

*Routledge ISS Gender, Sexuality and Development Studies*

# **GENDER-RESPONSIVE BUDGETING IN FRAGILE STATES**

**THE CASE OF TIMOR-LESTE**

Monica Costa



‘This book makes a unique contribution by focusing on gender-responsive budgeting (GRB) in Timor-Leste, a fragile state recently emerged from years of conflict. It shows how GRB can make a positive contribution to both gender equality and state resilience. It is highly original in its reflection on how knowledge is produced and communicated; and in identifying the contexts and actors that enable effective translation of gender analysis into improvements in opportunities for women and girls. Essential reading for scholars and students of feminist economics and gender and development; and for development practitioners in international NGOs, aid agencies and international financial institutions.’

*Diane Elson, Emeritus Professor,  
Department of Sociology, University of Essex, UK*

‘While women’s gender equality claims can be slim in fragile states, Timor-Leste’s engagement with gender responsive budgeting offers hope. This book demonstrates the critical role of women’s participation in civil society and state institutions in establishing an agenda for integrating a gender perspective in the spending and revenue raising activities of government. Its untangling of complex relationships between researchers and policy actors increases our understanding of how policy and budgetary change is affected.’

*Rhonda Sharp, Professor of Economics, University of  
South Australia, Australia and former President of the  
International Association for Feminist Economics*

‘Despite the progress made in women’s political participation in Timor-Leste, gender inequality still persists, due to a lack of investment in the social and economic factors that impact on the status of women and girls. In 2016, Timor-Leste confirmed its commitment to leave no one behind by adopting the United Nations Sustainable Development Goals (SDGs) – with gender equality being recognized as key to the success of global development. Gender-responsive budgeting is an important mechanism to help the Timor-Leste government understand how to allocate and reallocate resources to more efficiently achieve their priorities including gender equality. This book shows that the participation of policy actors and civil society in engendering budgets is a concrete action for greater accountability to women’s rights, which can improve access to resources and opportunities for women, girls, men and boys in a fragile state like Timor-Leste.’

*Alita Verdial, former CEO of Alola Foundation, Timor-Leste*

‘The state of the economy and how the government spends its money in Timor-Leste remain deeply implicated in reproducing conditions of inequality for women, making them more vulnerable to violence. Costa outlines strategies and insights into how women in Timor are engaging in economic policy through budgetary decision making to reflect their concerns and priorities. She argues conclusively that gender-focused institutions are crucial in enabling women to become critical actors for change in budgetary policy and the economy in Timor-Leste. This is crucial for improving women’s lives and makes this book an especially important one.’

*Sara Niner, Lecturer & Researcher, Monash University, Australia*

# Gender-Responsive Budgeting in Fragile States

A growing number of governments have made commitments to achieving gender equality and women's rights, with many using gender-responsive budgeting (GRB) to allocate resources for the delivery of economic policy and governance that benefit men and women equally. At a time when GRB is growing in global traction, this book investigates what it can deliver for gender equality and state resilience in contexts where the state is weak or prone to violence, such as in Timor-Leste.

*Gender-Responsive Budgeting in Fragile States: The Case of Timor-Leste* uses the Timor-Leste case to investigate whether gender equality reform can be adopted at the same time as establishing economic and institutional fundamentals. While some may have thought that the adoption of a GRB strategy in 2008 was premature, Monica Costa argues that GRB initiatives have contributed to budget accountability and transparency, and ultimately improved policy and budget processes and decisions. This multi-disciplinary analysis of a decade of GRB demonstrates why GRB is important to inform the debate on state fragility-resilience and argues that fragile states cannot defer gender equality in the name of getting the economic and institutional basics right.

While a growing number of fragile states have taken steps to make their budget more gender-responsive, questions remain for economists and policy makers about what can be achieved, and how. *Gender-Responsive Budgeting in Fragile States* is the first international publication on GRB in fragile state contexts and will be of interest to researchers, upper level students, policy makers and NGOs with an interest in policy, economics, gender and development.

**Monica Costa** is a former international gender adviser to the government of Timor-Leste and holds a doctorate on gender equality and policy in Timor-Leste from the University of South Australia, Australia.

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The Case of Timor-Leste

*Monica Costa*

# **Gender-Responsive Budgeting in Fragile States**

The Case of Timor-Leste

**Monica Costa**

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# Abbreviations

AMP	Aliança com Maioria Parlamentar (Parliamentary Majority Alliance)
CAVR	Commission for Reception, Truth, and Reconciliation in Timor-Leste
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CNRT	Conselho Nacional da Resistência Timorese (National Council of Timorese Resistance)
CPLP	Comunidade de Países de Língua Portuguesa
EMIS	Education Management Information System
ETTA	East Timor Transitional Administration
FAR	Feminist action research
GAU	Gender Affairs Unit
GDP	Gross domestic product
GRB	Gender-responsive budgeting
IMF	International Monetary Fund
IPU	Inter-Parliamentary Union
MDG	Millennium Development Goals
MoE	Ministry of Education
MoF	Ministry of Finance
NWPA-CPLP	Network of Women at the Parliamentary Assembly of the Community of Portuguese-speaking Countries (Rede de Mulheres da Assembleia Parlamentar, Comunidade de Países de Língua Portuguesa)
OECD	Organisation for Economic Co-operation and Development
OMT	Organização da Mulher Timorese (Organisation of Timorese Women)
OPE	Office for the Promotion of Equality
OPMT	Organização Popular da Mulher Timorese (Popular Organisation of East Timorese Women)
RDTL	República Democrática de Timor-Leste
SADC	Southern African Development Community
SDG	Sustainable Development Goals

SEPI	Secretary of State for the Promotion of Equality
TLLSS	Timor-Leste Living Standards Survey
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
UNTAET	United Nations Transitional Administration in East Timor
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

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# 1 Introduction

## Introducing the study

In 2011 the President of Liberia, Ellen Johnson Sirleaf, defended government investment in gender equality in poor contexts that are vulnerable to violence and conflict. Sirleaf gained recognition as the first female head of an African state and was awarded the Nobel Peace Prize in 2011. Speaking of women in poor African countries who are vulnerable to violence and conflict, she outlined links between financing for gender equality and a state's capacity to weather crisis and political instability:

African women represent the real catalysing element in society. They have carried the burden of feeding the nation . . . They have been the ones that, when all things fail, they are there to promote peace, to advocate, to reduce tensions in society. And they have been so disadvantaged while they've carried these burdens. So today all the effort that is being made to enhance them, to empower them, to enable them to make an even greater contribution, but with much more abilities through education – and the statistics are very clear, where there are women's empowerment the country's economy expands, per capita income is increased, the level of tension in society is reduced, so any country that wants to prosper and to have sustained growth and development have got to come up with strategies that enable them to empower women.

(Quoted in GREAT Initiative, 2011)

Her argument was straightforward: strategies that aim to produce better outcomes for girls and women can expand the economy and contribute to peace building. Gender-responsive budgeting (henceforth GRB) is one such strategy.<sup>1</sup> This defence by Sirleaf provides an important political contribution to an emerging discussion on the role of strategies for gender equality in post-conflict countries and contexts labelled as fragile. Fragile contexts are characterised by their vulnerability to state breakdown, including the failure to deliver services, a lack of budget control and a propensity to descend into violence.<sup>2</sup> Two opposing views feature in this discussion. One is the claim by mainstream economists

## 2 Introduction

that it is premature to embark on gender equality reforms before establishing economic and institutional fundamentals in a fragile context. A particular concern is that GRB is seen as adding to demands in a context of scarce resources and creating a diversion (see Joshi & Naidu, 2007). Feminist scholars however, contest this view and argue that adopting GRB strategies can contribute to equality and assist these countries to weather conflict and crisis. Their research however has primarily been conducted in well-established democracies, with a state that controls its budget, has the capacity to deliver services and possesses mechanisms to engage with actors outside government.

GRB initiatives are strategies for integrating a gender perspective into policies and budgets in order to promote gender equality and women's empowerment. This involves assessing policies and budget decisions and processes for differences and inequalities between women and men in terms of incomes, assets, decision-making power, service needs and responsibilities for care. Further to this, GRB involves political actors undertaking actions to bring about reprioritisation of budget decisions and changes to policies and budget processes. GRB was developed in the 1980s in Australia and is a strategy of 'following the money' to ensure that the rhetoric on gender equality translates into real and practical policies, legislation and budget allocations (UNIFEM, 2000: p. 111). Activists and scholars have explored the role of GRB in improving budget and policy processes and decisions, bringing about better services, and producing more efficient and equitable outcomes for men and women, boys and girls. In 2008 the United Nations Development Fund for Women (UNIFEM) reported that more than 90 countries have adopted elements of GRB (UNIFEM, 2008). These countries included many fragile states, such as Afghanistan, Rwanda, Uganda, Bangladesh, Ethiopia, Mali, Nepal, Pakistan, Sri Lanka and Zimbabwe (Stotsky, 2016). This study will focus on the experience of Timor-Leste as a case study of the contribution that GRB can make to gender equality and state building in a fragile context. Situated in the Asia-Pacific region, Timor-Leste is new, poor and vulnerable to conflict. It has a population of over 1 million. A 2016 International Monetary Fund (IMF) report identified Timor-Leste as a country with a prominent GRB effort, one of only four fragile states to be classified as having a significant GRB initiative (Stotsky, 2016: p. 38).

In Timor-Leste, a little-noticed gender statement included in the 2008 budget documents instigated GRB. At the time the government was led by former independence fighter Xanana Gusmão. This statement committed the government to a gender mainstreaming approach to promote gender equality and change views on gender issues within the government and across the Timorese society. This approach was to be articulated in the second national development plan and the 2009 budget. It outlined a link between gender equality, public policy and service delivery (Timor-Leste Ministry of Finance, 2008: p. 34). This gender statement saw the emergence of a political and institutional narrative for GRB in Timor-Leste and provided direction for embedding its practice.

These initial developments in GRB took place at a time of political and institutional transition. A new (coalition) government had been elected in the aftermath of the 2006 political and security crisis. The crisis displaced 150,000 people (United Nations, 2006), paralysed the bureaucracy and left the state apparatus vulnerable to collapse. Timor-Leste's fledgling democracy was (again) displaying the fragility of its governance institutions and rule of law.

The pursuit of improvements in budget decision making and processes to make it gender responsive raised a degree of concern in some government quarters. GRB appeared to be a sophisticated and highly technical concept and many pointed to the fact that Timor-Leste's new architecture for gender-focused machinery, in the Office of the Secretary of State, was not fully institutionalised. These concerns resonated with a 2000 New Year speech by Gusmão (2000) in which he criticised the 'obsessive acculturation to standards that hundreds of international experts try to convey to the East Timorese, who are hungry for values' (p. 2). He nominated gender equality as one such international value. He argued for a hierarchy of priorities as a path for state building and peace:

What concerns me is the non-critical absorption of (universal) standards given the current stage of the historic process we are building. Old democracies are no longer like a smooth pavement or a linear social process where such standards slide along without the slightest friction. What concerns me is that the Timorese may become detached from their reality and, above all, try to copy something which is not yet clearly understood by them.

(Gusmão, 2000: p. 2)

Gusmão's main point was that universal norms may not always align with the needs of the community. The implication is that some international norms are, to a degree, a distraction and would be better dealt with when the conditions are right. Extending his rationale to the adoption of GRB suggests that GRB was seen as detracting from the (more urgent) needs of the 'reality' of the Timorese community.

A priority has been to foster aspects of state resilience. A resilient state is one that has achieved and maintained peace and that has been able to strengthen national identity and institutions of citizenship, monopolise the use of legitimate force, reach across the territory and control the budget process so as to weather external crises and the challenges of economic development (Putzel & Di John, 2012: p. 8). This raises the 'chicken or the egg' dilemma: do the fundamentals need to be in place before GRB can contribute to state resilience or is GRB one of the contributors to state resilience?

At an Asia-Pacific regional forum economists Suhas Joshi and Sanjesh Naidu (2007) made a case that GRB should not be pursued in fragile states. In their view GRB would result in competition for a limited pool of resources and skills, ultimately detracting from the state-building and peace-building efforts.

They argued that higher priority should be assigned to getting public finance institutions and rules right:

Once the basic systems are in place and have been embedded in the public service, the next step is to contemplate targeted spending, including gender budgeting. It takes considerable effort, resources and time to systematically implement a gender perspective in national policies and processes. It is therefore even more important to put in place a framework that allows measurement of results.

(Joshi & Naidu, 2007: p. 4)

Their argument was that GRB is costly in terms of displacing resources and time from building the fundamentals of public finance. They advised that a country should first 'assess its readiness for embarking on a gender budgeting exercise' (Joshi & Naidu, 2007: p. 4). This position is reminiscent of past views that were made popular by Allen Schick in a 1998 presentation to the World Bank (see Allen, 2009). Schick's presentation was not published. In it he argued that certain preconditions should be met ahead of public finance reform (Allen, 2009: p. 16).

Economist Richard Allen (2009) has noted that fragile states are in a favourable position to fast-track institutional reforms. In a discussion paper on the challenges of budget reform in developing countries, Allen (2009: p. 10) argues that fragile states, such as Timor-Leste, are at ground zero for institution building:

Post-conflict countries such as Afghanistan, East Timor, and Liberia are in a special category; conditions for institution building may be more favourable, at least in the initial stages, because of the vacuum created by the decline of previous institutions, strong political leadership and a powerful donor presence.

On the surface this view might support GRB. However, such conceptualising of states as devoid of institutional, political and economic history and an understanding of power fails to recognise the important interactions between the technical and political elements of economic reform and policy. These elements, including gender politics, are important for understanding the potential of GRB.

### **Feminist economics and gender-responsive budgeting: the story so far**

Since it first emerged in the 1990s the study of GRB has grown into a rich theoretical and empirical field with contributions from several disciplines and areas of study including economics, sociology, and political and development studies. Feminist scholarship has made significant contributions to the GRB effort and has provided evidence of the structural nature of gender issues in the