

Part B

Integrating Gender Concerns Into Macroeconomic Policies



Integrating Gender Issues into National Budgetary Policies and Procedures within ontext of Economic Reform: *Some Policy Options*

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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. Macroeconomic policy 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 was a pioneer in recognising and investigating the implications of macroeconomic policy for women.[1]

There has also been growing recognition of the way in which gender inequality can constrain the outcomes of macroeconomic policy. For instance, by constraining women's supply response to economic reforms, and by constraining women's ability to invest in human resource development.[2]

The integration of a gender perspective into macroeconomic policy has therefore both an equality and an efficiency dimension. The aim is to contribute to the better design of policy. A better designed macroeconomic policy would create a virtuous circle in which macroeconomic policy itself contributes to the reduction of gender inequality, and hence lessens gender constraints to successful macroeconomic outcomes. The aim is the simultaneous improvement of growth and human development performance in ways that also contribute to the empowerment of women.

This paper offers some options for the integration of a gender perspective into fiscal policy which is one of the most important areas of macroeconomic policy. The focus is on the national budget with the main emphasis on public expenditure. A wide range of possible options is examined, which may be selected according to national circumstances.

Gender Inequality as an Efficiency Issue

There is growing awareness that gender inequality is not only costly to women, but it is also costly to children, and to many men. It exacts costs in lower output, lower development of people's capacities, lower leisure and lower well-being. If women were economically empowered, it would be possible for each country to have some combination of greater output, an increased development of people's capacities, more leisure and higher levels of well-being. In that sense gender inequality is inefficient.

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 and education as men farmers could increase yields obtained by women farmers by more than 20 per cent.[3]

Research on economic growth and education shows that failing to invest in education lowers 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.[4]

Research on gender inequality in the labour market shows that eliminating gender discrimination in occupation and pay could increase not only women's income, but also national income.

- For instance, 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.[5]

Gender inequality also reduces the productivity of the next generation – 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 more positive impact on household investment in nutrition, health and education of children than extra income going to fathers .[6]

Research shows that gender inequality hampers a positive supply response to structural adjustment measures by:

- reducing women's incentives to produce tradable goods and increasing women's time burdens.[7]

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.[8]

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.

Macroeconomic Policy and the Gains from Integrating Gender Equality Concerns

Macroeconomic policy can increase, reduce, or leave unchanged the losses to society from gender inequality. It can do this both through direct efforts and indirect effects. Let us return to some of the examples of the previous section and see how this might happen, through effects which alleviate or exacerbate gender inequality.

Productivity of Women Farmers in Africa

Macroeconomic policy could **increase** this by promoting a higher level of agricultural inputs and education for women and **reduce** this by resulting in a lower level of inputs and education for women. An increase in provision could come **directly**, by an increase in public expenditure on schooling and extension services for women, and an increase in credit (and possibly input subsidies) to women. An increase could also come **indirectly**, if macroeconomic policies promoted increases in family income which permitted families to educate daughters to the same extent as sons; or promoted increased provision of physical infrastructure (such as water, sanitation, electricity) which releases more of adult women's time for learning 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 abolition of subsidies. It might come **indirectly** through policy-induced falls in family income which restricted ability and willingness to educate daughters; or by promoting reduced provision of physical infrastructure – increasing women's total time burdens so that they were less able to spend time learning how to use new inputs.

Gender Disparities in Education

Macroeconomic policies can **increase** losses in potential GNP if they increase 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 Inequality

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. It can **reduce** labour market inequality in pay and conditions **indirectly** by promoting female-labour-intensive growth. However, care has to be taken that inequalities in the 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 supply response to structural adjustment measures. Gender inequality can constrain the supply response 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 will be intensified **directly** if macroeconomic policy reduces provision of social and infrastructural services and therefore increases women's time burdens. They will be intensified **indirectly** if macroeconomic policy increases the insecurity and change to which families are subject.

The Gains from Integrating Gender Equality Concerns

As these examples show, it is important to analyse whether macroeconomic policy increases or reduces the losses to society from gender inequality. There are clearly gains to society if macroeconomic policy can be designed in ways that reduce gender inequality.

The gains to society from the reduction of gender inequality can be taken in a mixture of ways:

- increased output of goods and services;
- increased leisure;
- increased capacities to enjoy good health, to exercise skills and participation in decision-making, to live a satisfying life;
- 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, public revenue (from taxes and user changes).

Macroeconomic policy generally attempts to steer the economy as a whole so as to achieve sustainable improvements in national output and incomes (e.g. full employment, rising incomes, stable prices). Improvements will not be sustainable if they are based on unsustainable 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 has sometimes been 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. However, there is growing recognition that "trickle down" is not automatic; and that 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);
- 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 the most promising entry point for gender-integration.

There are a variety of instruments of fiscal policy:

Revenue Instruments: Taxes: e.g. income tax, expenditure tax (e.g. 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 benefit, maternity benefit. 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 that expenditure, a surplus. It is often accompanied by a review of budget outcomes and macroeconomic performance in the previous year; and projections of budget outcomes and macroeconomic performance for future years, in a medium term framework. For countries undergoing stabilisation and structural adjustment programmes this will be related to the 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. As usually presented, there is no particular mention of women, but no particular mention of men either.

However, this appearance of gender-neutrality is more accurately described as gender-blindness. The way in which the national budget is usually formulated ignores the different socially determined roles, responsibilities, and capabilities of men and women.

The existing conceptual frameworks and statistics used to prepare national budgets are gender-blind.[9] They fail to recognise that:

- women's contribution to the macroeconomy is underestimated because of missing and biased markets and incomplete statistics;
- 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) – both vital services for the paid economy;
- 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: *Some Policy Options*

Formulation of a national budget involves decisions at three levels:

i Aggregate macroeconomic strategy. Is the overall deficit or surplus appropriate? Is the medium-term framework sustainable?

ii Composition of expenditures and revenues. Is the mix of spending and taxing appropriate?

iii 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 at these three levels of decision-making are available. They can be used alone 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-aware budget statement and a gender-aware medium term economic strategy, implemented by a Gender Management System. But more partial strategies can also bring about considerable improvements.

Integrating Gender into the Appraisal of the Effectiveness of Service Delivery

The effectiveness of 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 for 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 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;
- assessment of "invisible" costs;
- assessment of benefits of equal opportunities in service delivery.

Needs Assessments

Needs assessments attempt to establish what is needed and where it is needed 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 are 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 of Service Indicators

This is typically done by constructing a series of quantitative indicators (enrolment rates in schools; bed occupancy rates in hospitals; number of connections of households to water and sanitation system). There are well known problems: it is easier to measure inputs than outputs (all of the above measures are really input measures: we really need to know how many students passed their exams; how many patients were cured; how many households had reliable supplies of clean drinking water). Moreover, behaviour changes so as to maximise score on the chosen indicators but this may lead to worsening of indicators not chosen; for instance, the time needed to access the service is often neglected. 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 provision meets 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 which 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 costs. 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 instance, 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 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 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;
- unbundling of large contracts.

Consideration may also be given to the use of "price preferences", and quota or target systems.

Integration of Gender into Appraisal of the Composition of Public Expenditure and Taxation

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

Rhonda Sharp, an Australian policy analyst who has worked extensively on gender and 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

=

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?

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 changes) and then to divide this total 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 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.[10]

Data is required on the amount spent at national, regional and local level on the provision of a particular service, collected from the relevant public service providers. This is often surprisingly difficult to assemble and decentralisation of expenditure to lower tiers of government tends to make it more difficult. 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 the utilisation of public services. The data may not be collected on a gender disaggregated basis. Thus, it may be necessary to improve the available data base in collaboration with the Ministry of Finance, the National Audit Commission (or similar body) and the Office of Statistics.

Tax and Benefit Incidence

Gender-disaggregated incidence analysis may also be conducted for taxation and income transfers. Here again it may be necessary to improve the available database and to improve understanding of the way in which household budgets are managed. Good studies of household budget management are available for a number of countries which reveal that full pooling and sharing of all household income is far from being the norm, so that in many cases men and women manage different income streams and have different expenditure responsibilities. As a result, in many countries, the incidence of income tax would fall more directly on men than on women; whereas indirect taxation (such as VAT) on basic household goods would fall more directly on women. Similarly income transfers in the form of food subsidies or child benefits paid to care-givers impact more on women; whereas income tax allowances impact more on men.

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 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 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, the share of its budget controlled by its Gender Focal Point (or comparable office). Gender cannot be "mainstreamed" if those who have responsibility for mainstreaming gender are not given budget allocations with this goal. Consideration could be given to introducing purchaser/provider relations between Gender Focal Points or Ministries Responsible for women's Affairs, and other offices. The Gender Focal Points could then have a budget with which to commission the provision of gender-balanced services from the other sections of their Ministry.

Gender-aware Policy Appraisal

Gender-disaggregated incidence analysis is not readily applicable to some forms of expenditure, because the services provided are not individually consumed but collectively consumed. Here gender-aware policy appraisal can be used instead. 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. The key question is whether the policies are likely to reduce gender inequalities and imbalances. A good model is provided by the women's Budget Project in South Africa, a joint initiative of the Parliamentary Finance Committee and non-governmental organisations (NGO) groups.

Women's 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 the impact of their proposed expenditure on 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.[11]

Strengths

- Educational role in sensitising departments to implications of their policies for women, and helping them to reduce their "gender-blindness";
- Lever for production of gender-specific data;
- 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 and 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.

The effectiveness of a Women's Budget Statement could be improved by making use of some of the analysis and indicators suggested in this paper. 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, but tackling the issue of overall budgetary strategy requires going beyond a Women's Budget Statement.

Integration of Gender into Appraisal of Overall Budget Strategy and Medium Term Economic Framework

The appraisal of aggregate budgetary strategy revolves around the sustainability of the budget deficit or surplus. This is conventionally judged in terms of whether a deficit will tend to lead to financial problems, such as accelerating inflation; balance of payments crises; an increasing and unsustainable debt burden. The sustainability of a budget surplus is not always judged to be a problem because a surplus does not tend to lead to financial problems. But a deficit which is too low or a surplus which 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.

Maintaining the Social Framework

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 there to be a fund of goodwill, trust, and acceptance of, and obedience, to the law; and in addition some institutions that provide social stability and security, even though the economy is changing; institutions that can cushion individuals against shocks and see them through times of transition and restructuring. However, the social framework may not be invariant to 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 polices and the social framework and to ask 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.

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. A critical factor in the destruction of the social framework is the amount of idle time that young men have because they are denied paid work.

Time Budgets and Negative Feedback

A gender-aware budget 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.

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: 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, and girls, being depleted?

If this 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, for instance expenditure on insurance, policing, social workers, repairs to public property. Ultimately this undermines the sustainability of the budget strategy.

Thus if the budget deficit has been reduced by expenditure cutbacks which 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 has led 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-aware 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 Alternative Budgets and Medium Term Economic Strategies

Development of gender-aware alternative budget scenarios is another possible tool. Depending on the nature of the model used to simulate budget outcomes, some of the parameters may well be sensitive to the configuration of gender control over resources and 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 co-operation with the economists in the Ministry of Finance who work with the model used in any particular country.

A complementary strategy would be to examine the gender-responsiveness of the institutional structure or social matrix in which the overall budget strategy is embedded. If women have more voice in the social bargaining that implicity or explicitly surrounds macroeconomic policy-making, then more co-operative, 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. They may be more prepared to accept limitations in wages increases in return for maintenance of public expenditure than men. A greater weight for women's point of view will, 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 role of women in Parliament and inside government in 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", while 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, in social bargaining and coalition building, and creating informed consent ("social contracts", "social compacts") around a shared vision of development. An alternative gender-aware budget and medium term economic strategy may be a powerful focus for such a vision.

From Tools to Actions: *Identifying Options, Setting Goals and Monitoring Progress*

Decisions on budget policy are usually taken by a small group of ministers and officials concentrated in the Prime Minister's office, Ministry of Finance, and Central Bank. Ministers and officials who are outside this group, need to engage in policy dialogue to promote the use of the tools identified in this paper to bring about changes in budget policy, so as to reduce gender inequality.

The Commonwealth Secretariat has already taken measures to facilitate this policy dialogue by submitting a report on Macroeconomic Policy and Gender Issues to the Commonwealth Finance Ministers Meeting, 24-26 September 1996.

Policy dialogue needs to be broadened through a multi-pronged strategy to address several target groups:

- spending ministries;
- general public;
- women's groups;
- researchers, academics, policy analysts;
- gender analysts;
- economists;
- development co-operation agencies.

The aim would be to stimulate demand for integrating gender into budget policy.

Ministers Responsible for Women's Affairs may wish to increase understanding of how and why budgets can be made gender-aware, by:

- Organising a conference of officials from the Ministry Responsible for Women's Affairs and the Ministry of Finance, together with local and international researchers, academics and policy analysts to discuss tools for integrating gender into national budget policy.
- Promoting a Workshop to bring together economists using macroeconomic models to design budget policy and economists and gender policy analysts developing gender-sensitive macroeconomic concepts, with the aim of producing a number of different gender aware budget scenarios.
- Organising a "Budget Hearing" with women parliamentarians and women's NGOs to allow women to voice their views on the current budget.

Piloting the Use of Gender-Aware Budgetary Tools

To refine the tools identified in this paper and adapt them to the variety of different national conditions, it is desirable to conduct a series of pilot studies in 1997, to test the strengths and weaknesses of the forms of appraisal identified here, and the possibility of using them to bring about change.

The pilot studies will ideally involve collaboration between the Ministry Responsible for Women's Affairs and the women's organisations; together with spending Ministries and the Ministry of Finance; with technical assistance from the Commonwealth Secretariat; and support where appropriate from development co-operation agencies.

The following types of pilot studies would seem to be particularly useful. Each study should result in recommendations for the gender-aware restructuring of public expenditure, so as to produce both efficiency and equity gains.

i beneficiary assessments, conducted in collaboration with women's NGOs and women parliamentarians, of service delivery and budget priorities;

ii gender disaggregated public expenditure incidence analysis conducted in collaboration with Ministries such as Education, Health, Agriculture and Water Resources;

iii gender-aware policy evaluations of the policies supported by budget appropriations, conducted in collaboration with appropriate Ministries (e.g. Trade and Industry, Power, Transport) and women's organisations. This could cover employment and procurement strategy, as well as service delivery;

iv production, in collaboration with the Ministry of Finance, of a Women's Budget Statement, analysing the gender implications of the pattern of public expenditure, drawing upon evidence produced by the three preceding pilot studies;

v analysis of the interaction of the national budget and the time budgets of different categories of men and women, boys and girls; this could be done in collaboration with the National Statistical Office using survey data; and in collaboration with women's organisations using rapid appraisal techniques;

vi production of alternative gender-aware budget and medium term economic scenarios, in collaboration with the Ministry of Finance, taking account of the positive and negative effects of national budgets on the social framework (or social capital), and on women's supply response to economic reform.

The conduct of the pilot studies, and the use of the information generated, should be integrated with the Gender Management System being adopted in each country, in order to promote necessary changes in budget policy at all levels.

The tools addressed here are mainly concerned with public expenditure, as recommended by the Commonwealth Secretariat Reference Group for this project. It might be appropriate to have a follow-up project to address transfer payments, taxes and user charges; and to focus as much on the developed as upon the developing countries of the Commonwealth.

Notes

1 Commonwealth Expert Group, 1989.

2 Haddad *et al*, 1995; Cagatay, Elson, Grown (ed), 1995; World Bank, 1995; Palmer, 1995.

3 Saito and Spurling, 1992.

4 Hill and King, 1995.

5 Tzannatos, 1991.

6 World Bank, 1995.

7 Brown, 1995.

8 Tibaijuka, 1994.

9 See, for instance, Waring, 1989; Cagatay, Elson and Grown (ed), 1995.

10 Demetry *et al* (1995.

11 Sharp, 1990 and Sawyer, 1996.