

Fiscal policy and gender inequality: The case of Sri Lanka

Sheron Hewawaduge* and J. G. Sri Ranjith

Postgraduate Institute of Humanities and Social Science,
University of Peradeniya, Sri Lanka.

*Corresponding author: sheronhewawaduge@gmail.com

Introduction

There is an increasing recognition that economically and socially empowering women is essential both to realize women's right and achieve broader development goals such as economic growth, poverty reduction, health, education and welfare. According to IMF (2016), gender disparities in education and healthcare have minimized to a satisfactory level in most developing countries, however, there has been less success in inclusivity of women in the development process, ownership of productive assets, and political participation. Hence gender inequality in these countries retards economic growth (IMF, 2017). Therefore, it is important to study "Are women participating at a satisfactory level in the development process in Sri Lanka?", If it is at less optimal level, "Is the current budgetary practices in Sri Lanka transparent enough to address this problem"?

The objective of this study is to explore the gender sensitiveness of government budgetary measures and to expose the current status of female inclusivity in the development process in Sri Lanka. As a secondary objective, this study also makes effort to identify the areas that have potentials and require government attention for women's economic empowerment.

The available literature shed lights on how other countries have made efforts to address the problem of gender inequality through the budgetary measures (see Chakraborty, 2003; IMF, 2016). However, the dearth of research in this field regarding the Sri Lankan context, attention has not drawn adequately to address this problem to make women to be inclusive of the development process.

Methodology

This study adopts a quantitative approach based on available secondary data to show the exclusivity of women in the development process and to evaluate the fiscal policy based on allocation and sensitiveness of gender budgeting. Gender responsiveness of a budget can be analyzed using the analytical matrices. Broadly, they can be categorized into *ex-post* and *ex-ante* methodologies. The *ex-post* methodology focuses on existing budgets at the national and subnational budget levels, which are analyzed through a gender lens to examine their effectiveness on outcome. This *ex-post* methodology has two components: the

gender intensity of fiscal inputs, and the effectiveness of public expenditure through benefit incidence analysis or expenditure tracking processes. Analytical matrices for categorizing public expenditure through a gender lens were identified as follows:

- Specifically targeted expenditure to women and girls;
- Pro-women allocations, which are the composite expenditure schemes with a significant women's component; and
- Residual public expenditures that have gender- differential impacts.

In this study we have analyzed specifically the targeted expenditure to women and girls and Pro-women allocations categories only.

Results and discussion

Secondary data depicted in Table 1 indicate that women are becoming more significant in economic growth as the sex ratio has decreased over time.

Table 1 Population in Sri Lanka by Sex, 1911 – 2012 (in thousands)

Year	Total	Male	Female	Sex Ratio
1953	8,097.9	4,268.7	3,829.2	111.5
1963	10,582.0	5,498.6	5,083.4	108.2
1971	12,689.9	6,531.4	6,158.5	106.1
1981	14,846.8	7,568.3	7,278.5	104.0
2001	18,797.3	9,359.0	9,438.1	99.2
2012	20,271.5	9,808.4	10,463.1	93.7

Source: Department of Census and Statistics

According to Table 2, it is evident that number of women is higher than the number of men in 15-65 age group, the age group which determines the labour force of a country. The development potentials are greater if women can be made participants in the economic development process.

Table 2 Gender-wise Age-Group Analysis in Sri Lanka -2012

Age Group	Women	%	Men	%
0-4	864,776	8.3	879,004	8.96
5-14	1,666,257	15.9	1,707,094	17.40
15-64	7,025,912	67.1	6,539,955	66.67
65<=	906,157	8.7	682,329	6.95

Source: Ministry of Women and Child Development Affairs

The disadvantage aspect is well reflected by Table 3. In 2015, estimated economically active population is around 8.2 million. Majority among economically inactive population are females (74.8%). That is over 5 Million compared to 1.7 million males in 2015 (see Table 4).

Table 3 Employed Population by Gender - 2015

Gender	Number	%	Working age population	Employed population as a % of working age population
Male	5097798	65.09	7,036,945	72.44
Female	2733178	34.9	8,245,001	33.14
Total	7830976	100	15,281,946	51.24

Source: Ministry of Women and Child Development Affairs

Table 4 Economically Active/ Inactive Population by Gender - 2015

Gender	Economically active		Economically inactive	
	No	%	No	%
Male	5255593	64	1781352	25.2
Female	2958880	36	5286121	74.8
Total	8214473	100	7067473	100

Source: Ministry of Women and Child Development Affairs

In terms of political representation, although women constitute over 50 percent of the population women's representation in Parliament has been far below 10 percent at any given period (Table 5). When we compare it with south Asian countries average, Sri Lanka is the lowest in the region. According to ADB (2015), Sri Lanka is ranked 130th with 139th as the lowest rank.

Table 5 Proportion of Seats held by Women in National Parliament, 1947-2017

Year	Total No.	Women No.	% of Women
1956-1959	101	4	4.0
1965-1970	157	6	3.8
1977-1989	168	11	6.5
1989-1994	225	13	5.8
1994-2000	225	12	5.3
2000-2001	225	9	4.0
2001-2004	225	10	4.4
2004-2010	225	13	5.8
2014-2017	225	13	5.8

Source: Parliamentary Handbook

According to the Analytical matrices, specifically targeted expenditure to women and girls depicted in Table 6. It shows that a very small percentage of government total budget is allocated to the Ministry of Women and Child affairs, which carries out activities and implement policies on behalf of the government to achieve women empowerment and child development goals.

Chakraborty (2003) analyzes the government budgets from 1999 to 2003 for the purpose of identifying the gender sensitiveness of a budget. In her study she has used following seven ministries to evaluate the gender sensitiveness. The detailed

analysis of budgets for a period of 1999 to 2003 revealed that out of 58 Central Government Ministries in Sri Lanka, only seven these Ministries have specifically targeted programmes for women. But it does not imply that budgetary allocations of all other Ministries do not have any impact on gender development. Therefore, this study also analyzes the share of expenditure on those ministries as Pro-women allocations component.

Table 6 Budget allocation for women empowerment - 2017

Area	Allocated Budget (Million)	As a %
Total Government expenditure	3,628,110	
Ministry of Women and Child Affairs	1,295	0.04
“Kantha Saviya” program for women empowerment	45	3.48

Source: Government Budget, 2017 Ministry of Finance, Sri Lanka.

Table 7 shows how the share of expenditure on selected Ministries has changed over time. Therefore, following seven ministries have considered evaluating the gender sensitiveness of the budget. Although current and the past regimes have identified the needy areas in women’s economic empowerment through various measures and actions to empower women the relevant objectives of those efforts are yet to be realized. Hence economic loss is resulted by not correcting the problem of gender inequality.

Table 7 Share of expenditure for selected ministries (rupees million)

Government Ministry	2014	2015	2016	2017
Women and Child Affairs	2,358	4,843	10,221	2,699
Social Empowerment and Welfare	49,953	78,273	70,793	16,250
Foreign Employment	642	1,146	1,133	695
Labour and Trade Union Relation	1,942	3,292	7,109	5,729
Skills Dev. and Vocational Training	6,403	10,692	12,017	9,591
Health, Nutrition & Indigenous Medicine	113,749	148,184	198,838	160,972
Fisheries & Aquatic Resources Dev.	8,069	6,081	6,812	5,671
Total Expenditure on Seven Ministries	183,116	252,511	306,923	201,607
Total Government Expenditure	2,660,856	3,338,000	3,699,593	3,334,205
Aggregate share in total Public Expenditure	6.88	7.56	8.30	6.05

Source: Government Budget, 2017 Ministry of Finance, Sri Lanka.

In measuring the gender sensitiveness of the fiscal policy of the government, Figure 1 shows the fluctuations of total allocated expenditure for ministries and the total government expenditures on women empowerment²⁹.

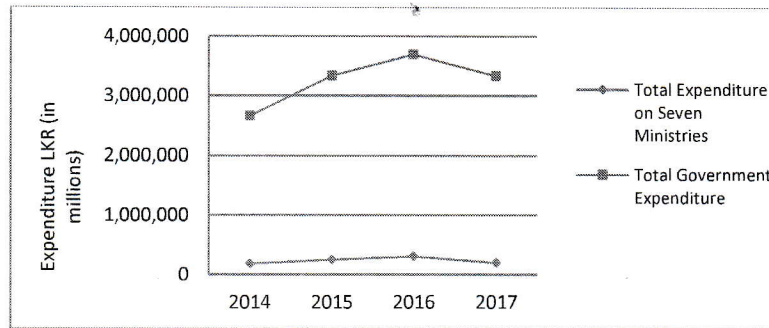


Figure 1 Share of Expenditure on Seven Ministries 2014-2017 (Rs. million)

Furthermore, the aggregate share of these seven ministries in total public expenditure has increased up to 2016 and then decreased to 6.05 percent by 2017. This indicates the inadequate and falling trend in the gender sensitiveness of the budgetary allocations.

Turning to the socio-economic impact of the expenditure invested on seven ministries, we can analyse the effectiveness in eliminating gender inequality in Sri Lanka. The relevant data in Table 7 shows that even if governments continue to spend public monies through various ministries towards reduction of female unemployment the expected results fall behind the expected level.

Table 8 Expenditure on Skills Development and Vocational Training and Gender-wise Unemployment Rates 2014-2017

Year	Expenditure in Rupees million	Female Unemployment	Male Unemployment
2014	6,403	6.5	3.1
2015	10,692	7.6	3.0
2016	12,017	7.0	2.9
2017(Quarter 1)	9,591	6.5	2.7

Source: Government Budget, 2017 and CBSL

According to the Government budget 2017, expenditures specifically targeted to women and girls in Sri Lanka sum up only less than 0.05 percent of the total budget. It is also observed that the net investment of new women empowerment

²⁹ The seven Ministries are namely Women and Child Affairs, Social Empowerment and Welfare, Foreign Employment, Labour and Trade Union, Skills Development and Vocational Training, Health, Nutrition and Indigenous Medicine, Fisheries and Aquatic Resources Development.

program “Kantha Saviya” is LKR 45 million out of LKR 1,295 million allocated to Ministry of Women and Child affairs. However, there is no transparency to verify that allocated funds are spent on the targeted programs. From the literature review, it is identified that countries like Canada issued Gender Budget statement along with the annual budget. This allows to identify how each budget gives priority to eliminate gender inequality (Chakraborty, 2003).

Present government has taken actions under the budget 2017, to increase the female labour participation by 40 percent by 2020 which was at 36 percent in 2016. The government found that one of the major reasons for lower participation of women in labour force is lack of good child care and as a solution they proposed to initiate a mandatory requirement to have a child care center at the companies which has more than 500 employees. However, implementation of such regulation has not circulated yet and it is not mentioned under the *kantha saviya* women empowerment program 2017.

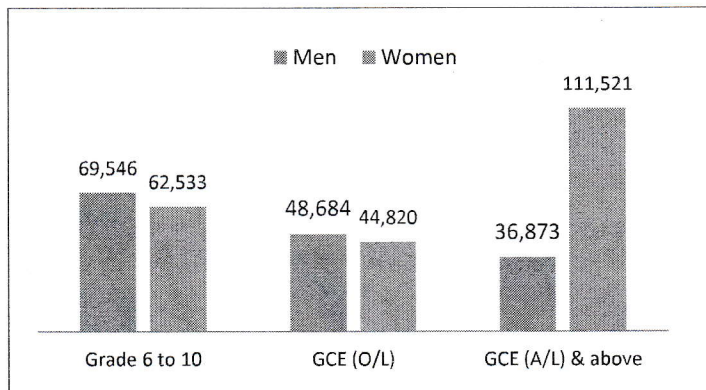


Figure 2 Unemployed Population by Level of Education -2014
Source: Sri Lanka Labour Force Survey 2015

According to Figure 2, we can identify that unemployment gender gap is at the highest level among GCE (A/L) and above education groups. This leads to a fact that the female educational achievements are not very significant in obtaining an employment opportunity in Sri Lanka.

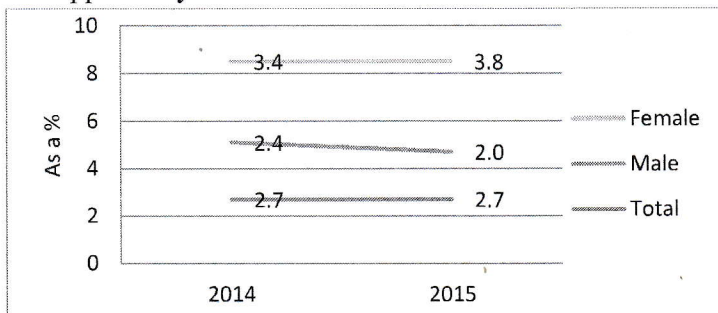


Figure 3 Underemployment Rate by Gender -2015
Source: Sri Lanka Labour Force Survey -2015

Figure 3 shows that the female underemployment is higher than that of male. This may be possible as females are discriminated in finding a job relevant to their education level at the presence of Female harassments in the interviews and promotions. A most common fact which negatively affects for females is Maternity leave. It also shows that male underemployment has reduced from 2.4 percent in 2014 to 2 percent in 2015. However, for females the situation has become worsened supporting to the above argument.

Table 9 Reasons for being economically inactive

Reason	Total	Gender	
		Male	Female
All Economically Inactive	100	100	100
Engaged in studies	23.3	38.9	14.0
Engaged in housework	47.4	5.9	61.4
Retired/Old age	24.4	34.8	16.9
Physically illness/Disabled	7.1	13.7	4.8
Other	3.8	6.8	2.8

Source: Sri Lanka Labour Force Survey -2015

The main reason for females to be economically inactive is that their involvement in housework activities. The highest reported reason for inactivity among male, is engaged in studies (38.9%) which can be acceptable since in future they will be absorbed into the labour force with more productivity. Therefore, we can see women are more vulnerable to be poor at their old age or if they become widowed.

In addition to above, 53.7 percent (1.47 million) of all of Sri Lanka's employed women are employed in the informal sector as at end 2015 and they are vulnerable to end up being poor after the retirement since the informal sector jobs deny retirement benefits.

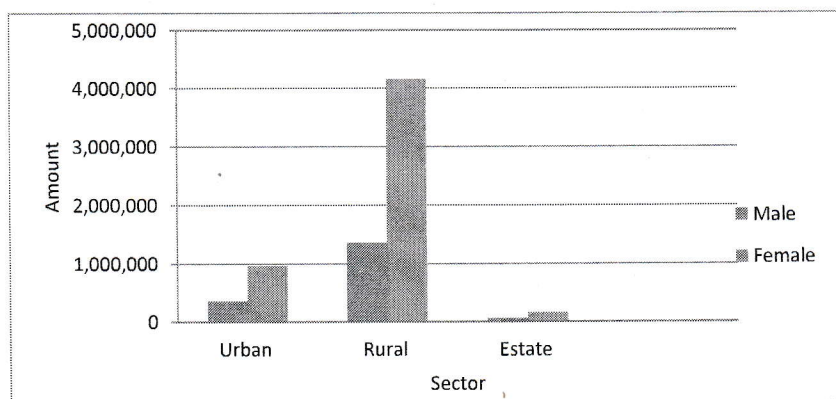


Figure 4 Economically Inactive Population by Gender and Sector

Source: Sri Lanka Labour Force Survey -2015

If we analyse the sector-wise economically inactive population, Figure 4 shows that the majority of rural sector females are economically inactive compared to urban and estate sectors. The situation is further aggravated when rural female migrate as housemaids to Middle East countries.

Figure 5 shows that foreign employment opportunities are also more favorable to males than females. Housemaid jobs are the highest in number among the job categories and that requirements are completely fulfilled by females leaving a space for Sri Lankan woman to be a victim in another country. Considerable proportion of migrant women are from rural sector to overcome poverty finally becomes the most vulnerable group to get abused by the employers.

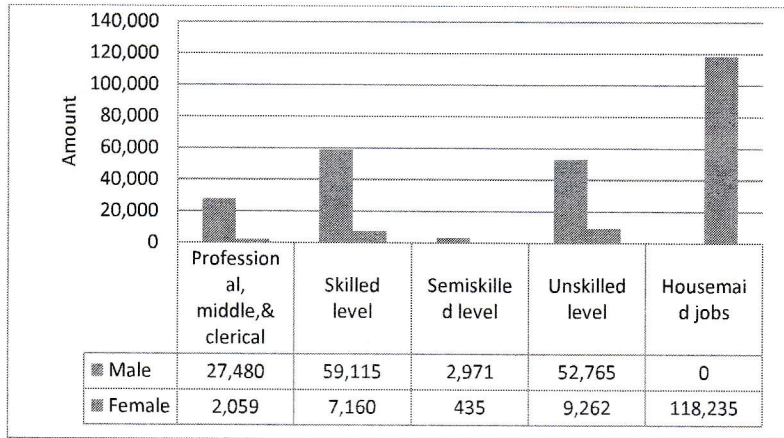


Figure 5 Departures for Foreign Employment by Workforce Levels - 2012

Source: Sri Lanka Bureau of Foreign Employment

Furthermore, Minimal Parliament representation might inversely affect for the implementation of female empowerment proposals. So gender equality development projects do not come to implementation. It is also evident that majority of voters are females and have election advantages from implementing such proposals. However, proper analysis is needed to identify effectiveness of female parliament representation on women empowerment.

Because of the theoretical and practical difficulties in determining the effect of fiscal policies and programs on women and men, and the traditionally weak voice of women in political discussions and government bureaucracies, women's developmental concerns are unlikely to be fully taken into account in public budgeting. Therefore, it is recommended to enhance the sensitiveness of fiscal policy towards gender budgeting to make female, being a significant part of the population, to be more productive and inclusive for the development process in Sri Lanka.

Keywords: *Gender inequality, Fiscal policy, Women empowerment.*

References

- Chakraborty, L. S. (2003). "Budgetary Allocations and Gender in Sri Lanka: a Categorization of Financial Inputs". *National institute of Public Finance and Policy*, New Delhi.
- International Monetary Fund. (2016). "Gender Budgeting: Fiscal Context and current Outcome", Research Department and Strategy, Policy, and Review Department, International Monetary Fund
- International Monetary Fund. (2017). "Gender Budgeting in G7 Countries". International Monetary Fund.
- Ministry of Finance (2017). "Government fiscal operation". Ministry of Finance, Sri Lanka.
- Ministry of Women and Child Development Affairs (2017). "National Action Plan on Women Headed Households 2017-2019". Ministry of Women and Child Development Affairs, Sri Lanka.