Policy Brief on Gender Budgeting for Social Inclusion and Economic Empowerment

How can gender budgeting support social inclusion and economic empowerment in LAC?

Key highlights

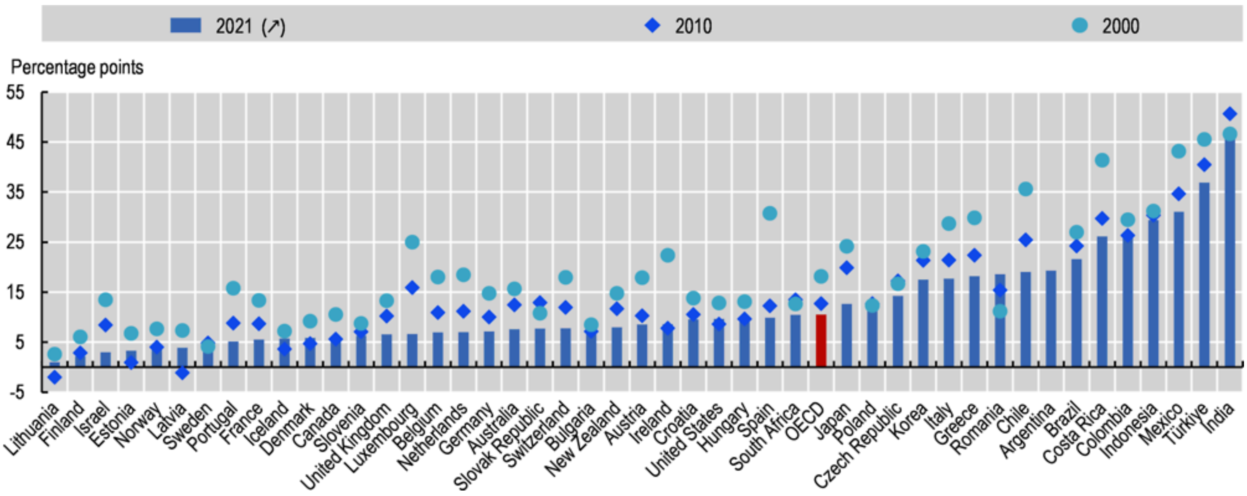
- Latin American countries face large and persistent gender gaps. These have significant social, economic and fiscal costs.
- Gender budgeting is a tool which can be used to help address this. It helps ensure that tax and spend decisions deliver results in relation to gender objectives. While gender budgeting is widely adopted in Latin American countries, improving the quality of implementation will help support its impact on tackling specific gender equality goals, such as those related to pay and employment.
- Specific actions include explicitly linking gender budgeting methodologies to national gender equality goals, particularly those focused on the labour market. In doing this, Latin American countries can prioritise budget measures that will have the most impact on closing gender gaps, supporting social inclusion and economic empowerment.

What's the issue?

Latin American countries face large and persistent gender gaps

Latin American Countries (LAC) continue to grapple with significant and persistent gender gaps. Social norms often push women towards domestic responsibilities, limiting their participation in the workforce. A lack of affordable childcare options further restricts women's ability to pursue full-time employment (OECD, 2020[1]). This results in LAC countries typically having large employment gaps that are above the OECD average (see Figure 1 below).

Figure 1: Gender gap (male minus female) in the employment rate, 15-64 year-olds, percentage points



Note: Data for 2021 refer to 2020 for India and to 2019 for Indonesia. Data for 2010 refer to 2011 for Brazil. Data for 2000 refers to 2001 for Brazil, Colombia and South Africa as well as 2002 for Croatia.
Source: OECD Employment Database, https://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm

Even when women do enter the workforce, they are concentrated in lower-paying sectors. These factors combine to create a situation where women in Latin America contribute significantly less to the formal economy and are financially disadvantaged compared to men (OECD, 2020[1]).

Financial disadvantage for women compared to men acts as a significant barrier to both social inclusion and economic empowerment. Furthermore, these gender gaps have large economic and fiscal costs, hindering the region's overall development. Lower female labour force participation translates into a significant untapped pool of talent and skills. This, in turn, stifles the economic empowerment of women, and economic prosperity.

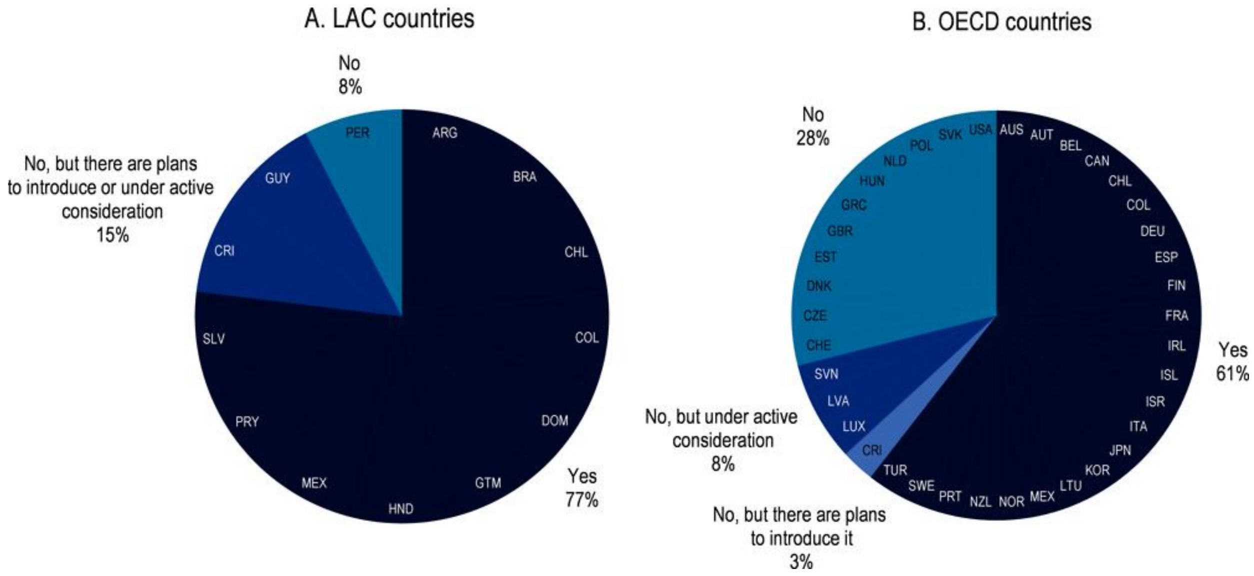
Closing gender employment gaps, on the other hand, could bring potentially significant economic benefits. For example, closing the gender labour force participation gap in Brazil by 2060 is estimated to increase average GDP per capita by 11.3% (Fluchtmann, Keese and Adema, 2024[2]). Increased participation of women in the workforce is also helpful for fiscal sustainability in the context of the shrinking labour forces that many LAC countries are expected to face over the coming decades. By investing in policies that promote social inclusion and equal opportunities for women, LAC countries can unlock substantial social, economic and fiscal benefits, paving the way for a more inclusive and prosperous future.

Gender budgeting is a tool being used in LAC countries to address gender inequalities, but the quality of implementation could be improved

Gender budgeting presents a powerful tool for LAC countries to tackle the pervasive gender gaps hindering social inclusion and economic development. In integrating a gender lens into the budgetary process, governments can identify and allocate resources towards budget programs that specifically address these inequalities.

In LAC countries, the use of gender budgeting is widespread. Of 13 LAC countries surveyed, 10 practice gender budgeting (77%), compared to 61% of OECD countries. In addition, Costa Rica and Guyana are considering its implementation (see Figure 2).

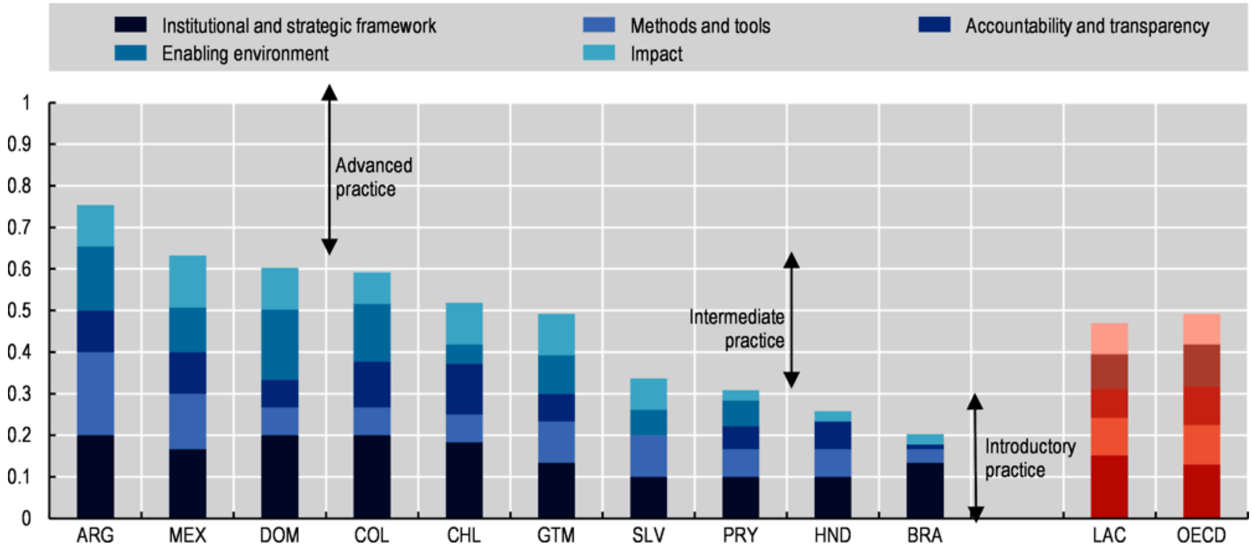
Figure 2: Existence of gender budgeting in LAC and OECD countries, 2022



Source: OECD/IDB (2022), Survey on Gender Budgeting; OECD (2022), OECD Survey on Gender Budgeting.

As in OECD countries, a key challenge relates to the quality of gender budgeting implementation. The OECD's Gender Budgeting Index assesses the implementation of gender budgeting around the five building blocks of the updated OECD Framework for Gender Budgeting: 1) institutional and strategic arrangements; 2) methods and tools; 3) enabling environment; 4) accountability and transparency; and 5) impact. Just three out of ten are scored as having an "advanced practice". Accountability and transparency and impact stand out as the two building blocks where LAC countries achieved the lowest average index scores (see Figure 3).

Figure 3: OECD Gender Budgeting Index for LAC countries, 2022



Source: OECD/IDB (2022), Survey on Gender Budgeting; OECD (2022), OECD Survey on Gender Budgeting

Improvements in the implementation of gender budgeting can help support social inclusion and economic empowerment

The successful implementation of gender budgeting benefits from methodologies that link to overarching gender equality goals. Gender budgeting methodologies like gender impact assessments and integrating gender dimensions into performance frameworks have enhanced transparency and awareness around the gender impact of budget measures across different policy areas. However, when used without a strategic framework linking them to overarching gender equality objectives, these methods can fall short in tackling specific gender equality goals, such as those related to pay and employment.

Strengthening the link between gender budgeting methods and national gender equality objectives is essential for maximising its impact on closing key gaps, particularly in the labour market. Without this strategic connection, gender budgeting risks failing to deliver critical returns and being undermined as an effective tool.

This strategic shift can be facilitated by:

- Setting clear national gender equality goals, with clear objectives, e.g., in relation to labour market participation and pay equity.
- Strengthening the connection between gender budgeting methodologies and these overarching goals.
- Embedding gender considerations throughout budget planning and prioritisation processes.

Examples from LAC countries

Colombia demonstrates a good practice example for linking gender budgeting methods to national gender equality objectives. Its national gender equality policy for women, approved in April 2022, sets out a vision and objectives to be achieved by 2030. The budget tracer for women's equity is used to identify actions, programmes and policies that are broadly linked to the objectives set out in the national equality policy for women (see Figure 4). This information is then published in an annex to the Budget Bill. Congress can use this information to see the government actions being taken to close key gender gaps, and debate whether they are sufficient.

Figure 4: Budget tracer for women's equity in Colombia

Source: (OECD, 2023[3])

A key benefit of the budget tracer is that it also helps ensure that investments related to closing key gender gaps are not reduced or eliminated without due cause. If funding allocated to one of the five categories in the tracer is reduced, a mechanism flags that the change in funding must be checked by the National Planning Department (DNP). The DNP checks that the reduction is justified and that the reduction for that activity is proportional to reductions in other areas.

Overall, the approach to gender budgeting in Colombia helps foster a stronger connection between budgetary decisions and gender objectives. This strategic shift – if replicated in other countries – would help unlock the full potential of gender budgeting, enabling countries to prioritise impactful measures that drive sustainable progress: closing persistent gender gaps, supporting social inclusion and economic empowerment.

Suggested Policy Actions

- LAC countries can improve the effectiveness of gender budgeting through a well-designed approach that demonstrably delivers impact and strengthens the link between government priorities and budget outcomes.
- By explicitly linking gender budgeting methodologies to national gender equality goals, particularly those focused on labour market participation, LAC countries can prioritise budget measures that will have the most impact on closing gender gaps, supporting social inclusion and economic empowerment.
- At its core, this requires setting out national gender equality goals, strengthening the link between gender budgeting methods and overarching gender goals, and embedding a gender dimension to budget planning and prioritisation.

Further reading

- Fluchtmann, J., M. Keese and W. Adema (2024), "Gender equality and economic growth: Past progress and future potential", *OECD Social, Employment and Migration Working Papers*, No. 304, OECD Publishing, Paris, https://doi.org/10.1787/fb0a0a93-en.
- OECD (2020), *SIGI 2020 Regional Report for Latin America and the Caribbean*, Social Institutions and Gender Index, OECD Publishing, Paris, https://doi.org/10.1787/cb7d45d1-en.
- OECD (2023), *OECD Review of Gender Equality in Colombia*, OECD Publishing, Paris, https://doi.org/10.1787/a559fc5e-en.
- OECD (2024), Government at a Glance: Latin America and the Caribbean 2024, Chapter 6.2: Gender budgeting, OECD Publishing, Paris, https://www.oecd-ilibrary.org/sites/db672f3e-en/index.html?itemId=/content/component/db672f3e-en.
- OECD (2023), *Gender Budgeting in OECD Countries 2023*, OECD Publishing, Paris, https://doi.org/10.1787/647d546b-en.
- OECD, (forthcoming), "OECD Framework for Gender Budgeting", OECD Publishing, Paris.