

Abstract

How to Link Gender Budgeting with a
National Fiscal Management Plan in
Korea(II)

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The interest and discussion of gender budgeting have been centered on a gender budget statement and limited to the single-year budget compilation and the status analysis of projects. That is, the gender budgeting system has failed to present a strategy for fiscal management and a direction for resource distribution from a mid-term perspective and still stuck to the practice of formulating budget for a single year, with no contribution to implementation of a predictable and stable fiscal policy.

The Korean government has made some improvement for gender-sensitive fiscal management by selecting key gender equality projects as target projects in the preparation guidelines for 2020 gender budget statements. It is, however, difficult to consider it as an attempt to improve the direction of gender-sensitive fiscal management from a mid-term perspective. Furthermore, there exist some limits in the content of and the procedure for gender budget statements to describe such direction in the 'Overview' of the statutory document.

This study is the second year research of the 『Research on the Mid- and Long-term Strategic Plan for Gender-sensitive Improvement of Major Fiscal Systems.』 The focus of this study is placed on developing ways to link gender budgeting with a national fiscal management plan in terms of form and content and identifying specific action items with an intention to include gender inequality reduction and gender equality promotion explicitly in the direction for national financial management. In more detail, this study is firstly purposed to prove that a resource distribution strategy for gender equality reduction can bring positive effects to national financial management, using literatures and gender budget statements of the fiscal year 2010 to 2020. The

second purpose of this study is to make policy recommendations for the government to understand and proactively incorporate public needs for social value (gender equality) realization into the financial management process from a mid-term perspective, and to present a system, procedures and tools needed for implementing the policy recommendations in such a way to link gender budgeting with a national fiscal management plan.

This study can be summarized as follows: Firstly, a review was performed of the management status of Korea's national fiscal management plan to identify the current status and issues of the plan, from a gender-sensitive perspective. In addition to issues related to the plan itself, gender-sensitive issues of the plan were examined to analyze gender equality issues in two areas of the plan and then to make gender-sensitive recommendations.

Secondly, a relationship between gender equality and mid- and long-term economic and fiscal policies was analyzed to understand the effects of gender equality on the mid- and long-term distribution of financial resources. In many countries around the world that have implemented diverse gender equality policies, gender budgeting, an instrument to integrate a gender-sensitive perspective to the entire financial processes of the government, has been considered very important. It is based on a theoretical conclusion that gender equality and economic development are correlated, which has been proved through many prior researches. However, it is appropriate to say that gender budgeting helps enhance gender equality which, in turn, has indirect impact on the potential of economic growth, rather than that gender equality directly affects the potential of economic growth. In that sense, linking gender budgeting with a mid- and long-term national fiscal management plan is a significant policy challenge and, when it

happens, will help improve gender equality through the efficient distribution of financial resources and have positive impact on economic growth in the long run.

Thirdly, an empirical analysis of a relationship between gender budgeting and a national fiscal management plan was performed based on gender budget statements and gender-sensitive fund operating plans of the fiscal year 2010 to 2020. Since budget is fundamental to national development, it is important to understand the current status of resource distribution. For that reason, the budget for projects with gender budget statements was reviewed by national finance area and by gender equality index area to analyze a correlation between gender budget and gender equality index of each area. The results of the analysis show that a positive correlation between gender budget and the level of gender equality index exists in some areas. In this analysis, it is possible to see a correlation between gender budget and gender equality index indirectly, but not a causal relationship between them, which makes it difficult to conclude that a rise in gender budget directly brings about an increase in gender equality index. Despite such limitation, it is proven by the analysis that gender budget has positive impact on gender equality indirectly.

Fourthly, a survey of experts(women policy experts and fiscal policy experts) and the public was performed and analyzed with regard to gender-sensitive management of a national fiscal management plan. Respondents' opinions were collected to identify public needs for social value realization and based on which, to make policy recommendations for the government to incorporate proactively the public needs into the financial management process. The results of the survey were also used as evidence data to present a system, procedures and tools, needed

for implementing the policy recommendations made to link gender budgeting with a national fiscal management plan.

The policy recommendations made based on this study are as follows: firstly, it is essential to establish a system designed to include policy directions and financial investment plans for gender equality in the budgetary process. As such, it is recommended to prepare ‘a procedure for gender-sensitive development of a national fiscal management plan’. The system establishment should be supported by a national fiscal management plan and data created and accumulated regarding formulation and execution of gender budget in such a way to make substantial contribution to budget allocation.

Secondly, it is imperative to ensure cooperation and role distribution among diverse actors involved in the overall development process of a national fiscal management plan. In order to implement the procedure for gender-sensitive development of a national fiscal management plan, it is necessary to institutionalize distribution of roles among Ministry of Gender Equality and Family, Ministry of Economy and Finance, Gender-sensitive Budget and Settlement Committee, and Expert Advisory Committee by specifying what roles they should play. In addition, institutes including Korea Women's Development Institute who are equipped with experts and research capability are designated as an organization to run the committees, which should be, however, accompanied by operating guidelines, manpower and budget.

Thirdly, it is required to institutionalize a public survey for gender-equal management of national fiscal expenditure. The survey should be timely conducted whenever significant social changes or issues arise such that a mid- and long-term management plan is developed with gender-sensitive consideration

of such changes to reduce gender gap and to improve gender equality. Moreover, the survey should begin from December of the year before the year defined in the procedure for gender-sensitive development of a national fiscal management plan, and the results of the survey should be analyzed before the guidelines for budget formulation are delivered to each government agency next March.

Fourthly, it is necessary to create a system to report the results of gender budgeting managed via Gender-Sensitive Budget and Settlement Committee and Expert Advisory Committee. Under the system, the Minister of Economy and Finance should report in the cabinet meeting the results of formulation and deliberation of gender budget via the committees.

Fifthly, it is needed to nurture and utilize experts who are familiar both to gender equality and budget and to expand the role of professional institutions. When human resources with knowledge of the government budgetary process as well as gender equality policy areas and projects are secured, it is possible to develop a gender-sensitive, mid-term financial plan, but also to manage gender budgeting effectively.

Last but not least, it is recommended to develop a gender-sensitive, mid-term financial management plan. It doesn't mean that a separate mid-term financial management plan should be prepared, but means that a gender-sensitive perspective should be integrated into each item of the plan. Specifically, the plan should be prepared in the following ways: 1. Reprioritize projects in the guidelines for preparation of a mid-term business plan by government agency to ensure that financial resource is properly distributed and, in particular, projects contributing to agency-specific gender equality goals and key gender equality projects are included in the yearly plan of national agenda. 2.

Prepare a national fiscal management plan and 2022 fund-budget formulation schedule in such a way to include policy directions and financial investment plans for gender equality and to get one member of both Gender-sensitive Budget and Settlement Committee and Expert Advisory Committee involved in the preparation group for a national fiscal management plan. Also specify that opinions on investment directions and issues related to gender equality should be collected in the financial strategy meeting and issue discussion meetings of many kinds, and that the guidelines for preparation of gender budget statements should be provided based on the above-recommended mid-term business plan. 3. On top of self-assessment of budgetary programs, use the results of self-evaluation of gender-sensitive settlement of accounts and other existing assessments, as presented in the form of a mid-term business plan for each agency. 4. Develop key performance indicators in such a way to present the future after five years including performance goals (indicators) for gender equality.

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