People’s Republic of China (including Hong Kong and Macao)

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(This country profile is available online at www.unisa.edu.au/genderbudgets)
1 People’s Republic of China

1.2 Background

China’s landmass makes it the fourth largest country in the world and it borders several countries including Afghanistan, Bhutan, Burma, India, Kazakhstan, North Korea, Kyrgyzstan, Laos, Mongolia, Nepal, Pakistan, Russia, Tajikistan and Vietnam. With a population of 1.33 billion (see table), China is home to one fifth of the world’s people, 45% of which reside in urban centres. While Han Chinese make-up 91.5% of its population, 55 ethnic minorities have been identified (CIA 2009c; French 2005). Mandarin is the official language and is spoken by 53% of the population. Numerous languages and dialects are spoken in China (French 2005).

In 1949 Mao Zedong, leading the Chinese Communist Party, proclaimed victory over the Kuomintang (KMT) or Guomindang, putting an end to a long conflict, and establishing the People’s Republic of China. The National People’s Congress is the highest state political structure. The 2008 National People’s Congress confirmed the appointments of President Hu Jintao, also the General Secretary of the Chinese Communist Party, and Premier Wen Jiabao (DFAT 2009).

<table>
<thead>
<tr>
<th>Socio-economic indicators</th>
<th>[1,33 billion]</th>
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<tbody>
<tr>
<td>Population in 2008</td>
<td>[1,33 billion]</td>
</tr>
<tr>
<td>Projected population change 2008–50</td>
<td>8% (1,44 billion)</td>
</tr>
<tr>
<td>GDP per capita (PPP $US) 2005</td>
<td>6,757</td>
</tr>
<tr>
<td>Proportion (percent) of population below the Poverty Line ($1 PPP a day) 2005</td>
<td>10.8%</td>
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</tbody>
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<thead>
<tr>
<th>Gender equality indicators</th>
<th>[20.3%]</th>
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<tbody>
<tr>
<td>Seats in parliament held by women (% of total) 2007</td>
<td>20.3%</td>
</tr>
<tr>
<td>Maternal Mortality Ratio (per 100,000 live births) 2005</td>
<td>45</td>
</tr>
<tr>
<td>Adult literacy rate, females (aged 15 and older) 1995 - 2005</td>
<td>86.5%</td>
</tr>
<tr>
<td>Adult literacy rate, males (aged 15 and older) 1995 - 2005</td>
<td>95.1%</td>
</tr>
<tr>
<td>Gross secondary enrolment: Ratio of female rate to male rate, 2005</td>
<td>1.0</td>
</tr>
<tr>
<td>Gross secondary enrolment: Female ratio (% of the female secondary school aged population), 2005</td>
<td>74%</td>
</tr>
<tr>
<td>Share of women in wage employment in the non-agricultural sector (% of total employment in the sector) 1999</td>
<td>39.1%</td>
</tr>
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<th>Budgetary indicators</th>
<th>[1.9%]</th>
</tr>
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<tr>
<td>General Government public expenditure on education (% of GDP) 2002–05</td>
<td>1.9%</td>
</tr>
<tr>
<td>General Government public expenditure on education (% of total outlays) 2002-05</td>
<td>13.0%</td>
</tr>
<tr>
<td>General Government public expenditure on health (% of GDP) 2004</td>
<td>1.8%</td>
</tr>
<tr>
<td>General Government public expenditure on health (% of total government expenditure) 2005</td>
<td>1.0%</td>
</tr>
<tr>
<td>Central Government military expenditure (% of GDP) 2005</td>
<td>2.0%</td>
</tr>
<tr>
<td>Central Government public expenditure on defence (% of total outlays) 2007</td>
<td>Not available.</td>
</tr>
</tbody>
</table>

Open Budget Index: Overall Score 14%. Provides scant information to public in its budget documents during the year.

In its early days, the communist regime moved from political gradualism and a Soviet-style command economy to more radical programme known as the "Great Leap Forward" (DFAT 2009). However, since 1978 China has undergone a significant transformation from a highly centralised planned economy to an open market economy. China has also undertaken significant reforms including de-collectivisation and land tenure reforms, promotion and privatisation of enterprises, state sector reforms and policies to encourage foreign direct investment and trade liberalisation (Berik, Dong and Summerfield 2007). It experienced rapid economic growth averaging 9.8% per year from 1978 to 2007. China is now the fourth largest economy in the world with a GDP of 6% of the world’s total. GDP per capita increased from 379 yuan in 1978 to 18,934 yuan in 2007 – representing a 4,896% increase over the period (Ministry of Foreign Affairs, People’s Republic of China and United Nations Country Team in China 2008). The Human Development Report reported a per capita income of US $6,757 in 2005 (see table) with 10.8% of the population living on less than one dollar a day (see table). Between 1990-2007 absolute poverty, which predominates in rural areas, has decreased from 85 million to 14.79 million (Ministry of Foreign Affairs, People’s Republic of China and United Nations Country Team in China, 2008: 1).

AusAID (2009) observed that the quality of life of the Chinese population has increased over the past two decades with ‘some 200 million people lifted out of poverty’. China, a medium development country, ranked 81/177 on the Human Development Index in 2005. In relation to the MDGs, the UNDP (2008) observed that ‘most targets have been met or exceeded seven years in advance, including for poverty, hunger, illiteracy, and under-five mortality rates’. China has also achieved universal access to primary education. However challenges remain with the acceleration of industrialisation and urbanisation increasing pressures on the eco-system, water resources and biodiversity. In addition, the gap between urban and rural has widened with China holding the second highest imbalance in the urban-rural ratio of income per capita in Asia – recorded in 2007 at 3.3:1 (UNDP 2008).

Berik, Dong and Summerfield (2007) observed that the openness that has been pursued by the government in economic terms has not been coupled yet with progress in democratisation. Human Rights Watch has reported that fundamental rights and freedoms are limited in China, with the government directly controlling judicial institutions and the national and international media organisations. Further this organisation reported that Chinese ‘increasingly are taking to the streets, with tens of thousands of public protests, at times violent, now taking place across China each year’ (Human Rights Watch 2009).

In the opening ceremony for the UN’s Fourth World Conference on Women (1995), President Jiang Zemin said: ‘We in China have made gender equality a basic state policy in promoting social development’ (World Bank 2002: 8). While gender equality policy in China dates back to 1949 (OECD 2009) significant challenges remain. Berik, Dong and Summerfield (2007) argue that the efforts to open the economy have increased gender inequalities along with other forms of inequality. China is ranked 73/177 in the 2007/08 Gender related Human Development Index (GDI) and a value of 0.776. The share of women in wage employment in the non-agricultural sector was 39.1% in 1999 (see table). In 2000, the gender imbalance in the sex ratio at birth was 116.86 males to 100 females. In the political arena, women represented 20.3% of the congress (see table) yet women in the political arena tend to be in typical feminine areas. Women account for 70% of adults who are illiterate (Ministry of Foreign Affairs and United Nations System in China 2008). Throughout the 1980s and 1990s more autonomous and diverse women’s organisations emerged in a context of growth within civil society, diversification of women’s interests and a shift in the Communist Party based All-China Women’s Federation to accommodate women’s needs (Howell 2003).
1.2 Gender Responsive Budgeting in China

Public finance and governance reform efforts have been accompanied by some initial steps towards gender responsive budgeting. These activities have taken the form of research and training and have involved significant input from international agencies.

Central to the promotion of gender equality is the National Working Committee on Women and Children (NWCWC) established in 1992 to lead the implementation of the Program for the Development of Chinese Women 2001-2010 (World Bank 2002: 11; ADB 2006; NWCWC 2009). The NWCCW is also responsible for providing training on gender issues in the Central Party School and to strengthen gender analysis and planning (ADB 2006). The NWCCW is positioned in the Party structure within the All-China Women’s Federation (ACWF), a quasi-governmental agency which dates from 1949. It is mandated to represent and promote women’s rights and interests and, broadly gender equality (ACWF 2009; Howell 2003; World Bank 2002: 11). Howell (2003) has argued that ACWF is well placed for advocacy on policy-making issues while noting that the reliance on personal connections limit its success. The work of women’s organisations is underpinned by an extensive legal system, underpinned by the 1982 Constitution and the 1992 Law on the Protection of the Rights and Interests of Women, subsequently amended in 2005, to include issues such as: a national policy addressing gender equality; the promotion of women’s empowerment, including its translation into the economic and social programs; and the responsibilities of the government with regards to women’s rights (ADB 2006: xi, 79-80).

The assistance provided by international agencies has been important in raising awareness of gender responsive budgeting in China. For example, the United Nations Development Programme (UNDP) in 2007 supported the General Office of the NWCCW and the ACWF to undertake a seminar on gender responsive budgeting (Nandy 2007). A representative from the Ministry of Finance and Privatization of the Kingdom of Morocco attended the workshop. As part of the AusAID funded China Australia Governance Program 2005-10, there has been some work done involving the ACWF to demonstrate how gender could be mainstreamed (communication with consultant 19/5/10). In 2008/09 the Asia Foundation financed several analyses coordinated by the China Development Research Foundation on the expenditures of several Chinese provinces as part to the Asia Foundation’s ‘Background study of the project of gender-sensitive budget: Female migrant workers budget’ (China Development Research Foundation 2009).

Advancing gender responsive budgeting is consistent with China’s broader efforts to improve accountability and public finance reform. The central government has undertaken steps towards fiscal reforms with the aim of improving expenditure management and making the budget more accountable and transparent (IDRC 2009). Contributing to progress in this field has been the Open Government Information Regulations (OGI), implemented in May 2008. This Regulation provides the legal basis for China’s first countrywide disclosure of government information. The OGI Regulations give a disclosure responsibility to all levels of government- central government agencies, the provinces, counties and townships (Hubbard 2008). In 2005, in support of the Government’s fiscal reforms the China Development Research Foundation (CDRF) initiated a project covering research and capacity building with assistance from Canada’s International Development Research Centre (IDRC). Its achievements included initiating the first participatory budgeting in the country, supporting research and developing a handbook on public budgeting directed at public officials. A second phase of this project is currently being implemented in collaboration with the Budget Working Committee of the National People’s Congress. This project aims to enhance skills for improved national and local budget mechanisms and processes, advance efficiency and effectiveness of public expenditures for social welfare, and build transparency and accountability (IDRC 2009).
2 Hong Kong Special Administrative Region (HKSAR)

2.1 Background
Hong Kong is a Special Administrative Region of the People’s Republic of China located in the south-eastern tip of China. This territory has a population of close to 7 million, 95% being of Chinese descent. English and Chinese are the official languages (Hong Kong Government date unspecified).

In 1997 British colonial rule (1842-1997) was ended when Hong Kong’s administration was transferred to China under the ‘one country, two systems’ principle. This principle guarantees a degree of autonomy and, for a 50-year period, the preservation of the economic, legal and social system established during British colonial rule. However defence and foreign affairs issues are managed centrally. As described by the government, Hong Kong’s legal system is grounded on common law, an independent judiciary and a free and active press (Hong Kong Government 2009). Following the 2008 elections, the Legislative Council was divided between 35 seats held by pro-Beijing supporters and 23 seats held by pro-democracy supporters. Since 2005 Mr Donald Tsang Yam-kuen has held the Chief Executive position, leading the Administrative Region’s government (CIA 2009a).

The Hong Kong government describes the country as a free trade economy with low taxation and minimum government intervention (Hong Kong Government 2009). The average per capita income in 2005 was (PPP) US$34,833 and it ranked 21/177 on the human development index (UNDP 2007/08). In 2001 in order to allay fears of monetary integration between Hong Kong and China, Mr Andrew Sheng the Deputy Chief Executive of the Hong Kong Monetary Authority, observed that the Heritage Foundation in the United States announced Hong Kong to be the ‘freest economy in the world’. The HK dollar was fully convertible with no exchange controls, interest rates were market-driven and Hong Kong had no external debt (Sheng 2001). The Government (2009: 5) described Hong Kong as ‘the world’s 12th largest trading economy, its sixth largest foreign exchange market, 15th largest banking centre and Asia’s third biggest stock market’.

The Hong Kong government, in its CEDAW report, observes women’ significant contribution to the economic, political and social life. Women’s participation in the labour force, which comprised 44% in 2002, increased to 47.9% in 1997 and again to 52% in 2002. Women represent one third of civil servants and account for close to one fourth of senior positions. However more women are engaged in lower-income jobs and casual labour (Hong Kong Government 2004b). The Shadow CEDAW report observes that women’s earnings decreased from US$1,090 in 2001 to US$1,000 in 2005, and remained significantly lower than men’s earnings recorded in 2005 at US$1,410. The proportion of women in poverty remains significant. Eighty percent of the working poor are female workers and more than 80% of single parents benefiting from public financial assistance are women. Domestic violence remains a prevalent yet neglected problem in Hong Kong (Hong Kong Women’s Coalition on Equal Opportunities 2006).

2.2 Gender Responsive Budgeting in Hong Kong
There has been significant progress in the implementation of gender mainstreaming in policy and program design, implementation and monitoring. Such progress has however had limited impact on the budget process in the HKSAR.

In 2001 the Hong Kong government established a Women’s Commission. This was followed, in 2002, by the introduction of gender mainstreaming grounded on a gender mainstreaming checklist, a gender focal points network, the collection and analysis of sex-disaggregated data and training (Hong Kong Women’s Commission Secretariat 2006: 6; Hong Kong Government...
However, in the 2006 CEDAW Shadow Report, the Hong Kong Women’s Coalition on Equal Opportunities (Coalition) (2006: 14) argues that the effectiveness and sustainability of the approach to gender mainstreaming developed by the government remained untested, with a mere 5 in 11 policy bureaus and 10 in 67 government agencies having used the checklist in 19 policy areas. Further, the Coalition (2006: 14) notes that: ‘there is no mention of any gender budgeting or resources allocation in the process of implementing gender mainstreaming'. Recent budgets have made reference to specific programs for women. For example, in the 2009/10 budget speech the Hong Kong Financial Secretary made particular mention of ongoing funding of HK$20m for the next 3 years towards the Capacity Building Mileage Programme launched by the Women’s Commission in 2004. The government argues the programme which had enrolments exceeding 28,000 since its launch, indicates its commitment to the ‘learning needs of women at the grassroots level’. Women of different backgrounds and educational levels are encouraged to pursue lifelong learning and develop a positive mindset and outlook on life. The 2009/10 budget allocation sought to provide fee remissions for women with financial difficulties (Hong Kong Financial Secretary – Tsang John 2009: 46).

3 MACAO Special Administrative Region (MSAR)

3.1 Background

Macao is a Special Administrative Region of the People’s Republic of China, with a population of half a million, 94.3% of which of Chinese descent (CIA 2009b). Chinese and Portuguese are the official languages, however a mere 0.7% speaks Portuguese. (Macao Government 2007).

The administration of Macao was transferred to China in 1999, putting an end to four centuries of Portuguese colonisation (CIA 2009b). The MSAR is grounded on the principle of ‘one country, two systems’ which maintains for a period of 50 years the existing legal, social and capitalist economic system. With significant autonomy the MSAR holds administrative power and an independent judiciary (Macao Government 2009b). Similar to the HKSAR, defence and foreign affairs issues are managed centrally by China. Elected in 2009 Mr Fernando Chui Sai-on is the new Chief Executive. The local-Legislative Assembly includes 12 members directly elected, 10 indirectly elected and seven nominated by the Chief Executive (CIA 2009b). Following elections in 2009, eight parties hold a seat in the Assembly and professional and business groups hold 10 seats (Tribunal de Ultima Instancia 2009).

Macao is a small and open economy driven by tourism and gaming industries. In 2007, per-capita GDP reached $36,144. The gaming industry contributed about 30% to GDP over the 2000s (Macao Government 2009a). In 2001 Macao opened the locally-controlled casino industry attracting significant foreign investment and Macao has become the world’s largest gaming centre (CIA 2009b). Tourism has been on the rise with a record 30 million visitors in 2008. Textile and garment exports generated in 2008 $1.1 billion short of the $13.7 billion generated by the gaming industry (CIA 2009b). Unemployment was estimated, in the fourth quarter of 2008, at...
3.3% (Macao Government 2009a). With regards to the MDGs the government describes the level of progress as ‘advanced’ with some targets achieved and ‘advancement in relation to others is being made (Macao Government 2009c: 4).

In 2009 the government (2009c: 4) argued that the MDG 4 on gender equality had been ‘partially attained’. While women’s education performance is higher than that of men, inequality within the economic realm remains prevalent (Macao Government 2009c). Female labour force participation was estimated at 65.1% against 76.6% estimated for male (Macao Government 2009a). Women accounted, in 2007, for 46.4% of the total labour force and 37% of the public service. The skilled job ratio between men and women was estimated at 1.41:1. Women comprised 20.7% of the members of the Legislative Assembly, including its President. While significant efforts have been directed at improving women’s safety, domestic violence remains an area of concern (Macao Government 2009c).

3.2 Gender Responsive Budgeting in Macao

A significant development with regards to institutional arrangements to promote gender equality and women’s empowerment has been the establishment of the Consultative Commission for Women’s Affairs. The Consultative Commission for Women’s Affairs is responsible for, among other, assisting in strengthening the dialogue between government and women and assist in policy processes that relate to women. However these institutional arrangements have yet to been translated into the budget process and system (Macao Government 2009c).

No record has been found of initiatives or efforts to implement gender responsive budgeting framework in MSAR. In fact in 2009 the government (2009c: 3) explicitly rejected gender-specific initiatives when stating:

[the MSAR public budget is not gender-specific. Allocation of funds is objective and follows strict rules of law. Hence, it is no-discriminatory and equally accessible to both genders, depending solely upon the nature of the measures, for instance, there are some measures that benefit in specific women, as it is the case of maternity care-related benefits, while there are other measures that benefit other specific groups of people, such as children and old age persons. (Macao Government 2009c: 3)
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