort to draw more farmers into commercial agriculture by improving marketing infrastructure. Government will refurbish a total of 173 commodity stores; construct at least 10 LCIII warehouses and extend support to the operations of the Uganda Commodity Exchange (UCE). These are good interventions to boost commercialization of agriculture since most (over 70%) households are earning incomes from non -agricultural related enterprises. However,

68.1% of the households in Uganda derive their livelihood from subsistence agriculture

commercialization of agriculture must consider the gender power relations within households where the men control marketing activities and the related income. This has left many households suffering from food insecurity since the women, who are responsible for food security, have limited control over household incomes. Thus fostering agricultural commercialization should have included some interventions to ensure household food security.

c) To implement minimum service delivery standards in the health centers for reproductive health, child health services including immunization, and control of communicable diseases including HIV/AIDS and Malaria, and to improve the quality of UPE and USE.

d) The speech noted the actual concerns with the health system.

The health system in Uganda has continued to suffer from poor service delivery and inefficiency. The health centers continue to have drug stock-outs and attendance by many health workers at their duty stations is irregular. The inefficiency, corruption, poor service delivery and stock-outs in health centers must be dealt with decisively. The Health Sector must implement the age-old labeling of drugs meant for the public health system to prevent theft and sale in private clinics and on the open market. An inspection function under the health sector is also necessary to regulate and monitor adequacy of the health system in delivery of expected health outcomes. This will also

deal with the inefficiency, mismanagement and consequently poor service delivery in the sector. Additional resources in this sector will focus on provision of basic health infrastructure, recruitment of health workers, provision of drugs and basic equipment.

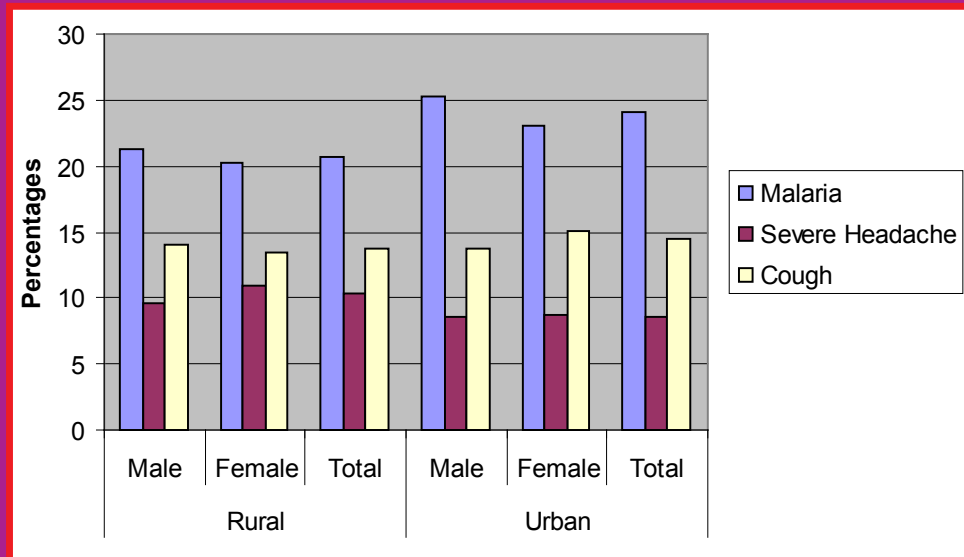
Improving quality of services in public health units is critical for enhanced health status of household members. The UNHS 2005/06 noted that although the incidence of disease was reducing, women were more likely to fall sick compared to the men. On the other hand, most household members irrespective of sex (except in the north) were consulting private health service providers. This was of concern for the women who were noted to be spending a disproportionately higher share of their total expenditure on health and particularly on drugs. Since women have limited control over household incomes, improving public service provision would greatly free up their resources that are now focusing on health. The pronouncements in the budget speech were therefore gender responsive.

The targeting of communicable diseases especially malaria was also very strategic, as it would reduce the disease burden drastically. For women who are the basic care givers, this would free up some time for other productive opportunities. Figure 1, with the most common ailments in Uganda shows the gravity of malaria.

e) The speech pronouncements about education also identified the key issues of concern. Government will improve the efficiency and the quality of Universal Primary Education and Secondary Education by strengthening the

Education Standards Agency (ESA) to undertake the inspection function and remove wastage and misuse of resources. While enrolment numbers have grown significantly in primary education, completion rates are still low. Government will ensure that once children are enrolled, they complete primary education. Accordingly, Government will improve the efficiency and quality of Universal Primary Education and Secondary Education by strengthening the inspection function and removing wastage and misuse of resources at both the centre and local government levels. However the proposed interventions were gender neutral as there was no mention, for example, of specific interventions to address

Figure 1: Proportion of Population by type of selected illnesses, sex and residence



Source: Uganda National Household Survey 2005/06

the peculiar needs of girls. However, as will be discussed under tax implications, government had some indirect way to assist in reducing the education costs faced by poor households. The UNHS 2005/06 established cost and willingness to attend as the most common reasons for dropping out in all the 4 regions and in the rural and urban areas (figure 2).

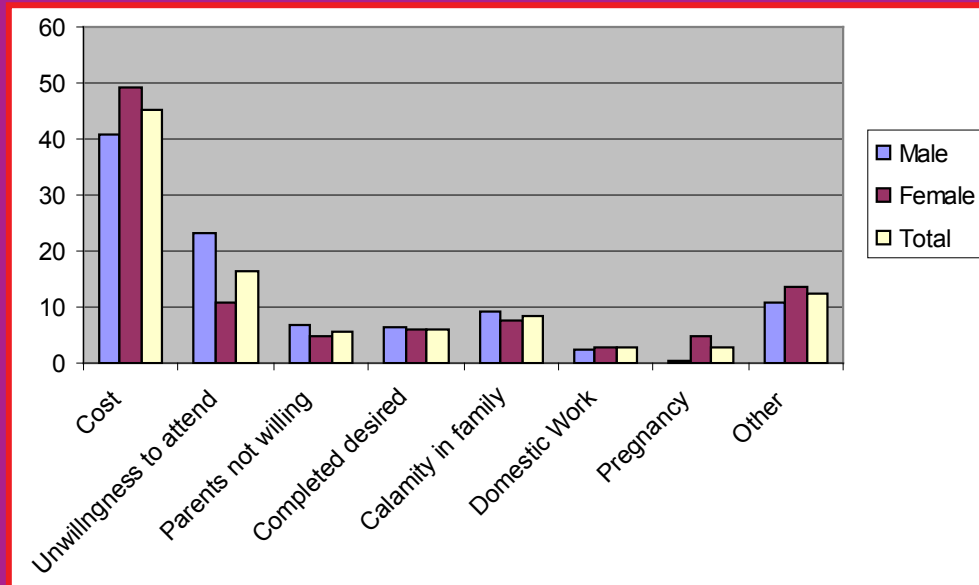
The proposed actions of enhancing efficiency and removing wastage may improve quality and redress the problem of unwillingness to attend that affects mainly the boys. On the other hand, the issue of cost that hurts mainly girls if addressed too will mainly benefit the latter since in a patriarchal society, preference for boys will always marginalize girls' education in the face of limited household incomes.

f) Tax incidence and its impact

In Uganda, as in all other countries, taxation is so far the only practical means of raising the revenue to finance government expenditure on public goods and services. However, from a gender perspective, it is critical that the taxation system is efficient, fair and equitable benefiting both women and men from a revenue and expenditure side. This is the main reason why we are concerned about the incidence and impact of different tax regimes on men and women as this determines whether they remain above the poverty line or not. Taxes impact on the social and economic activities of people through a direct reduction in their income or indirectly through an increase in the prices of consumer and producer goods.

Fortunately, poor women and men, poor children and other vulnerable groups in Uganda are not subject to income tax as they generally fall below the threshold. It is the taxes in form of user fees on public services that impact most noticeably on these groups.

Figure 2: Reasons for dropping out of school by sex



Source: UNHS 2005/06

The budget speech made some proposals that will have some direct impact on the poor men and women.

1. The proposal to encourage investments into the education sector, by exempting income derived from managing, operating and running schools and tertiary institutions from income tax was very gender responsive. This would supposedly reduce the cost of education to the households. However, the extent to which this indirect measure would reduce cost of education may be debatable especially if school owners and head teachers decide to invest the saved monies elsewhere.

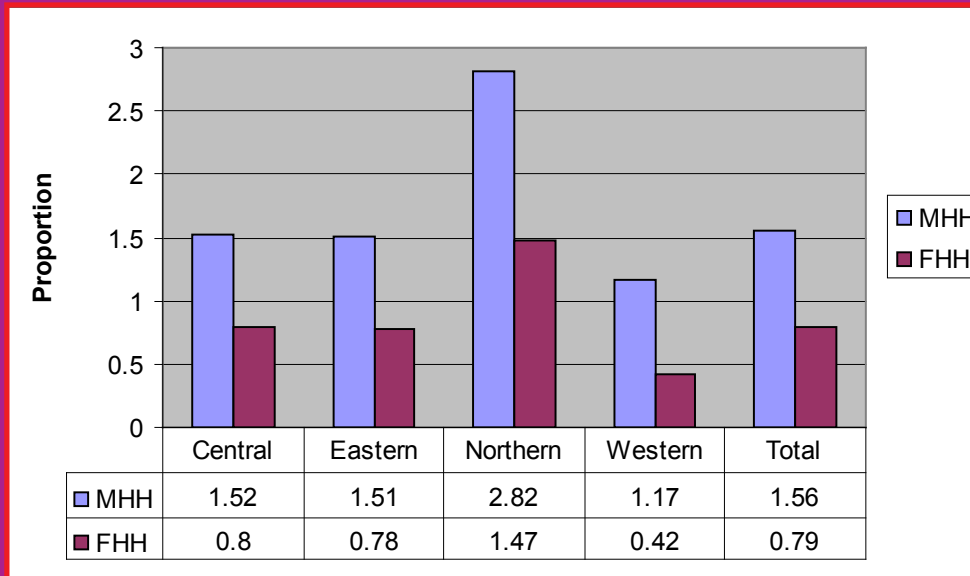
2. The speech also proposed exempting income arising out of new agro processing investments commencing 1st July 2008 from income tax. It was correctly noted that Uganda is an agricultural country and that we need to encourage production and processing of our agricultural products. In order to attract investments in this sector especially in rural areas it was proposed that we create incentives for persons engaged in agro processing. Fostering agricultural incomes through value addition would probably benefit the farmers, majority of who are women. However the exemption was to be limited to investments located 30 kilometers outside the district of Kampala and

for processing of Uganda grown produce. The fact that most women are rural dwellers with limited mobility because of the multiplicity of roles would have this intervention mainly benefit the men who may easily access the established processing plants.

3. The speech also proposed to reduce the excise duty on beer made from local raw materials from 30 percent to 20 percent. This is to encourage local value addition, modernization of agriculture and eradication of poverty. This is a double edge sword proposal. Studies have shown that women do benefit from beer selling as an economic activity but it was also established by UPPAP studies that alcoholism was one of the leading causes of falling into poverty. It has also been established by studies on gender based violence that alcoholism is a contributory factor to both domestic violence and HIV/AIDS spread. The fact that male heads of households spend disproportionately more of their incomes on alcohol (figure 4) is one of the key concerns for this escalating problem.

Reducing the price of beer may make drinking heavier for many household heads to the detriment of their spouses who have limited negotiating powers or control over their sexuality. In that respect there is need to have included interventions for curbing or redressing gender based violence in households.

Figure 3: Expenditure on alcohol as a proportion of total expenditure by sex and region of household head



KEY

MHH = Male headed household

FHH = Female headed household

Source: UNHS 2005/06

4. The proposal to exempt VAT on table salt, one of the basic commodities for our people to make it more affordable for the majority was very gender responsive. As was noted food security is the responsibility of women in most households. Availability of salt, which to many poor households is the only sauce is desirable.

Gender issues not addressed in the budget speech.

1. Inadequate funding for gender and social development sector

Despite the critical role of the sector to human development, it is one of the most poorly resourced and facilitated. According to the MTEF, the approved budget was Shs 24.17 billion and will be reduced to Shs 22.84 billion, which is 0.5 percent of the national budget for FY 2008/09. In addition, most of the funds allocated to the sector are spent on paying wages and salaries of Ministry staff and meeting the rent for office facilities, thus leaving limited resources for implementation of its priorities in the sector development plan. Despite the increasing number of districts and overall population, funding to the women, youth and disability councils and activities has continued to be reduced. For instance, funding was reduced from Shs 2.5 billion in FY 2003/04 to Shs 1.36 billion in 2006/07. once the machinery in charge of mainstreaming gender in the country is not adequately funded it becomes a mirage to achieving gender inequality

2. Operationalise the Equal Opportunities Commission

The Equal Opportunities Commission (EOC) has not been operationalised. Out of the Shs. 2.6 billion additional requirement needed for the commission to operate, government is making available only Shs 0.546 billion in FY 2008/09.

This will definitely not operationalised the commission and it shows little government commitment to addressing inequalities in society. The EOC is an important commission and the only one provided for in the Constitution that has not yet been operationalised.

3. Little effort in enforcing the Budget Call Circular

The budget call circular of 2006/07, 2007/08 and 2008/09 required that all accounting officers must show how they intend to address gender and equity issues in their sectors. We are concerned that the majority of sectors did not follow these instructions. The minister did not mention how he intends to enforce discipline among accounting officers who do not adhere to the budget call circulars. We therefore call upon the Ministry of Finance, Planning and Economic Development to enforce the use of budget call guidelines to ensure that resource allocation equitably addresses the needs of regional and marginalized groups such as the very poor and people with disabilities (PWDs).

4. Inadequate participation in the budget process.

Public participation in the budget process is one of the ingredients of a good budget system. Apart from submitting indicative figures to parliament there is no any other channel through which the women and men of this country can influence the national budgeting process. The minister did not mention

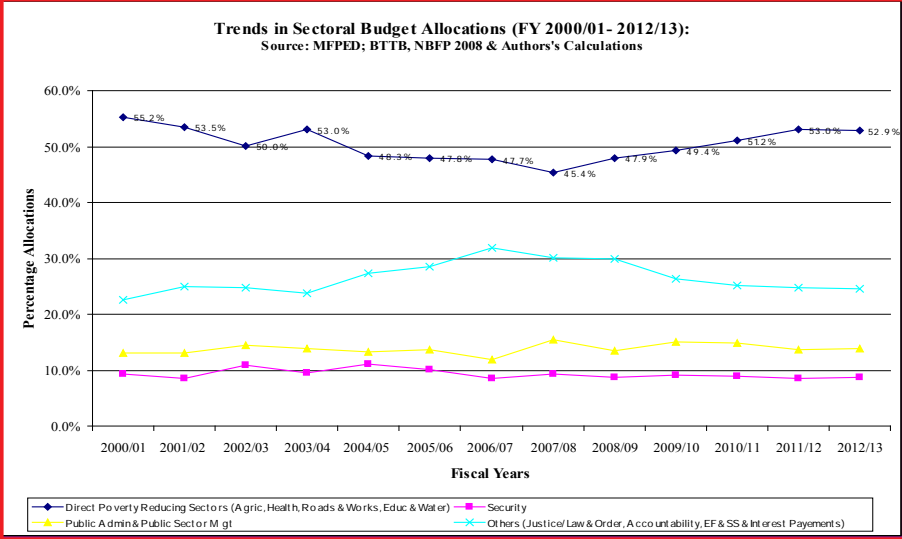
at all how the budget process can be more transparent and participatory. The one day budget conference organized by the MFPED is not adequate and it excludes very many people since attendance is only by invitation.

5. Funding for poverty focused sectors

Although budget allocations show some degree of poverty sensitivity in sectoral allocations, specifically directed at the poor, however, a critical review of the percentage share of spending on direct poverty-reducing sectors (Education, Health, Water, Roads and Agriculture) gives a very worrying trend (see Figure 4 below). Spending on direct poverty reducing sectors has continued to decline from 55 per cent of the total budget in 2000/01 to 48 per cent in 2007/08. On the other hand, spending on other sectors has continued to increase from 45 per cent in 2000/01 to 520 per cent in 2007/08, with Public Administration and Public Sector Management the biggest contributor.

The current structure of the budget does not effectively address the needs of a certain category of the poor (especially the non-active poor). Findings from Chronic Poverty Report (2005) revealed that an estimated 26 per cent of the total population (over 7 million) live in chronic poverty. Some key social sectors which benefit the poor most continue to be constrained by inadequate funding. For example, the health sector requires more than double the current funding

Figure 4: Trends in Sectoral Budget Allocations (FY 2000/01- 2012/13)



in order to realize the minimum health care package (MHCP) of \$ 28 per capita (currently government provides only US \$ 9), while the agricultural sector which employs over 73.3 per cent of the population, is allocated less than four per cent of the national budget.

6. Unfriendly taxes and taxation policies

a. Low PAYE threshold: The current PAYE threshold of Shs 130,000/= is too low to accord the poor income earners (especially those in formal employment) a minimum level of livelihood and disposable income. For instance, the monthly consumption expenditure per household in Kampala and Central Region stood at Shs. 333,704 /= and 183,112 /= respectively.

b. Non user-friendly tax laws: Each financial year Government enacts amendments on taxes without adequately educating the non-tax experts and taxpayers. In addition, URA concentrates basically on meeting the targets set by MFPED with minimal focus on education, increasing compliance and widening the tax base. This negatively impacts on tax revenues.

Conclusion

We do appreciate government efforts and commitment to addressing gender and equity issues in the country through the issuance of budget call circulars that are gender sensitive, funding for NAADS, encouraging investment in education and many others. However the government still has a number of gender issues to address including increasing funding for the gender and social development sectors, ensuring that the EOC get is adequately funded, enforcing the budget call guidelines, increasing participation in the national budget process among others. The MFPED could also take it a step further by developing a Gender Aware Budget statement (GABS), and some budget performance indicators that the public should use to assess the budget at the end of each financial year. This would go along way in making accountability for gender in the country. These should be shared widely with the Finance Ministry and relevant sector ministries as well as the public in general.

² Uganda Bureau of Statistics, Statistical Abstract 2007

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