

The impact of fiscal restraint on budgetary allocations for women's programs

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Introduction

The budget is the financial reflection of the policies of a government. Thus, the budget is an important entry point in mainstreaming gender in government policies and programs. While the budget provides an excellent opportunity for judging the gender-responsiveness of government policy, governments typically report their budgets with very few explicit mentions of gender. Judging the gender-responsiveness of government budgets thus requires closer scrutiny to reveal their implicit gender implications.

Any gender-aware analysis of the government budget necessarily involves an analysis of the government budget in terms of its reach and impact on women and men, girls and boys. Said analysis focuses not only on the numbers contained in the budget but also on the policy and programs underlying those numbers. Implicit in this analysis is the recognition that government policies and programs will not be effective

unless adequate resources are allocated to implement them (Budlender 2004).

Fiscal context

The fiscal problem is the most pressing problem in the Philippines. The country had a fairly long period of fiscal consolidation during most of the 1990s when the national government fiscal position improved from a deficit of 3.5 percent of the gross domestic product (GDP) in 1990 to small surpluses of less than 1 percent of GDP in 1994-1997 (Figure 1). However, said fiscal surpluses turned into deficits following the onset of the Asian financial crisis. And despite the eventual turnaround in the economy afterwards, the fiscal position continued to deteriorate.

Fiscal deficits grew persistently from 1.9 percent of GDP in 1998 to 4.1 percent in 2000, to

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5.3 percent of GDP in 2002 and 4.6 percent of GDP in 2003. In more recent years, the fiscal problem has been aggravated by policy mistakes (e.g., legislative inaction on the rationalization of fiscal incentives and incomplete implementation of what was originally planned to be a comprehensive tax reform program due to the nonissuance of requisite IRRs) and the lack of corrective measures such as the indexation of excise taxes even when the need for such appears to be obvious. Moreover, it is lamentable that the quality of fiscal adjustment has been poor, relying heavily as it did on across-the-board budget cuts.

Aggregate expenditures remained fairly stable in the face of declining revenues. National gov-

ernment (NG) expenditures measured as percent of GDP was fairly stable at around 19 percent in 1997-2003 despite the rapid increase in interest payments. Revenues, on the other hand, declined from 19.4 percent of GDP in 1997 to 15.6 percent in 2000; it deteriorated further to 14.3 percent of GDP in 2002 but recovered somewhat to 14.4 percent in 2003.

Consequently, the NG debt rose from 56 percent of GDP in 1997 to 65 percent of GDP in 2000. With the higher fiscal deficit in 2002, NG debt increased some more to 71 percent of GDP in 2002 and 79 percent in 2003. If contingent liabilities are included, NG debt rose from 79 percent of GDP in 2000 to 96 percent in 2003.

Figure 1. Fiscal aggregates (cash basis), 1990-2003 (percent of GDP)

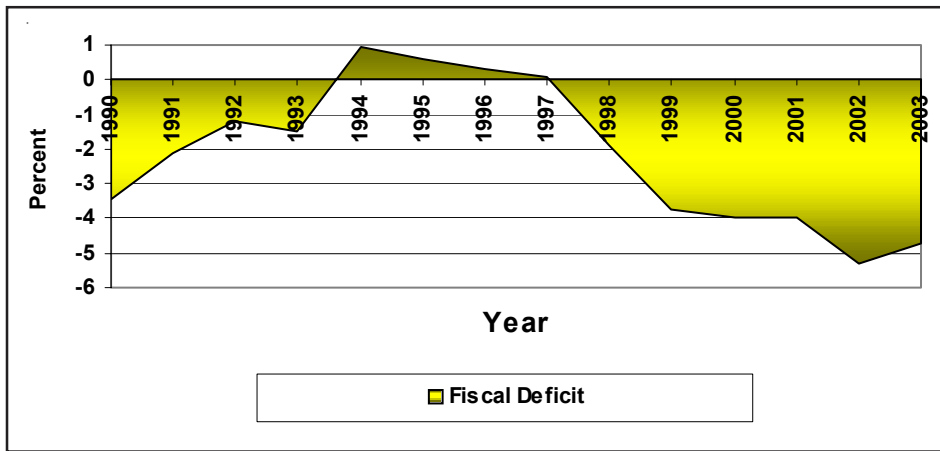
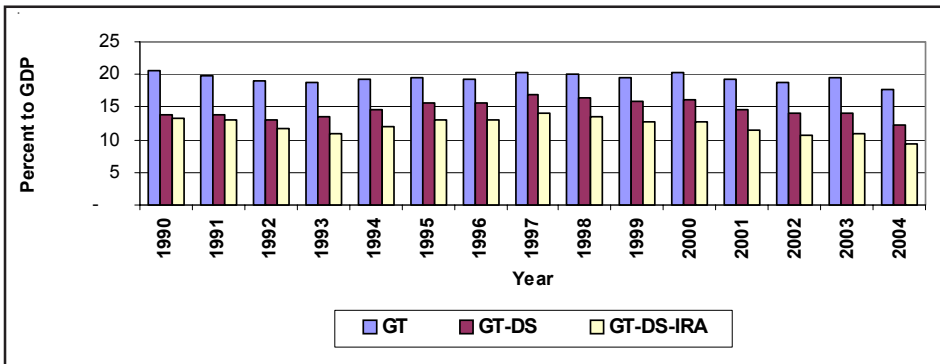


Figure 2. Aggregate national government expenditures (obligation basis), 1990-2004



Because of this, interest payments account for an increasing portion of the NG budget. Hence, the amount of resources left for nonmandatory expenditures (i.e., resources over which the national government may exercise some scope for reallocation) declined dramatically in 1998-2003. In 2004, discretionary spending was even less than 10 percent of GDP (Figure 2).

As a result, the NG expenditure program in 1997-2003 was severely affected by fiscal restraint. The average increase in budgets of many government agencies in the early 2000s was even less than the projected rate of inflation during this period. Thus, the delivery of many public services became and continued to be at risk as many government agencies have had to work

with smaller budgets in real terms.

It is therefore timely to look at the impact of fiscal restraints on the part of the national government in 1997-2003 on the budget allocations for programs that support gender equality and women's priority public services in selected departments.

Approach in examining government budget reports

Governments typically report their budgets by department/agency (i.e., by functional division) and by objects of expenditures (i.e., wages and salaries, maintenance and operating expenditures, and capital outlays). Very few explicit mentions of gender are seen in such reports. Because of this, it is often difficult to judge how public expenditures address the specific needs of women and men, girls and boys. To address this problem, it is essential that government expenditures be disaggregated into three gender-relevant categories (Commonwealth Secretariat 1999), namely:

- ❖ **Gender equality targeted expenditure** – expenditure which is targeted explicitly to help reduce gender gaps (e.g., program aimed at encouraging enrollment of girls in areas where there is a known gender bias in favor of boys), to redress gender inequity (e.g., programs dealing with violence against women and children), and to promote gender equality (e.g., programs that promote equal opportunities in employment);
- ❖ **Expenditure on women's priority public services and income transfers** – expendi-



Gender equality targeted expenditure is targeted explicitly to help reduce gender gaps, to redress gender inequity, and to promote gender equality (e.g., programs that promote equal opportunities in employment).

ture devoted to public services that are identified to have the highest priority in terms of reducing the burdens on women (especially poor women), e.g., expenditure on maternal and child care, reproductive health, water supply and sanitation, child benefits; and

- ❖ **General or untargeted expenditures** – remaining expenditures not covered by the first two categories.

In this analysis, gender/women-targeted expenditures include not only government spending that are intended to promote gender equality and/or those that are directed at the special needs of women (e.g., maternal health services) but also those that support the caring role of women in the family and the community (e.g., children's health and family health services) as exemplified by the programs of the government departments indicated in the succeeding sections.

Impact on budgetary allocations for women's programs of the Department of Health (DOH)

Classification of programs, activities and projects of DOH

Given the framework for classifying government programs, activities and projects (PAPs) into gender-relevant categories described above, the PAPs of the DOH may be classified into programs that provide (1) priority services that are specifically directed at gender equality and the special health needs of women, (2) priority services that target the health needs of children, (3) priority services that are focused on family health, and (4) other public and preventive health services. The first three categories combined comprise gender/women-targeted PAPs while the last may be considered as general or untargeted PAPs.

Expenditure trends

The share of the DOH in total national government expenditure obligations contracted in 1997-2002 as the DOH budget declined even

faster than the total national government budget net of debt service and the internal revenue allotment (IRA) as seen in Table 1. Thus, its share in the total expenditures of the national government saw a continuous decline from 2.1 percent in 1997 to 1.5 percent in 2002.

However, funding for gender/women-targeted programs appears to have been protected relative to untargeted programs in 1997-2002. The share of all gender/women-targeted programs in the DOH budget rose from 6.9 percent in 1997 to an average of 7.5 percent in 1998-2002. In contrast, the budget share of all untargeted programs combined went down from 84.0 percent in 1997 to an average of 80.5 percent in 1998-2002.

While the share of the Expanded Program on Immunization (EPI) in the aggregate DOH budget rebounded in 2000-2002 after a sharp drop in 1998 and 1999, the average budget share of the EPI in the entire 1998-2002 period was still lower than the 1997 level. On the other hand, the budget share of other gender/women-targeted programs in 1998-2002 was consistently higher than the 1997 level (except in 2000).

Real per capita spending on all gender/women-targeted programs combined nonetheless went down from P14.91 in 1997 to P11.50 in 2002, declining by 24.7 percent yearly on the average during the period. This movement was largely driven by the reduction in per capita

Table 1. DOH expenditures

	1997	1998	1999	2000	2001	2002	Average 1998-2002
Share of DOH expenditure to total NG	2.14	2.02	1.96	1.58	1.55	1.49	1.72
Growth rates							
Nominal DOH expenditure		3.17	5.12	-5.32	1.84	0.34	0.97
Real DOH expenditure		-6.98	-2.11	-10.99	-4.03	-4.25	-5.72
Nominal NG-DS-IRA		5.23	5.02	12.80	-2.54	1.27	4.23
Real NG-DS-IRA		-5.11	-2.20	6.05	-8.16	-3.36	-2.67
Percent distribution of DOH expenditure							
Targeted*	6.92	8.05	7.57	5.59	8.45	7.65	7.46
EPI	2.76	1.01	0.74	2.91	2.58	2.97	2.04
Other targeted	4.17	7.05	6.83	2.68	5.87	4.68	5.42
Untargeted*	83.97	78.97	80.40	83.39	77.36	82.26	80.48

*GAS not included

spending on EPI. On average, real per capita spending on the EPI in 1998-2002 was lower than the 1997 level despite the dramatic increase in more recent years from the very low levels of 1998-1999. In contrast, the average real per capita spending on other gender/women-targeted programs in 1998-2002 is slightly higher than the 1997 level. A significant reduction in real per capita spending on other gender/women-targeted programs, though, is evident in 2002 (Table 2).

Impact on budgetary allocations for women's programs of the Department of Social Welfare and Development (DSWD)

Classification of programs, activities and projects of DSWD

Similarly, given the framework for classifying government programs, activities and projects into gender-relevant categories, the PAPs of the DSWD may be classified into programs that provide (1) priority services that are specifically directed at gender equality and special needs of women, (2) priority services that target the needs of children, (3) priority services that are focused on the needs of the family, and (4) untargeted programs. The first three categories combined comprise gender/ women-targeted PAPs while the last may be thought of as general or untargeted PAPs.

Expenditure trends

On the average, the share of the DSWD in total national government expenditures in 1998-2003 (0.26%) was lower than its 1997 level (0.29%). Although its budget share increased

Table 2. DOH real per capita spending on targeted and nontargeted expenditure, 1997-2002 (in 1985 prices)

	1997	1998	1999	2000	2001	2002	Average 1998-2002	Growth Rate 1997-2002
Targeted*	14.91	9.78	8.28	11.39	11.89	11.50	10.57	-24.73
EPI	10.92	3.63	2.56	9.43	7.86	8.49	6.39	-34.90
Other targeted	3.99	6.15	5.72	1.96	4.03	3.01	4.17	3.07
Untargeted*	45.39	38.87	37.93	34.28	29.88	29.78	34.15	-21.06

* GAS not included

in 1999 and was somehow stable in the succeeding years, there was a substantial contraction in its budget share in 2003 (Table 3).

Consequently, funding for the department's gender/women-targeted programs was not secured from the budget cutbacks of 1998-2003. The share of all gender/women-targeted programs in the DSWD budget declined from 52.6 percent in 1997 to an average of 50.5 percent in 1998-2003. A striking decline in its budget share was also observed at 44 percent of the total DSWD spending in 2003.

Looking at the period when the department has not yet changed its budget format and when classification by major subcategories falling under gender/women-targeted category is possible, the contraction in the share of programs that specifically target women is shown to have been severe, dropping from 4.1 percent in 1997 to 2.7 percent on the average in 1998-2001. On the other hand, programs that are targeted at children and families were relatively protected.

Consistent with the reduction in its budget share, real per capita spending on targeted programs that focus specifically on women went down by 16.5 percent yearly on the average in

Table 3. Percent distribution and growth rates of DSWD budget

(%)	1997	1998	1999	2000	2001	2002	2003	Average 1998-2003
Share of DSWD expenditure to total NG	0.29	0.23	0.31	0.31	0.25	0.29	0.19	0.26
Growth rates								
Nominal DSWD expenditure		-11.81	43.94	18.18	-17.12	21.45	-25.99	1.87
Real DSWD expenditure		-20.48	34.04	11.11	-21.90	15.89	-28.66	-4.37
Nominal NG-DS-IRA		5.23	5.02	12.80	-2.54	1.27	8.52	4.94
Real NG-DS-IRA		-5.11	-2.20	6.05	-8.16	-3.36	5.10	-1.42
Percent distribution								
Targeted*	52.55	60.71	54.49	46.56	51.05	51.05	44.00	50.45
Women	4.09	4.37	2.62	2.00	2.35			2.73**
Children	20.79	26.40	20.12	18.88	21.47			21.32**
Family	27.67	29.94	31.75	25.68	27.22			28.52**
Untargeted*	26.79	7.93	16.94	28.22	22.11	47.76	42.45	27.88

* GAS not included

**average for 1998-2001

Table 4. Real Per Capita DSWD Expenditures, 1997-2001

	1997	1998	1999	2000	2001	Growth Rate 1997-2001
Targeted						
Women	1.18	0.98	0.77	0.64	0.57	-16.46
Children	9.23	9.13	9.13	10.05	8.74	-1.36
Family	3.57	3.01	4.19	3.68	2.99	-4.37
Untargeted	1.95	0.45	1.26	2.28	1.37	-8.50

1997-2001 (Table 4). While the budget shares of children-targeted and family-targeted programs were somewhat protected during the same period, their per capita spending declined by 1.4 percent and 4.4 percent, respectively, on the average in real terms.

Impact on budgetary allocations for women's programs of the Department of Education (DepEd)

Classification of programs, activities and projects of DepEd

Closer scrutiny of the PAPs of the DepEd reveals that it does not have programs that specifically target girls or boys. From this perspective, one can classify all of DepEd's programs as mainstream or untargeted expenditures. On the other hand, one can argue that education, in general, and basic education, in particular, promotes gender equality and this classifies all of DepEd's programs as gender/women-targeted.

Expenditure trends

The share of the DepEd in total national government budget is fairly stable at around 14 percent in 1997-2003. However, there is a perceptible contraction in the budget share of the department in 2003 (Table 5). This occurred as

Table 5. Share of DepEd budget to total national government budget

	1997	1998	1999	2000	2001	2002	2003	Average 1997-2003
Share of DepEd expenditure to total NG	14.80	15.39	14.85	13.61	13.78	14.02	12.83	14.06
Share of DepEd expenditure to total NG-DS-IRA	21.23	22.94	22.75	21.74	23.40	24.66	23.14	23.31
Growth Rates								
Nominal DepEd expenditure		17.68	3.18	8.90	4.92	6.80	2.22	7.17
Real DepEd expenditure		6.62	-4.37	2.40	-1.17	2.25	-1.30	0.68
Nominal NG-DS-IRA		5.23	5.02	12.80	-2.54	1.27	8.52	4.94
Real NG-DS-IRA		-5.11	-2.20	6.05	-8.16	-3.36	5.10	-1.42

the DepEd's budget grew at about the same pace as total national government spending for most of the period except in 2003.

On the other hand, the share of the DepEd in total national government expenditures net of debt service and the IRA expanded from 21.2 percent in 1997 to 23.1 percent on the average in 1998-2003 as the department's budget grew at a faster rate than total national government expenditure net of debt service and the IRA.

Despite the apparent priority given to the DepEd, however, the department's budget was barely able to keep up with inflation, increasing by less than 1 percent on the average yearly in real terms in 1997-2003 because of the government's tight fiscal situation. In fact, the DepEd's budget in real terms was fairly flat in 1998-2003. As a consequence, per student DepEd expenditure declined continuously in 1997-2003 (Table 6).

Conclusion

Not all agencies were successful in protecting their funding for gender/women-targeted pro-

grams in the face of the fiscal difficulties in 1997-2003. Some (e.g., DOH) were more successful than others (e.g., DSWD) in this respect. Thus, the share of targeted programs in the DOH budget expanded during the period but contracted in the case of the DSWD. Either way, gender/women-targeted programs were adversely affected by the fiscal constraints during the period under study as real per capita spending on targeted programs invariably declined in all of the departments included in the analysis.

This is so because the overall budget of the central government became smaller even as the budget share of some gender/women-targeted programs increased. ☐

Table 6. DepEd budget in real terms

	Total Spending	Per Student Spending
1997	25,846,902	1,733
1998	27,557,859	1,798
1999	26,353,926	1,676
2000	26,986,841	1,687
2001	26,672,141	1,619
2002	27,273,372	1,620
2003	26,917,714	1,575
Growth Rate		
1998-2003	0.68	-1.58

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September is Development Policy Research Month

To increase awareness of the general public on the importance of policy research in the policy formulation, planning and decisionmaking process, the month of September every year is being observed in the country as Development Policy Research Month (DPRM).

The celebration of the DPRM is based on Proclamation No. 247 issued by Pres. Gloria Macapagal-Arroyo in September 2002.

In Proclamation 247, Pres. Arroyo noted that the observance of the DPRM will provide the means for promoting, enhancing, instilling and drawing nationwide awareness and appreciation of the importance and necessity of policy research as a tool for national socioeconomic development. This will also ensure the support of the public for all activities aimed at advancing the quality and standard of policy research in the country.

As the government's policy development think tank, the Philippine Institute for Development Studies (PIDS) oversees and coordinates all programmed activities to mark and celebrate the DPRM each year.

Recognizing the vital role of the services sector in the economy, this year's celebration carries the theme, "Services Industry: Growth Driver for Economic Competitiveness." Among the activities lined up is a two-day seminar on the services sector, particularly in the areas of educational, medical, audio-visual, information and communication technology,

and business process outsourcing services. Very few studies or none so far have been conducted on these topics and thus, PIDS and its seminar co-sponsor, the German Technical Cooperation, feel that the findings would be very useful in the formulation of relevant policies to promote and enhance these services.

Additionally, the DPRM celebration will highlight the activities prepared by other agencies involved in policy research. The calendar of activities for the observance of the Development Policy Research Month can be viewed at <http://dirp3.pids.gov.ph/dprm3/events>.



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