

Integrating Gender into Government Budgets within a Context of Economic Reform*

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Introduction

Over the past decade there has been a growing recognition of the importance of macroeconomic policy in shaping women's living standards and their prospects for economic empowerment. It can worsen or improve the living standards of different groups of women and contribute to narrowing or widening gender gaps in incomes, health, education, nutrition, etc. The Commonwealth, in its work on women and structural adjustment, pioneered this recognition of and investigation into the implications of macroeconomic policy for women (Commonwealth Secretariat, 1989).

There has also been growing understanding of the way in which gender inequality can constrain the outcomes of macroeconomic policy. For example, economic reforms with decreased incentives can reduce women's output, or restricted access to education or training can hamper women's ability to develop their human resources (Haddad *et al.*, 1995; Cagatay, Elson and Grown (eds), 1995; World Bank, 1995; Palmer, 1995).

One of the most important areas of macroeconomic policy is the national budget. The following section provides a rationale for gender responsive budgets. It then offers a wide range of analytical tools for the integration of a gender perspective into national budgets, with an emphasis on public expenditure. These tools should be applied according to national circumstances.

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The Economic Costs of Gender Inequality

There is growing awareness that gender inequality is inefficient; it is not only costly to women, but it is also costly to children and to many men. It exacts costs through lower output, reduced development of people's capacities, less leisure and diminished well-being. Women's economic empowerment would provide the possibility for all countries to have some combination of increased productivity, improved human resources, less stress and better overall health.

1. Research on agricultural productivity in Africa shows that reducing gender inequality could significantly increase agricultural yields. For instance, giving women farmers in Kenya the same level of agricultural inputs (seeds, fertilisers, pesticides, etc.) and education as men farmers could increase yields obtained by women farmers by more than 20 per cent (Saito and Spurling, 1992).
2. Research on economic growth and education shows that failing to invest in female education lowers the gross national product (GNP). Everything else being equal, countries in which the ratio of female-to-male enrolment in primary or secondary education is less than 0.75 can expect levels of GNP that are roughly 25 per cent lower than countries in which there is less gender disparity in education (Hill and King, 1995).
3. Research on gender inequality in the labour market shows that eliminating gender discrimination across occupations and in salaries and benefits could increase not only women's income but also national income. For example, if gender inequality in the labour market in Latin America were to be eliminated, not only could women's wages rise by about 50 per cent, but national output could rise by 5 per cent (Tzannatos, 1991).
4. Gender inequality also reduces the productivity of the next generation, while the World Bank reports mounting evidence that increases in women's well-being yield productivity gains in the future. The probability of children being enrolled in school increases with their mother's educational level, and extra income going to mothers has a

more positive impact on household investment in nutrition, health and education of children than extra income going to fathers (World Bank, 1995).

5. Research shows that gender inequality hampers a positive supply response to structural adjustment measures. When crop prices rise, economists expect farmers to produce more. But if the payments go mainly into the hands of male farmers, women farmers will not have a direct incentive to produce more. Even if some of the money does find its way to women farmers, they may not have time to produce more for the market because they are already at full stretch producing for their families, collecting water and fuel and looking after their children (Brown, 1995).

Women's time burdens are an important constraint on growth and development – women are an over-utilised, not an under-utilised resource. The benefits of reducing this gender-based constraint can be considerable. For instance, a study in Tanzania shows that reducing such constraints in a community of smallholder coffee and banana growers increases household cash incomes by 10 per cent, labour productivity by 15 per cent and capital productivity by 44 per cent (Tibaijuka, 1994).

It is important to be clear that recognising gender inequality as an efficiency issue does not mean seeing women instrumentally as a resource to be used by others for increasing productivity and growth. Rather the message is that if women themselves have more control over resources there will be gains for society as a whole; but if gender inequality persists, there will be continuing losses for society as a whole.

The Economic Gains from Gender Responsiveness

Macroeconomic policy can increase, reduce or leave unchanged the losses to society from gender inequality. This could occur through direct efforts and indirect effects. The examples from the previous section will be used to show how this might happen, through actions that alleviate or exacerbate gender inequality.

Productivity of women farmers in Africa. Macroeconomic policy could increase productivity by promoting a higher level of agricultural inputs and education for women or reduce it by lowering levels of inputs and education for women. An increase could occur through direct efforts, for example, by increasing public expenditure on schooling, extension services and credit (and possibly input subsidies) to women. An increase could also occur through indirect effects, for example, if macroeconomic policies promoted increases in family income which lead to families educating daughters to the same extent as sons; or promoted the increased provision of physical infrastructure (like water, sanitation, electricity) which releases more of adult women's time from domestic responsibilities to learn how to use new inputs. However, macroeconomic policy could also result in a lower level of education and inputs for women farmers. This might come directly from reductions in public expenditure on education and restrictions on credit and the abolition of subsidies. It might also come indirectly through policy-induced falls in family income which reduce the ability and willingness to educate daughters; or by promoting reduced provision of physical infrastructure, thereby increasing women's total time burdens so that they are less able to spend time learning how to use new inputs.

Gender disparities in education. Macroeconomic policy can increase losses in potential GNP if it increases gender gaps in education. This can happen directly through reduced expenditure on education, and indirectly through increases in family poverty. However, losses can be reduced if macroeconomic policies promote increases in expenditure on education, especially at the primary level, and at the same time reduce family poverty so that families can afford to send daughters to school.

Labour market inequalities. Macroeconomic policy can reduce labour market inequality directly by extending public sector employment for women, since gender inequality in employment in the public sector is generally less than in the private sector, or by removing differentials in salaries, conditions or employment opportunities between men and women through employment policies. It can reduce labour market inequality indirectly by promoting forms of economic growth that create new jobs for women, such as an expansion of

the garment or electronics industry. However, care has to be taken that inequalities in total workload – paid and unpaid – are not at the same time increased.

The supply response to structural adjustment measures.

Macroeconomic policy can intensify rather than alleviate the ways in which gender inequality constrains women's ability to increase production in response to structural adjustment measures. Gender inequality can constrain the supply response (changes in output) if women have many other demands on their time – producing food, fetching water and fuel, caring for children – and if they have the prime responsibility for cushioning their families against insecurity and change. These constraints would be intensified directly if macroeconomic policies reduce the provision of social and infrastructural services that cause an increase in women's time-burdens. They would be intensified indirectly if macroeconomic policies increase the insecurity and change to which families are subject.

These examples demonstrate the importance of analysing whether macroeconomic policy increases or reduces the costs to society from gender inequality. There are clear gains if macroeconomic policy can be designed in ways that reduce or eliminate gender inequality. The gains to society from the reduction of gender inequality can be a combination of impacts, which include:

- ◆ increased output of goods and services;
- ◆ increased leisure;
- ◆ increased capability to live a satisfying life (such as the enjoyment of good health, exercise of skills and participation in decision making);
- ◆ increased conservation of the environment.

Macroeconomic Policy and the National Budget

Macroeconomics looks at an economy as a series of aggregates of goods and services: the GNP, exports, imports, savings, investment, public expenditure on services and income transfers, and public revenue (from taxes and user charges).

Macroeconomic policy generally attempts to steer the economy as a whole towards achieving sustainable improvements in national output and incomes (e.g. full employment, rising incomes, stable prices). However, improvements will not be sustainable if they are based on unmanageable deficits in the balance of payments and in the national budget (which brings together public expenditure and public revenue). So a great deal of attention is focused on these twin deficits, as well as on the rate of inflation, the rate of unemployment and the rate of growth.

There is a tendency to assume that there is no need for macroeconomic policy to pay explicit attention to human development objectives. Problems of poverty and inequality would be resolved by 'trickle down' of benefits from the macroeconomic aggregates (and national economic prosperity). However, there is growing recognition that 'trickle down' is not automatic; rather, concerns of poverty and inequality, including gender inequality, need to be brought directly into the framework of macroeconomic policy.

There are three key forms of macroeconomic policy:

- ◆ exchange rate policy (e.g. currency appreciation and depreciation);
- ◆ monetary policy (e.g. money supply and interest rates); and
- ◆ fiscal policy (e.g. taxation and public expenditure).

These three types of policy are used in combination in stabilisation and structural adjustment programmes and in restructuring economies to meet the challenges of changing international patterns of investment and production.

Fiscal policy is considered to be the most promising entry point for integrating a gender analysis. There are a variety of instruments of fiscal policy, which can be grouped under revenue or expenditure:

Revenue instruments: Taxes: e.g. income tax, expenditure tax (e.g. value added tax, or VAT), wealth tax, land tax, tariffs on imports, capital gains tax, inheritance tax. User charges: e.g. for electricity, water, education, health.

Expenditure instruments: Transfers: e.g. pensions, unemployment benefits, maternity benefits. Subsidies: e.g. food subsidies, export subsidies. Services: e.g. law and order, health, education, roads.

Typically these are all brought together in a national budget, which is prepared annually and sets out tax and expenditure plans for the coming year. If expenditure is greater than revenue there is a deficit; if revenue is greater than expenditure, a surplus. The budget is often accompanied by a review of budget outcomes and macroeconomic performance in the previous year and, in a 'medium-term expenditure framework', projections of budget outcomes and macroeconomic performance for future years. For countries undergoing stabilisation or structural adjustment programmes, the medium-term expenditure framework will be related to a policy framework paper.

The budget, on the face of it, appears to be a gender-neutral policy instrument. It is set out in terms of financial aggregates: totals and sub-totals of expenditure and revenue, and the resulting budget surplus or deficit. There is no particular mention of women, nor a particular mention of men either. However, this appearance of gender neutrality is more accurately described as 'gender blindness', since the national budget generally ignores the different socially determined roles, responsibilities and capabilities of men and women, and usually overlooks the different impacts that policies have on men and women in the country.

Gender blindness exists in the conceptual frameworks and statistics used to prepare national budgets (see Waring, 1989; Cagatay, Elson and Grown (eds), 1995). They fail to recognise that:

1. Women's contribution to the macroeconomy is underestimated because of biased markets and missing and incomplete statistics;
2. There is an unpaid economy (which has been variously labelled 'domestic', 'social reproduction', 'reproductive') in which women do most of the work of caring for and maintaining the labour force and the social framework or social capital (neighbourhood networks and voluntary

organisations, formal and informal), which are vital services for the paid economy; and,

3. The parameters of aggregate production, savings, investment, imports and exports in the paid economy may be sensitive to different patterns of gender relations and gender distribution of resources.

Integrating Gender into the National Budget: Applying Analytical Tools

Formulation of a national budget involves decisions at three levels:

- ◆ **Aggregate macroeconomic strategy.** Is the overall deficit or surplus appropriate? Is the medium-term economic policy framework sustainable?
- ◆ **Composition of expenditures and revenues.** Is the mix of spending and taxing appropriate?
- ◆ **Effectiveness of service delivery.** Does the public sector provide the required level and pattern of services to firms, families and communities?

A range of tools for integrating gender into these three levels of decision-making is available. They can be used individually or in combination, depending upon the circumstances of the country. The most readily implementable options relate to efficiency of service delivery and composition of expenditures, but some tools are also available in relation to taxation and aggregate macroeconomic strategy. A comprehensive strategy could use the full range of tools to produce a gender responsive budget (GRB) statement and a gender-aware medium-term economic policy framework, possibly supported by a gender management system (GMS). But more partial strategies can also bring about considerable improvements. Six tools that have proved particularly useful are listed in Annex 1 with examples of their use.

The tools addressed below are mainly concerned with public expenditure, as commissioned by the Commonwealth Secretariat for this programme. It would be appropriate to have a follow-up component which addresses revenue raising measures – transfer payments, taxes and user charges; and to encourage the implementation of this programme in developed countries as well as in developing countries.

Integrating Gender into the Appraisal of the Effectiveness of Service Delivery

The effectiveness of public expenditure is conventionally judged in terms of the achievement of intended results at the lowest possible cost. From a gender perspective, it is important to ask: 'results for whom?' and 'costs to whom?'. Do the outcomes meet the needs of women as well as men? Are men and women equally satisfied with the quality of services provided? Is the quality assessed in ways that take account of the needs of users for 'user-friendly services'? Are the costs and benefits measured in a comprehensive way? Do the intended results include reduction of gender inequality? A range of techniques are available or might be developed for addressing these questions:

- ◆ needs assessments;
- ◆ analysis of 'quality of service' indicators;
- ◆ beneficiary assessments;
- ◆ assessments of 'invisible' costs; and
- ◆ assessments of benefits of equal opportunities in service delivery.

Needs assessments: Needs assessments attempt to establish what services are required and where, and are typically carried out by gathering quantitative data on the demographic characteristics, income levels and services available in localities throughout the country and combining these into poverty indicators of various kinds. The problem is that the data is often not disaggregated by gender, and the needs are not defined from the point of view of the users of services. Moreover, the need for time is not generally considered and time-poverty is neglected. However, a useful point of departure is provided by some of the more participatory and gender-aware World Bank Poverty Assessments (e.g. World Bank, 1994), and by a variety of case studies conducted by Women's Studies Institutes and women's organisations, using participatory appraisal methods.

Analysis of quality service indicators: An analysis of 'quality of service' is done through constructing a series of quantitative

indicators (enrolment rates in schools, bed occupancy rates in hospitals, number of connections of households to water and sanitation systems). However, there are well known problems. One is that it is easier to measure inputs than outputs. All of the above measures are actually input measures, but we really need to know how many students passed their exams, how many patients were cured and how many households had reliable supplies of clean drinking water. In addition, the indicators may not measure the qualities that matter most to users of the services. It is obviously essential to make sure the indicators are disaggregated by gender.

Beneficiary assessments: A beneficiary assessment tries to ascertain the views of actual and potential beneficiaries, to see how far service provisions meet their own perceptions of what their needs are. Beneficiary assessments are best conducted using qualitative interviewing or focus group methods. Care must be taken to conduct them in ways that permit and encourage women to express their views. It is particularly important to assess whether measures that are supposed to improve effectiveness actually do improve the quality of service from a beneficiary's perspective.

Assessment of 'invisible' costs: From a gender perspective it is important to define costs so as to include costs in terms of time as well as money. Many current changes in the organisation of service delivery appear to improve efficiency but in reality transfer costs from the monetary budgets of the public sector, where they are visible, to the time budgets of women in families and communities, where they are generally invisible. Every proposal to improve the efficiency of a service should be scrutinised for the real extent of its 'cost saving' measures. For example, when medical services are reorganised so as to save costs by discharging patients more rapidly from hospitals, does this simply transfer costs of care from paid hospital staff to unpaid women in families and communities? If so, this is not a saving in costs, but a transfer of costs.

Assessment of benefits of equal opportunities in service delivery: Public sector employment policies can help to transform gender relations throughout the economy by offering innovative equal opportunities and family-friendly employment

practices. A gender-blind cost benefit calculus may see these policies as 'too expensive'. A gender-sensitive cost-benefit calculus will see that such policies set standards and promote better practices throughout the economy, reducing the extent of gender discrimination in labour markets and enhancing women's ability to invest in the human resource development of themselves and their children, with resulting efficiency gains.

Public sector procurement policies can also help offset existing gender disadvantage, producing benefits that ripple through the larger economy. Procurement policies in some countries (such as South Africa) are already linked to equal opportunities policies directed at reducing disadvantages of race as well as gender. Measures include:

- ◆ simplifying the tender process;
- ◆ easier access to tender information; and
- ◆ unbundling of large contracts.

To reduce inequality, consideration may also be given to the use of short-term 'price preferences' and quota or target systems biased in favour of women-owned businesses. Such businesses may be allowed to win a contract at a price which is a little above the lowest bid from a business owned by a man.

Integrating Gender into Appraisal of the Composition of Public Expenditure

Different patterns of expenditure and taxation have different implications for women and men and differentially affect their abilities to contribute to production for the market and the care of families and communities. In the language of economics, these different patterns 'crowd-in' or 'crowd-out' supply responses of men and women to macroeconomic strategies.

Rhonda Sharp (1990), an economist and policy analyst who has worked extensively on the integration of a gender analysis into the Federal and State Budgets in Australia, suggests a conceptual framework for reporting the expenditure of each government department within three categories of expenditure: expenditure specifically targeted at women; equal opportunity

initiatives in the public sector; and gender impact of mainstream budget expenditure. Pictorially she presents it this way:

TOTAL BUDGET EXPENDITURE



Specifically identified gender-based expenditures of government departments and authorities

- ◆ Women's health programmes;
 - ◆ Special education initiatives for girls;
 - ◆ Employment policy initiatives for women;
- and so on



Equal employment opportunity expenditure by government departments and authorities on their employees

- ◆ Training for clerical officers or women managers;
 - ◆ Rewriting job descriptions to reflect equal employment opportunity principles;
 - ◆ Provision of crèche facilities;
 - ◆ Parental leave provisions;
- and so on



General or mainstream budget expenditure by government departments and authorities assessed for its gender impact

Does the education budget, minus the above two types of expenditure, reflect gender equity objectives?

Who are the users of hospital services?

Who receives agricultural support services?

Decisions about the allocation of expenditure to different uses are generally made without considering the gender distribution of benefits and costs. A number of tools are available which help to fill this gap and to throw light on the gender implications of 'general or mainstream' expenditure. These are:

- ◆ public expenditure incidence analysis;
- ◆ budgetary institutions;
- ◆ gender-aware policy appraisal; and
- ◆ women's or gender budget statement.

Public expenditure incidence analysis: A useful tool for helping to assess the distribution of public spending by gender is public expenditure incidence analysis (or benefit incidence analysis). It can provide one way of assessing how gender-inclusive such expenditure actually is by comparing the distribution of spending between men and women, boys and girls.

The first step is to analyse the net unit costs of providing any service, i.e. the annual total costs of public provision of the service minus the proceeds of any cost recovery measures (e.g. user charges). This total is then divided by the annual number of 'units' of the service provided (e.g. the number of hospital beds or school places). The second step is to analyse the pattern of utilisation of the services, for instance, how many 'units' were utilised by poor households and how many by rich households.

The information on net unit costs of service provision can be brought together with the information on utilisation rates to calculate the level of net resource transfer to poor households and to rich households. This statistic is called the 'incidence of public expenditure by income group'. In principle, this procedure could be extended to measure the incidence of public expenditure by gender, by examining the pattern of utilisation of services by gender, as well as by household income grouping. This has been done for health and education in Ghana (Demetry *et al.*, 1995).

Data, collected from the relevant public service providers, is required on the amount spent at national, regional and local level on provision of a particular service. This is often

surprisingly difficult to assemble and decentralisation of expenditure to lower tiers of government tends to make it even harder. The contracting out of public services may also create data problems. Definition of an appropriate unit of service is relatively easy for some services, such as health (e.g. visits to doctor) and education (attendance at school), but very difficult in the case of 'overhead' type services, such as most physical infrastructure. Data is also required on utilisation rates from regular national household surveys. Unfortunately, not all household surveys collected data on utilisation of public services and the data may not be collected on a gender-disaggregated basis. Thus, it may be necessary to improve the available database in collaboration with the Ministry of Finance, the National Audit Commission (or similar body) and the Office of Statistics.

Budgetary institutions: Budgetary institutions play an important role in the determination of patterns of public expenditure and taxation, and economic reform increasingly includes reform of budget processes, with an emphasis on improving accountability and transparency. It is therefore important to appraise the institutional gender-balance in budgetary decision-making and the interface between the Gender Management System and the Budget or Financial Management System. Here, an important tool is an analysis of the share of the total budget which goes to the Ministry Responsible for Women's Affairs compared to other Ministries and, within each ministry/department, the share of its budget controlled by its gender focal point (or comparable unit). Gender cannot be 'mainstreamed' if those who have responsibility for mainstreaming gender are not given budget allocations for this goal.

Gender-aware policy appraisal: Gender-disaggregated incidence analysis is not readily applicable to some forms of expenditure, because the services provided are not individually but collectively consumed. For example, much of the expenditure of the Ministry of Trade and Industry or Transport or Power will be difficult to subject to gender-disaggregated benefit incidence analysis. But the types of facilities provided and policies pursued by these Ministries can be appraised from a gender perspective. Here gender-aware policy appraisal can

be used instead. The key question is whether the policies are likely to reduce gender inequalities and imbalances. The Women's Budget Project in South Africa, a joint initiative of the Parliamentary Finance Committee and NGOs, provides a good example (see country profile).

Women's or gender budget statement: A women's budget statement can be an important tool for bringing together information on the implications of government expenditures for women. Such a statement does not produce a separate budget for women. Rather it attempts to disaggregate expenditure according to its impact on women. As pioneered in Australia, participating government departments were required to identify how their proposed expenditure would affect women. A women's budget statement was then synthesised by the Office of the Status of Women. The production of a women's budget statement thus requires a high degree of co-operation and some degree of commitment throughout the machinery of government. The creation of the conditions for this probably requires a substantial and well-organised coalition of supporters both inside and outside of government. A number of strengths and weaknesses of the system used in Australia, have been identified by Australian policy analysts (Sharp, 1990; Sawyer, 1996) (see below).

The effectiveness of a women's budget statement could be improved by making use of some of the analysis and indicators suggested here. Indeed some of these measures have already been introduced in parts of Australia. For instance, for the 1989/90 South Australian women's budget, departments were asked to provide their own internal indicators of progressive changes and to detail the expected future outcomes of current expenditures. However, tackling the issue of overall budgetary strategy requires going beyond a women's budget statement.

Integration of a Gender Appraisal of the Overall Macroeconomic Strategy and Medium-Term Economic Policy Framework

The appraisal of an aggregate budgetary strategy depends on a judgement about how far the budget deficit or surplus is sustainable in the future. This is conventionally judged in terms

Strengths

Awareness-raising: educational role in sensitising ministries/departments to the implications of their policies for women, and helping them to reduce their 'gender-blindness'.

Capacity building: lever for the production of gender-specific data.

Advocacy: useful resource for women in government for entering into debates about specific budgetary policies.

Weaknesses

Inability to effectively analyse the impact of 'mainstream' expenditure on women – no guidelines were provided for Departments on how to do this.

Inability to address issues of overall design of budgetary policy – e.g. how much should expenditure be cut; which expenditure should be cut.

Ignores revenue side of budget and interactions between budget expenditure in different Ministries for overall situation of women.

Does not provide quantifiable measures of improvements over time.

of whether a deficit will tend to lead to financial problems, such as accelerating inflation, balance of payments crises or an increasing and unsustainable debt burden. Although a budget surplus that tends not to lead to financial problems is not always judged to be a problem, a deficit that is too low or a surplus that is too high may lead to unemployment, poverty and low levels of capacity utilisation. This overburdens families and communities, with consequent social and economic problems, and intensifies losses due to gender inequality.

The likely sustainability of a budget deficit is often tested by using a computable macroeconomic model to simulate the likely outcomes with a range of different values for variables. But the answers will depend on the assumption built into the model. Negative feedback from overburdening families and communities is not built into such models, nor is negative

feedback due to the efficiency costs of worsening gender inequalities.

One of the factors that is usually assumed to be constant is the social framework of norms, rules and values (what some economists call the 'social capital'). For instance, to work well an economy needs a fund of goodwill, trust and acceptance of and obedience to the law. There should also be some institutions that provide social stability and security, even though the economy is changing, and that can cushion individuals against shocks and see them through times of transition and restructuring. However, the social framework may need not to be at odds with the macroeconomic policy. High and rising deficits that generate hyperinflation will tend to lead the social framework to crumble, but so also will severely deflationary policies in which the deficit is cut rapidly and extensively, creating widespread unemployment and idle capacity. Some economists are now beginning to pay attention to the interrelation between macroeconomic policies and the social framework. They are asking whether in some circumstances too rapid a deflation, as well as too rapid an inflation, runs down to dangerous levels the fund of goodwill and acceptance of social norms that is needed for economies to function well and for the stability of the wider operating environment.

A critical factor in the maintenance of the social framework is the unpaid work that women in particular devote to bringing up children to be responsible members of society, and in strengthening family and community networks and voluntary organisations. Central to the destruction of the social framework is the amount of idle time that young men have because they are denied paid work.

Two tools that are useful for examining feedbacks between macroeconomic variables and gender relations are:

- ◆ gender-disaggregated analysis of the impact of the budget on time use; and
- ◆ gender-aware medium-term economic policy frameworks.

Gender-disaggregated analysis of the impact of the budget on time use: A GRB strategy can be promoted by monitoring the time budgets of a country's citizens as well as the financial

budget of the country. This information may be available from regular household surveys. If not, then time use questions, disaggregated by gender and age, will need to be added. In the short run, useful data may be gathered by women's organisations using rapid appraisal techniques at selected sites. Such techniques include holding focus group discussions or asking members to keep a diary of what they did the day before.

Armed with time budgets, it is possible to frame another question to set alongside the question of the sustainability of the deficit in the national budget. This is: 'Is the deficit in women's time budget between the demands of unpaid work, and the time left available for it, sustainable or are the human resources of women or girls being depleted?'

If the time deficit becomes too high, there will be negative feedback effects to the market economy which reduce productivity and increase costs, very often leading to the need to increase public expenditure to repair damage to the social framework. This could include, for instance, expenditure on insurance, policing, social workers or repairs to public property. Ultimately this undermines the sustainability of the budget strategy.

Thus, if the budget deficit has been reduced by expenditure cutbacks that place great reliance on women's reproductive and voluntary work to substitute for public services, while at the same time making men surplus to requirements, then there is a danger that its sustainability will prove illusory in the long run. Certainly, budget policy will not be providing a good foundation for the longer run achievement of growth combined with human development, because it is depleting human and social resources. The same interactions might also occur if budget policy leads to high and accelerating inflation, which can also put too much strain on the time budget of the care economy, using up large amounts of time in reorganising household management in the face of corrosive uncertainties about prices.

The critical point is that a gender responsive approach to the overall budget strategy suggests that the maintenance of the social framework should not be taken for granted in judging the sustainability of budgets. Collecting time budget data is one way of making the connection. If time budgets look

unsustainable, then this points to some reconsideration of the size of the national budget deficit, the tax-expenditure mix and the composition of expenditure

Gender-aware medium-term economic policy frameworks:

Depending on the nature of the model used to simulate budget outcomes, some of the parameters may well be sensitive to the gendered nature of control over resources or the distribution of resources between women and men. For instance, the evidence on gender equality as an efficiency issue suggests that the productivity of investment could be raised by changing the gender distribution of resources in favour of women. Moreover, if women have a greater propensity to save than men, redistributing income towards women would raise the aggregate savings rate. Exploring this possibility requires some technical knowledge of modelling and cooperation with the economists in the Ministry of Finance who work with the models in use in a particular country.

A complementary strategy would be to examine the gender responsiveness of the institutional orientation or social system in which the overall budget strategy is embedded. If women have more voice in the social bargaining that, implicitly or explicitly, impacts on macroeconomic policy-making then more cooperative, less inflationary responses to any given deficit may result. For instance, owing to differences in their roles, women may have a different view than men of the trade-off between wage increases and maintenance or improvement of public sector services that support their caring roles. Women may be more prepared than men to accept limited wage increases in return for maintenance of public expenditure. A greater consideration of women's point of view should, other things being equal, lessen the risk of an inflationary spiral. This is not something that can be brought about quickly, but it should be possible to create opportunities for women to express their priorities through instruments such as attitude surveys, focus groups, public meetings and the media. This needs to be matched by an increase in the representation of women in parliament and in the executive, political and civil service, especially those determining budget policy. The outcome could be a number of different budget scenarios, depending on the gender distribution of resources and the level of empowerment of women.

The relevance of this last point is that the possibility of budget policy that is 'sound', promoting a human-centred pattern of growth, depends not only on seemingly mechanical economic factors, but also on social and political factors. Successful budget policy does require certain technical skills, and is constrained by available resources, but it is also an exercise in political economy, social bargaining and coalition building and in creating informed consent ('social contracts' or 'social compacts') around a shared vision of development. An alternative GRB and medium-term economic policy framework may be a powerful focus for such a vision.

Taking Action

Decisions on budget policy are usually taken by a small group of Ministers and officials in the Head of Government's Office, Ministry of Finance and/or Central Bank. Ministers and officials in Ministries Responsible for Women's Affairs, who are outside this group, need to engage in policy dialogue with the budget officials to promote the use of the tools identified here to bring about changes in budget policy so as to reduce gender inequality. Policy dialogue needs to be broadened through a multi-pronged strategy to incorporate the perspectives of different actors and interest groups, which could include:

- ◆ ministries/departments which are responsible for major expenditure, such as health, education and agriculture;
- ◆ parliamentarians, lawmakers and women's political caucuses;
- ◆ women's organisations, NGOs and development agencies;
- ◆ researchers, academics and policy analysts; and
- ◆ the general public.

The aim would be to stimulate demand for integrating a gender analysis into fiscal policy and the budget cycle. Ministers Responsible for Women's Affairs have a crucial role in increasing the understanding of 'why' and 'how' budgets can be made gender responsive, by:

1. Initiating a process of collaboration among officials from the Ministry Responsible for Women's Affairs,

the Ministry of Finance and the key spending ministries, together with the relevant civil society groups, to integrate a gender analysis into government budgets.

2. Promoting the development and use of gender-sensitive macroeconomic concepts and models in the design of budget policy, with the aim of producing a number of different GRB scenarios.
3. Supporting 'budget hearings' among women parliamentarians and women's organisations in order for them to voice their opinion on the gender impacts of government budgets.

The Commonwealth Secretariat has already taken measures to facilitate a policy dialogue by including gender and macroeconomic policy issues on the agenda of the meetings of Commonwealth Finance Ministers and Ministers Responsible for Women's Affairs.

Conclusion

The integration of a gender perspective into budgetary policy has both equality and efficiency dimensions, thereby contributing to more effective policy design. A gender responsive budget would create a virtuous circle in which the policy itself contributes to the reduction of gender inequality, and hence lessens gender constraints to successful macroeconomic outcomes. The result is the simultaneous improvement of economic growth and human development performance in ways that also empower women.

Annex: Gender Responsive Budget Analytical Tools¹

The tools listed below, with examples of country application, are used for carrying out GRB analysis:

Tool 1: Gender-Aware Policy Appraisal is the analysis from a gender perspective of the policies and programmes funded through the budget, which asks ‘in what ways are the policies and their associated resource allocations likely to reduce or increase gender inequality?’

Example: *The South African government’s land reform programme is proceeding at an increasing pace, with corresponding increases in expenditure for everything from owner compensation to micro-finance programmes. However, women’s access to land as well as to the financial resources necessary for its development is impeded by legal restrictions on women’s land ownership and rights to conclude contracts. Women who do have access to land tend to have access to smaller plots with poor irrigation, and women-headed households typically have no wage or salary earners. As a result, women are far less able to benefit from the reform process and related expenditures. The Department of Land Affairs has started to integrate gender concerns into its monitoring and evaluation system and has begun providing gender training for staff.*

Tool 2: Beneficiary Assessments. Beneficiary assessment is a means by which the voice of the citizen can be heard. In these exercises, the actual or potential beneficiaries of public services are asked to assess how far public spending is meeting their needs, as they perceive them. This can be done through opinion polls, attitude surveys, group discussion or interviews. Questions focus on overall priorities for public spending or on the details of the operation of public services.

Example: *In the United States, alarm over a national debt ‘crisis’ reached a peak in the mid-1990s, creating pressure to cut government expenditures in order to reduce the deficit. In 1996, the Women’s International League for Peace and Freedom initiated a Women’s Budget Project, asking women to answer a series of questions about*

¹ Adapted from Elson, 2000b.

the choices they would make in allocating national budget resources. Pointing out that few women benefit from military spending programmes because they are severely under-represented both in the armed forces and in military contractor jobs, the project calculated the costs of various defence-related programmes and compared them to potential social welfare expenditures. It then asked: Which would you choose? Fund the F-22 fighter plane programme for the current year (\$2.1 billion) or pay for the annual health care expenses for 1.3 million American women? Fund 'Sea wolf' attack submarines for the current year (\$1.7 billion) or provide low-income home energy assistance for 5.6 million households? The project estimated the savings from proposed cuts in military spending and outlined the ways in which such savings could be invested to benefit women, including employment and training programmes, campaigns against gender-based violence and services for the elderly, the majority of whom are women.

Tool 3: Gender-disaggregated Public Expenditure Incidence Analysis estimates the distribution of budget resources (or changes in resources) among males and females by measuring the unit costs of providing a given service and multiplying that cost by the number of units used by each group. Incidence analysis of public expenditure is a useful tool for helping to assess the gender distribution of public spending. It can give a sense of how gender-inclusive such expenditures actually are by comparing the distribution of the benefits of public spending among women and men, girls and boys. Similarly it can suggest the gender impact of supposedly gender-neutral budget cuts.

Example: *Changes to Sri Lanka's food ration and subsidy programme in the 1980s revealed that, despite rapid economic growth, the real value of food stamps eroded in the first half of the decade and there was a decline in the real incomes of the poor. A gender-disaggregated analysis concluded that within poor households, girls and women took the brunt of the increasing food deficit, citing higher levels of malnutrition among pre-school and school-aged girls and declining birth weights of babies born to low income mothers.*

Tool 4: Gender-Disaggregated Analysis of the Impact of the Budget on Time Use is a calculation of the link between budget allocations and their effect on how household members spend their time, using household time use surveys. Changes in

government resource allocation have impacts on the way in which time is spent in households. In particular, cuts in some forms of public expenditure are likely to increase the amount of time that women have to spend in unpaid care work for their families and communities in order to make up for lost public services. Thus whenever cuts are proposed, the question should be asked: 'Is this likely to increase the time that men and women spend on unpaid care provision?'

Example: *Between 1983 and 1985, real per-capita expenditure on health fell by 16 per cent in Zambia. People had to travel greater distances and wait for longer period of time to get treatment and drugs. Interviewed Zambian women reported having to spend more time caring for sick family members, including time spent with them in hospital providing meals and helping to nurse them.*

Tool 5: Gender-Aware Medium-Term Economic Policy Framework is used to assess the impact of economic policies on women, focusing on aggregate fiscal, monetary and economic policies designed to promote globalisation and reduce poverty. The ultimate aim of gender analyses of government budgets is to incorporate gender variables into the models on which medium-term public expenditure planning are based. This can be done by disaggregating, by sex, variables that refer to people (e.g., labour supply) or including new variables to represent the unpaid care economy.

Example: *In South Africa the government invited members of the Women's Budget Initiative to address a workshop on the development of the 1996 Medium Term Expenditure Framework (MTEF). The idea was to plan expenditure on a three-year rolling basis rather than on the present year-by-year rolling basis. It is noteworthy that while this did not mean that the MTEF would necessarily be gender-sensitive, it did signal a willingness by the Ministry of Finance to engage with gender-equality issues. In fact, the National Expenditure Survey produced by the Ministry of Finance in 1999 did incorporate more gender analysis. In Tanzania, the Ministry of Finance is seeking to integrate gender concerns into the new MTEF and performance budgeting system.*

Tool 6: Gender Responsive Budget Statement is the government report that reviews the budget using some of the above tools, and summarises its implications for gender equality

with different indicators, such as the share of expenditure targeted to gender equality, the gender balance in government jobs, contracts or training, or the share of public service expenditure used mainly by women. Any government can issue a GRB statement utilising one or more of the above tools to analyse its programmes and budgets and summarise their implications with a number of key indicators. It requires a high degree of coordination throughout the public sector and is essentially an accountability report by government regarding its commitment to gender equity.

Example: *The Commonwealth Secretariat Gender Responsive Budget Initiative identified possible indicators that could be used to prepare a GRB statement. These indicators were proposed as starting points for a continuous process of monitoring resource allocations and linking these to government commitments and policies. They included:*

- ◆ *the share of total expenditure targeted to gender equality programmes;*
- ◆ *gender balance in public-sector employment, which looks at the number of women and men at different levels and in different jobs;*
- ◆ *the share of expenditure devoted to women's priority needs from public services;*
- ◆ *the share of expenditure devoted to the national women's machinery and to the gender units within each Ministry;*
- ◆ *the share of expenditure on income transfers devoted to women's priorities, which would include child-support grants that provide monthly payments to care-givers of young children in poor households;*
- ◆ *gender balance in business support, such as the subsidies, training or credit provided by the Ministries of Trade and Industry, and Agriculture;*
- ◆ *gender balance in public sector contracts awarded, including contracts to build houses or for public works;*
- ◆ *gender balance in membership of government committees and other decision-making bodies and fora; and*
- ◆ *gender balance in government training programmes.*