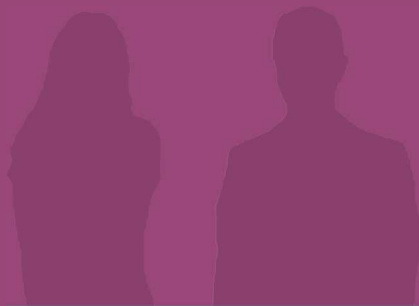




**Economic Commission for Africa**

# **A Background Paper on Engendering Budgetary Policy and Processes**

***No Gender Equity No Poverty Reduction***





Economic Commission for Africa

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Background Paper Series

# **A Background Paper on Engendering Budgetary Policy and Processes**

*No Gender Equity No Poverty Reduction*

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# Abbreviations

ACGD:	African Centre for Gender and Development
CWD:	Committee on Women and Development
ECA:	Economic Commission for Africa
GSB(s):	Gender Sensitive Budget(s)
IDGs:	International Development Goals
GAD:	Gender and Development
GDP:	Gross Domestic Product
GNP:	Gross National Product
MTEF:	Medium Term Expenditure Framework
NEPAD:	New Partnership for African Development
NGO:	Non Governmental Organisation
ODA:	Official Development Assistance
PRSP:	Poverty Reduction Strategy Papers
UNDP:	United Nations Development Programme
WID:	Women in Development
WBI:	Women's Budget Initiative

# I. Introduction

*“The budget reflects the values of a country - who it values, whose work it values and who it rewards...and who and what and whose work it doesn't. The budget is the most important economic policy instrument of government, and as such it can be a powerful tool in transforming our country to meet the needs of the poorest”.*

## I-1 An Overview

1. This background paper following a desk study by the African Centre for Gender and Development (ACGD) of the Economic Commission for Africa (ECA) aims to spark policy debate on gender dimensions of the relationship between national budgetary policies, women's unpaid work and time use in this work, and their vulnerability to poverty. The paper has three primary objectives. First is to highlight economic and social costs to policy makers of ignoring women's unpaid work and time burden in the household economy. Second is to take stock of where we are in terms of implementing International Development Goals (IDGs) in engendering national budgets in Africa. And third is to identify policy gaps new policy questions and actions for building capacity of selected African countries so as to empower them to engender national budgets in poverty reduction.

2. The paper emanated from ECA's medium-term sub-programme (2001 - 2005) to develop capacity in selected African countries to provide a unique value-added contribution into current policy debates in poverty reduction through gender sensitive budgets (GSBs). The sub-programme was in turn prompted by a strong mandate to mainstream gender perspectives into national budgets. The United Nations General Assembly Resolution A/S-23/10/Rev.1 (§65), 1997 called for explicit attention to the achievement of the goals of gender equality, development and peace in the budgetary processes at the national, regional and international levels. Earlier, the World Social Summit on poverty in Copenhagen (1995), and the Beijing Platform for Action (1995), called upon Governments to allocate resources to address gender inequalities and to mainstream a gender perspective in all their policies, programmes and budgetary allocations. These two Conferences were instrumental in influencing change at national level. The GSBs are therefore important for making Governments accountable to gender issues and in ensuring that they honour their commitments in such conferences and in a variety of policy statements regarding which groups get what out of the economic pie.

3. Engendering national budgetary strategies is inspired by a large number of initiatives that have emerged globally during the last decade and

developed gender-sensitive or pro-poor budgets as devices for intervening at the macroeconomic level of policy making. Although GSB initiatives have been in existence for the last 5 years, they have become more widespread after the Beijing Conference. Such budgets were initially referred to as ‘women’s budgets’ or ‘women’s budget statements’. More recently, they are called ‘gender budgets’, ‘gender-responsive budgets’ or ‘gender sensitive budgets’, the latter of which is used in this paper. Although there are some attempts to examine the revenue side of budgets from a gender perspective, most initiatives today focus on the expenditure side.

## **I.2 Concept of Macroeconomic Analysis**

4. The economic analysis of gender and development, especially budgetary policy started only recently. Although economists started debating “women’s issues” as early as the 1930s, the concept of gender relations as a socially constructed category that could have systematic links to the economy began to emerge only after the early 1970s (Nilufer Çagatay, 1998). Analysis of gender and gender relations from a macroeconomic point of view is even more recent. In the 1980s, feminists in general and feminist economists in particular argued that macroeconomic policies that were being implemented in Africa through SAPs were not gender-sensitive in their effects. It was also recognised that gender relations could impact negatively on the macroeconomy.

5. Macroeconomic analysis can be defined as the analysis of the economy-wide interaction of a few highly aggregated markets: the labour market (e.g. distribution of work), asset market (e.g. productive inputs), and the goods market (e.g. marketable goods). As a first step in the analysis, macroeconomists build a conceptual framework to functionally specify the connections and the nature of interaction between these markets. This framework makes it possible to build models that can capture these relations at varying degrees of detail depending on the issues addressed. After developing a working model within this framework, it is also possible to add what had been left out initially, and study how their inclusion changes the way the model behaves under different hypothetical scenarios. Next is empirical work, which includes historical analysis of individual countries with a statistical analysis of time-series data or of a comparative analysis of different countries using cross section data.

6. The ultimate goal of macroeconomic analysis is to help develop tools, identify and rectify what is ailing the economy and prescribe appropriate policy tools that facilitate policy choices to ensure growth and achieve a steady increase in per capita levels of income. To establish conditions of growth that achieve a sustainable increase in per capita income, macroeconomists pursue three types of policy objectives: the attainment

of price stability (i.e. keeping inflation or deflation under control), full employment and foreign sector balance. Policy makers make use of three traditional instruments to pursue these objectives: fiscal policy, monetary policy and exchange rate policy. However, the general presumption among economists is that these policy objectives and instruments are gender neutral, whereas they are actually gender-blind.

### **I.3 Why should Fiscal Policy be Engendered?**

7. There are both efficiency and equity reasons for ensuring that fiscal policy, especially national budget is gender-aware. Gender is mainstreamed in national budget is to reorient public expenditure and revenue towards reducing poverty and inequality. Gender inequality is an obstacle to achieving key development targets, including employment and public expenditure levels, growth and poverty reduction. And consensus is growing that in order to eradicate poverty, and move towards sustainable development, it is critical that both men and women are empowered to contribute. To enhance women's contribution, the starting point is to engender national budget as an important step toward understanding the social content of macroeconomic policies in place.

8. To make visible women's contribution in the economy, the coexistence and interdependence between the market economy and the care economy currently not considered in national budgets should be integrated. "Gender-sensitive budgets" (GSBs) which are now in existence in about 8 African countries are not separate budgets for women or men, but are mostly analyses of actual budgets through a "gender lens". They can be regarded as gender-audits of budgets to ensure that:

- Public expenditure priorities are consistent with development policies that observe equal opportunities policies and allocations within government services.
- Overall budget framework is pro-poor;
- Resources are allocated to priority investments that responds to the needs of both women and men including gender targeted allocations (e.g. special programmes targeting women); and
- impacts of mainstream expenditures cross all sectors and services benefit both on women and men through budget tracking processes.

9. Generally, GSB analysis is a mechanism to address three key objectives. First is to raise awareness within governments about the impact of budgets (and the policies and programmes which they support) on both men and women. Second is to inform policy debate about the gender implications of government expenditures and revenues. Third is to increase the effectiveness of government resource allocations for promoting gender equality and human development. They also give special attention to the needs of disenfranchised groups including poor women through prioritisa-



tion of public expenditures and the collection of revenues in socially equitable ways.

10. A major issue constraining women's economic opportunities is the heavy time burden due to existing trade-offs between the two economies. Two key implications can be identified relating to gender-sensitive budgets on poverty reduction and sustainable growth.

- First, GSBs can have a significant impact on the heavy time burden of domestic work; allowing women more time to engage in market economy through measures that save time. These measures include improvements in accessibility to energy and water, intermediate transport, labour-saving technologies across the full range of domestic and productive household tasks, which are especially critical for women, and promoting greater gender balance in undertaking domestic work. Reducing this time burden means increasing labour productivity in the household economy and hence reducing poverty. This explains why it is so important for poverty analysis underlying the PRSPs to include gender-based time budget analysis, and to give the highest priority to measures that save time. The services need to be accessed by women who are not only overburdened by time, but they have very low purchasing power.
- Appraisal of GSBs can identify and minimise trade-offs between the market and the household economies and allocate resources to these measures, targeting actors in key sectors-agriculture, energy, the environment and natural resources, transport, and water supply and sanitation. In Tanzania reducing women's time burdens in a community of smallholder coffee and banana growers increased household cash incomes by 10%, labour productivity by 15%, and capital productivity by 44% (ECA, 2001).
- Second, while the relationship between gender equality and growth appear complicated, it is now well established that some dimensions of gender inequality such as in education and health have adverse effects on the growth rate of an economy (Klasen 1999; Dollar and Gatti 1999 in UNDP, 2000). Thus, allocating more resources to women's education and women's health serves not only gender equity and poverty reduction goals, but in a number of instances also enhances overall growth. The new endogenous theory (Aghion et al, 1998) argues that knowledge; innovation and the application of skills are key to long-term economic growth.

11. Of the three types of macroeconomic policy (i.e. exchange rate policy, monetary policy and fiscal policy), fiscal policy (taxation and expenditure) is considered the most promising entry point for integrating gender. Fiscal policy, comprising revenue instruments (e.g. taxes and user charges), and expenditure instruments (e.g. transfers, subsidies, and ser-

vices) are all put together in a national budget, which is prepared annually. The budget reflects financial aggregates - totals and sub-totals of expenditure and revenue, and the resulting surplus and deficit. It comprises the system and the policy. The system deals with how resources are allocated, recorded, monitored and accounted for. The policy describes the values and objectives by which such decisions are made and the desired effects, or budgetary outcomes. The budget system including the formal and informal rules and processes that govern the production of a budget is fundamental to the fair and equitable allocation of resources, in line with our values and expectations.

12. Thus, national budgets are key instruments of economic policy, directly affecting individuals through taxation and public expenditure policies, and affect their economic environment through impacts on the levels of national output, employment and prices. Because men and women play different economic roles and have different economic responsibilities, the same budgetary policies have different implications for men and women. Gender differences and inequalities can also restrict the ability of budgets to achieve national economic goals (e.g. expansion of outputs and jobs). It often has projections of its outcomes and macroeconomic performance for future years, in a medium term expenditure framework (MTEF).

13. The MTEF provides an appropriate entry point for mainstreaming gender into fiscal policy, as it is the basis for a clear and systematic national planning process and demands that issues that exist at the micro level can be prioritised and met by the projected funds. In addition to the medium term planning of allocations, ministries can make medium term strategic plans. This in itself means that they have to plan activities (e.g. gender mainstreaming) around the problems they need to address, link those activities to allocations and outputs and design indicators to measure their performance.

#### **I.4 Engendering the Functions of National Budgets**

14. Recent work shows that governments are influential in shaping gender outcomes both directly and indirectly through the following three main functions of a budget, which have different implications for women and men. The function of allocation of resources relates to the provision of public goods and services by the government. All goods and services in a country are produced either by government, by formal and informal market sectors, or by the not-for-profit community and unpaid household sectors. In allocating resources, the government must decide both the relative size of public service provision, and how available resources are divided among the various government functions (e.g. administration, health, defence, agriculture), policies and programs. These allocations to certain functions will benefit

women more than men, and vice versa. Gender-sensitive budgets seek to uncover the allocation consequences.

15. The function of distribution of income and wealth refers to the use of budgetary policy to try to redress inequalities in income and wealth distribution. Governments make decisions about what constitutes a “fair” distribution between different groups of people. The government’s concern could be about inequalities between women and men, as well as between and within households or other groupings. Gender-sensitive budgets are premised on the assumption that a “fair” distribution between women and men is an important goal.

16. Finally, the government uses the function of stabilisation of the economy in budgets to promote a certain level of employment, stability in prices, economic growth, environmental sustainability and external balance. Stabilisation policy requires economic, political, social judgements in determining, for example, which objective has high priority at any one time and what are acceptable levels of unemployment, debt, interest rates etc. Budgetary policy can encourage sustainable economic growth through the planning potential of the budget. The questioning of traditional assessments of efficiency by GSB analyses means that problems in achieving macroeconomic goals can be identified.

17. To capture the benefits of these functions for engendering budgets, understanding of the three key options for decision-making in budget formulation is paramount. First is the aggregate macro-economic strategy that questions the appropriateness of the overall deficit or surplus and the sustainability of the MTEF. Second is the composition of expenditures and revenues relating to the appropriateness of the mix of spending and taxation. And third is the effectiveness of service delivery that examines if the outcomes of the public sector services meet the required level and pattern of services to firms, families and communities. Although a range of tools for engendering budgets at these three levels are available, the most readily feasible options relate to efficiency of service delivery and composition of expenditures e.g. for a gender-aware MTEF. From a gender perspective, the effectiveness of delivery service needs to internalise whether outcomes meet the needs of both men and women and result in reducing gender inequality. Disaggregated data is needed to demystify the apparent neutrality and more specifically, the gender neutrality of the budget. It will expose how tariffs, industrial relations, taxation, education, and employment policy impact on women and men due to their different location in the family and in the economy.

18. While gender is now vital for achieving the required sustainable growth rate of 7% to reverse the growing poverty, well-articulated frameworks and sound analytical and advocacy tools to support policy choice

and allocation of resources are lacking. Also policy outcomes on women or the macro-economy are not so obvious. This programme is about addressing these issues.

19. The paper is organised into four sections including this introduction. Section II highlights the economic and social costs to policy makers of ignoring women's unpaid work and time use in this work. A new approach of gender-aware macroeconomic modelling to demonstrate these costs to policy makers is outlined as a potential advocacy tool. Section III briefly reviews progress to date on the commitments made in Copenhagen and Beijing and how public resource allocation has affected this progress. Best practice examples of gender-sensitive initiatives in Africa are also reviewed. Section IV examines the lessons learnt from GSB initiatives, the complexities, challenges, and opportunities for engendering PRSPs through national budgets, and identifies critical research areas in engendering macroeconomic strategies and policies to make budget exercises more effective instruments in PRSPs. The paper concludes by summing up major findings and recommendations of the desk study.

## II. Costs of Ignoring Women's Unpaid Work and Time use in National Budgets

### II.1 Costs of Women's Unpaid Work and Time Use

20. Macroeconomic policy including fiscal policy attempts to look at the economy holistically to achieve sustainable improvements in national output and incomes including full employment, rising income, and stable prices. However, there is a tendency to assume that there is no need for macroeconomic policy to pay attention to human development objectives such as the environment, poverty, and inequality including gender inequality. And that such problems of gender inequality and poverty would be resolved by “trickle down” of benefits from the macroeconomic aggregates. But there is a growing understanding that “trickle down” is not automatic, and thus concerns of poverty and gender inequality should be integrated directly into the framework of macroeconomic policy.

21. Thus ignoring gender in macroeconomic framework can result in both inequality of effect - quite the opposite of what gender neutrality is designed to achieve - and inefficiency in reaching economic targets, including growth, employment and public expenditure levels. Advocates for gender-sensitive budget recognise that because budgets reflect the choices that government has to make, and is the tool it uses to achieve its economic and development goals, it commands substantial resources. Pregs Govender, a South African Member of Parliament recently stated that “If you want to see which way a country is headed, look at the country's budget and how it allocates resources for women and children”. Thus, budgets are a powerful policy tool for sustaining gender inequality-or reducing it, and a tool for bringing gender-related “added- value” into the development process.

22. There is increasing awareness that GSBs can reduce gender blindness of the existing conceptual frameworks and statistics used to create budget scenarios. As a budget is usually presented, there is no mention of women but no particular mention of men either. Budgetary policy and economics that more generally appear gender neutral are actually gender-blind. Taxes, revenues and expenditures are not gendered concepts. These gaps hinder national budgets from being more accountable to women, resulting in budgets failing to recognise three critical services of women.

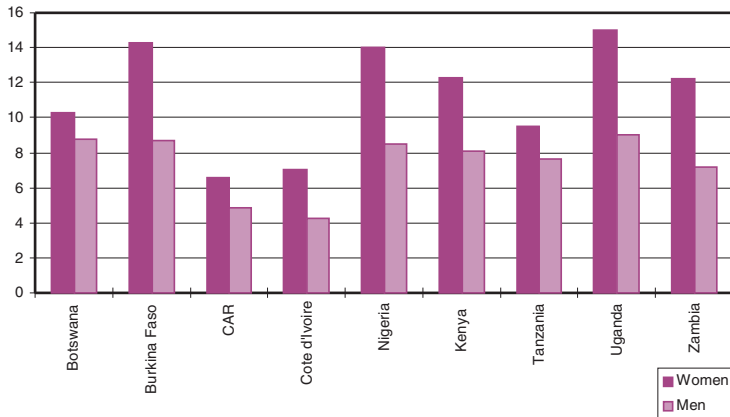
23. Women's contribution to the market economy is underestimated due to missing and biased markets and incomplete statistics concerning women's paid economy. Thus, domestic activities such as water

supply, and energy supplies, and caring for the family vital for maintaining and reproducing the labour force, are excluded from national accounts (e.g. GNP). Ignoring the effort and time spent on this work, and the value of goods and services provided, results in misallocation of resources and of budgets. And unpaid labour understates women's output to the economy and to a society's wellbeing. This in turn gives rise to misleading analyses of efficiency, as has been the case with privatisation of public services in the name of increased efficiency and enhanced service delivery, while hiding a transfer of costs to the poor. For instance, reductions in public expenditures in education or health services, and/or the imposition of user fees for such services, have sometimes resulted in increased work burdens on poor women or a reduction in girls' educational attainment levels. These constraints have had adverse effects on not only women's well-being, but also on economic output as the increased work burden on women's time means that they cannot participate in other types of output-enhancing activities. Global estimates suggest that women's unpaid work produces an output of \$11 trillion per annum, compared to a global GDP of about \$23 trillion (UNDP, 1995).

24. Traditional macroeconomics focuses on the monetised economy and does not count 'unpaid' care economy (domestic work and voluntary community work) in national accounts or reward it in national budgets. Women do most of the work in the care economy - of maintaining the labour force and the social framework. The care economy in particular contributes to the welfare of individuals receiving care, and contributes to the activities of both the private commodity economy and the public service economy by supplying human resources (human capital) and maintaining the social framework (social capital). These family and community-oriented goods and services are defined in the UN System of National Accounts as lying outside the production boundary. This in part explains, despite many recommendations made by IDGs to increase national budgetary allocation for 'rewarding' social sectors, efforts are still insignificant. Yet, the care economy cannot continue to provide these services to the market economy in a sustainable manner without adequate budgetary allocation.

25. Because macroeconomists assume that women's time is available in unlimited quantities - i.e. that the supply of women's labour is perfectly elastic, the challenge is whether there will be sufficient resources in the care economy to be able to respond to the demands made on it. If the care economy is overburdened, there will be negative impacts to the commodity and public service economies, which will reduce their productivity and increase their costs, because of inadequate maintenance of human resources and the social framework. The negative impacts will affect the level of growth of output of these sectors and perpetuate poverty.

**Figure 1: Productive Hours Per Day by Gender:  
Selected Countries**



Sources: World Bank 1999.

26. The new endogenous theory (Aghion et al, 1998) argues that knowledge, innovation and the application of skills are key to long-term economic growth. Therefore, it is “a missed opportunity” to deny education to girls, who in most African countries not only outnumber boys, but also mature to be backbones of livelihood. A study by UNDP (UNDP, 1995) in Cote d’Ivoire, India, Indonesia and Thailand reveals that an additional year of schooling can increase a woman’s future earnings by about 15%, compared with 11% for a man. And allocating resources to promote women’s ability to control their own fertility, are key to population and development-related programmes.

## II-2 Understanding Costs of Gender Inequalities in the National Budgetary Process through Macroeconomic Modelling

### II.2.1 Context and Justification

27. To help in identifying and quantifying the expected costs, impacts and interactions between gender concerns and macroeconomic policies, ACGD will develop a new range of quantitative gender-aware economic models capable of testing different policy packages and facilitating dialogue about which set of policies to choose for poverty reduction.

28. Past and on-going research on engendering macroeconomics points to the need to increase our understanding of the ways in which macroeconomic policies impact on or interact with non-market economy (women’s

unpaid work and time budget). And that, operationalisable models are lacking for evaluating the implications of gender and macroeconomic variables of different policy scenarios. In particular, no economic model has been developed for African economies to provide clues as to how gender differences in national accounts and national budgets can impact on women and influence macroeconomic outcomes, hence this initiative to develop gender-aware models. The initiative aims to make macroeconomic analysis more gender-inclusive to reveal a range of options with regard to expected implications on women's welfare and human development of alternative frameworks of national accounts and national budget.

## **II.2.2 Approach**

29. To address the critical gap in macroeconomic analysis, ACGD's strategy is to start with the standard Computable General Equilibrium (CGE) Model which follows neo-classical structuralist modelling tradition presented in Marzia Fontana (2000). However, it will extend this accounting framework by (a) treating men and women as separate factors of production, and (b) treating domestic work and leisure activities as sectors, in addition to the usual market-economy sectors.

30. The first of these modifications is obviously necessary, but the second merits some explanation. The care economy (reproductive work and community work) in particular contributes to the welfare of individuals receiving care, and contributes to the activities of both the private commodity economy and the public service economy by supplying human resources (human capital) and maintaining the social framework (social capital). Moreover, these services are supplied mainly by women, and occupy much of women's time. To make such services (which we shall call the "reproduction" sector) visible is thus important in itself as an ingredient of a gendered model. Also, it allows consideration of more constraints and interactions than with the standard model, (e.g. interactions between the non-market economy and the market economy, which are crucial to understanding issues such as the response of female labour force to reform of economic policies).

31. An accurate assessment of the gendered impact of economic policy changes also requires explicit consideration of time spent on rest and recreation (which we shall call "leisure" sector). This is because there are sharp differences in the extent of leisure time between women and men - women generally spend more of their time on work of all kinds. Also as changes in the market can alter the amount of time spent on leisure, they affect welfare in ways that are over-looked in standard economic models.

32. Of all other models, a CGE model is selected because they permit controlled experiments in which the effects of a specific policy measure



can be isolated from other influences. Moreover, CGE models are multi-purpose tools - they can be used to investigate many gender-related issues including those related to engendering national accounts and national budget. These issues include impacts of unpaid work and women's time burden, analysis and forecast of the impacts of gender sensitive budget on macroeconomic variables and on gender-specific development variables.

33. The starting point in the modelling work is to construct a social accounting matrix (SAM), which is the database for the model - we shall need at least two matrices. The first matrix will be needed to help identify positive and negative impacts of different fiscal policy scenarios (national budgets) and their orders of magnitude. The second matrix will focus on unpaid work and women's time burden in relation to the linkages between the market (paid) and non-market (unpaid) economies. Both matrices would contain input-output information about a country's economic and social structure (e.g. factors of production and sectors) - as it appears in the SNA.

34. The gender-aware SAM for our proposed CGE has three unusual features. First, it distinguishes between female and male labour, both in the labour market and in the distribution of value added in each sector. Second, it includes reproduction and leisure as the non-market sectors (as a first step in integrating these activities into national accounts). Third, labour use is measured in hours rather than persons, since most people are involved in both market and non-market activities. The reproduction sector covers services produced and consumed within households. The SNA defines these activities as "economic" but not "productive".

### **II.3.3 Expected Outcomes of the Modelling Work**

36. Like formal modelling, the proposed model is expected to fulfil several useful functions:

- It can help ECA organise its body of knowledge and state its arguments with theoretical precision isolate key gender-related variables, specifying in an unambiguous way the nature of interaction between these and thereby improve its policy analytical and advocacy work; ECA can thereby identify and variables.
- It can ease the difficulty of communication with those economists who have little knowledge of how gender matters in the way the macroeconomic functions. For example, it can reveal how gender inequalities in national accounts and fiscal policy might have differentiated impacts on women and men in terms of, for example, employment, income, leisure time, education etc.
- The model is also expected to generate insights into how these gender differences in economic behaviour impact on various macroeconomic outcomes (e.g. growth, poverty reduction etc.).

- Given that the proposed model is expected to be quite effective in demonstrating the potential effectiveness of gender aware policies to policy makers, it will be a powerful tool for facilitating policy choices and investment priorities.
- The models will also help us identify new research areas that will be needed to improve engendering of macroeconomic policies including budgetary policy.

35. To be able to convince policy makers to adjust their policies towards GSBs, the economic and social costs of ignoring women's unpaid work and time burden need to be demonstrated. The first thing to do is to develop a policy matrix to structure the analysis of what we know and where we need future research. From what we know, we can then elaborate gender-aware macroeconomic models to investigate how best to produce for public decisions, a range of macroeconomic scenarios, which are explicitly linked to the expected implications for human development. The models can be used to identify and develop intervention tools as well as analytical tools and indicators for monitoring and tracking the success or failures of GSBs.

36. An awareness of the significance of gender in macroeconomics is beginning to inform policy debate through such models. Such models can generate insights into the type of impacts the various macroeconomic policies are likely to have on unpaid care economy. However, useable models calibrated to particular economies are lacking to evaluate how gender inequalities or gender differences in economic behaviour impact on various macroeconomic outcomes e.g. growth rate, poverty reduction and sustainable development.

### III. Where are we from Copenhagen and Beijing?

37. Assessing the progress of women's contribution to the economy against agreed-upon IDGs reveals how much change there has been - but also how much still remains to be done. In this regard, ECA continues to place a high priority on the needs and concerns of women. And it monitors and evaluates the United Nations Conferences of the 1990s that contributed to the emergence of an international consensus on policy goals (e.g. poverty eradication and promotion of gender equality). This paper focuses on the implementation of targets set by the Beijing Platform for Action and the World Social Summit on Development among other IDGs.

38. Overall, the GSB initiatives contributed to the economic and political empowerment of women and poor people. Firstly, they helped raise the awareness of the public on gender inequality and poverty issues by triggering dialogues on these social problems. Secondly, they have demonstrated how public budgets can be made responsive to the needs of women and the poor by incorporating their needs and voices into budgetary decisions. And thirdly, in many instances they have led to more effective revenue collection and use and reduction of corruption by improving transparency and accountability in public finance.

#### III.1 Progress Since the World Social Summit on Development (1995)

39. Regarding specific global development goals, the commitments of the 1995 World Social Summit on Development held in Copenhagen included:

- (i) the creation of an economic, political, social, cultural and legal environment that enables people to achieve social development goals;
- (ii) eradication of absolute poverty by a target date to be set by each country;
- (iii) achievement of equity between women and men; and
- (iv) universal access to education, and primary health care.

40. In keeping these commitments, countries were expected to integrate the goals into their development plans, mobilise resources, ensure transparency and accountability in the budgetary process and undertake periodic reviews to monitor progress. For example, during the 1995 Social Summit governments made a commitment to strive to increase official development assistance (ODA) to 0.7 percent of GNP. Additionally, both developed and

developing country governments agreed on a voluntary ‘mutual commitment’ that would allocate, on average, 20 percent of ODA and 20 per cent of the national budget respectively, to basic social programmes. This commitment came to be known as the ‘20/20 initiative’.

41. During the Copenhagen +5 process women’s groups succeeded in getting an agreement on gender mainstreaming in all levels of policy-making and planning and a renewed commitment to ensure that gender is mainstreamed within all further initiatives related to each of the ten commitments, government spending and revenue raising decisions.

42. Despite the importance of gender differences within each of the Copenhagen Programme of Action commitments, gender is a focus only in Commitment 5: “to promote further initiatives to enhance equality and equity between women and men”. During the Copenhagen +5 process, one such strategy is to analyse national budgets from women’s perspectives, allowing women to “follow the money” to see if government rhetoric is followed in practice. This is because implementation of international conference commitments, national policy statements, and obligations under human rights treaties can be linked national budgetary policies.

43. The UNDP Report (Nilufer et al, 2000) reveals that there are shortfalls in achievement of social development goals and can be attributed to a number of factors. Among these are the absence of clear targets and strategies, monitoring mechanisms and accountability measures. Another major obstacle has been the inadequate allocation and ineffective and inequitable use of public resources, despite verbal commitments to the contrary. For example, while the promise to increase ODA to 0.7 percent of GNP might have been genuine, it has proven hollow. In 1997, the proportion of OECD Development Assistance Committee country GNP given as aid fell to 0.22 percent. A recent review of basic social services-including basic health, basic education, nutrition, sanitation and water-has found that universal coverage of such services would require between \$206 and \$216 billion per year, an amount less than one percent of the value of today’s global output. However, the actual amount channelled to these services is only \$136 billion (UNDP et al.”998).

44. Many countries are unlikely to live up to their promises unless more radical and concerted efforts are made in the fight for a more equitable social and economic order. As UNDP’s Poverty Report 2000 argues with respect to poverty eradication, “A new global strategy has to be mounted-with more resources, a sharper focus and a stronger commitment” (UNDP 2000: 8). A recent report prepared by Social Watch, a coalition of civil society organisations that monitor the commitments made at the Social Summit and in Beijing, reaches similar conclusions (Social Watch 2000).

### **III.2 Progress Since the Beijing Conference on Women (1995)**

45. The Beijing Platform for Action contains twelve critical areas of concern including women's poverty and women's economic and political empowerment, and particularly emphasises the needs of poor women. It also calls upon governments and other actors in development to address these areas by integrating a gender perspective in all programmes and policies and their budgetary dimensions. The Platform further calls for the financing of policies specifically addressing gender equality concerns.

46. The Platform also calls for gender-sensitive budget analysis (see Box 1), to be used to check whether adequate resources are budgeted to implement a country's plan of action and how fiscal policies are affecting women, as compared to men. Five years after the Beijing Conference, by January 2000, a total of 116 Member and Observer States had submitted national action plans. Many of these were prepared in co-operation with NGOs and relevant actors in civil society, whose contributions were important in encouraging governments to draw up specific actions to advance the status of women in one or more critical area. The majority of these focused on four critical areas: education and training, women in power and decision-making, women and health.

47. One problem in implementation of the Platform is that there is often a gap between the process of policy development and that of budget appropriations. A gender-sensitive budget analysis can bring the two processes together, helping government to implement policy effectively. A case in point is the allocation of resources to the Commission on Gender Equality in South Africa. The Commission's budget falls within that of the Department of Justice. However, analysis by the Women's Budget Initiative revealed that the 1997/98 budget allocation to the Commission in its first year of operation was not even sufficient to cover the remuneration of commissioners, and provided nothing to pay executive staff and office costs. It was also far less than that allocated to the Human Rights Commission and the Youth Commission. The Parliamentary Joint Committee on the Improvement of the Quality of Life and Status of Women highlighted this fact, and the Government subsequently increased the Commission's budget allocation substantially.

48. By the year 2000 the evidence indicates that while much has been achieved in some areas in the implementation of the Beijing Platform for Action, progress on the commitments has been slow. For example, on the economic side, serious imbalances in gender equality persist since the Beijing Conference. This stems from the fact that when gender issues arose in development planning or assistance programs before the Beijing Conference, immediate attention was given to equality of social and political

### **Box 1: The Platform for Action and Gender-Sensitive Budgets**

The Platform for Action refers to the need for gender-sensitive budgets under the heading Financial Arrangements: 345. This will require the integration of a gender perspective in budgetary decisions on policies and programmes, as well as the adequate financing of specific programmes for securing equality between women and men.

#### **National Level**

346. Governments should make efforts to systematically review how women benefit from public sector expenditures; adjust budgets to ensure equality of access to public sector expenditures.

#### **International Level**

358. To facilitate implementation of the Platform for Action, interested developed and developing country partners, agreeing on a mutual commitment to allocate, on average, 20 per cent of official development assistance

rights (empowerment), while mainstream economic issues were relegated to a lower priority. The 1995 UN Human Development Report indicated that in almost all countries of the world women are over-represented among the unemployed and those living in absolute poverty. In the sub-Saharan Africa alone, of the 50% of the population who live in absolute poverty, about 80% are women. To date the situation in terms of the overall economic and social development is worsening. Besides, there is still inadequate capacity for advocacy and policy analysis to relate gender issues to mainstream development agenda. Finally, insufficient financial and technical resources for gender mainstreaming are an important factor hindering the implementation of the Beijing Platform (United Nations 2000: 18).

49. Clear strategies are key to redressing the kind of societal ills emphasised in both the Copenhagen and Beijing conferences. Many countries do not have explicit anti-poverty plans, but rather choose to incorporate poverty into national planning. However, poverty concerns rarely appear in a prominent way in national planning efforts. Instead, anti-poverty programmes are frequently perceived to be a set of small-scale targeted interventions, usually involving social services or the provisioning of credit to poor people, despite the fact that macroeconomic policies have just as much or even more impact on poverty as targeted small scale interventions (UNDP 2000).

50. Even in the case of countries with explicit anti-poverty plans in place, strategies remain vague, lacking adequate budgets and explicit targets. As a result of both vague strategies and faulty economic frame-

works, there is often a strong disharmony between anti-poverty plans and a country's general economic policies, particularly macroeconomic policies. Another explanation for the limited progress vis-à-vis the goals laid out in Copenhagen and Beijing is the lack of good governance. Inadequate transparency and accountability of many governments to their citizens has meant that even when resources are allocated towards poverty reduction, they may not reach poor people. Similarly, even though gender mainstreaming strategies put forth in Beijing clearly included macroeconomic policies, more often than not governments have been less than accountable to women, rendering them unable to claim their fair share of national resources.

### **III.3 Globalisation and Governments' Ability to Keep Commitments**

51. Not all obstacles to progress in social development are of national origin. Increased economic volatility associated with globalisation and widening inequalities across and within nations has also impeded progress on social development. Globalisation, a sweeping force in the late 20th century, has ushered in gains for many countries, regions and individuals. But it has also intensified the social exclusion and marginalisation of poor people, and made it more difficult for some countries to live up to their poverty reduction targets. Several factors have put constraints on national and local budgets.

52. The factors include: international debt burdens, shrinking official development assistance, pressures to adopt macroeconomic policies which put excessive emphasis on fiscal restraint, trade and investment liberalisation policies, increased instability in the global economy resulting from capital account liberalisation, and economic crises associated with such volatility.

53. All these phenomena work to squeeze budgets at times through the revenue side and at times through the expenditure side. Many countries with weak tax collection systems have relied on tariffs as an important source of revenue. Reductions in tariffs and increased competition to attract foreign investment by offering tax breaks make it harder for governments to raise revenues. At the same time, economic instability associated with globalisation increases economic insecurity, requiring governments to spend additional resources in order to shield their citizens from such instability.

54. On the positive side, these same pressures have also triggered creative thinking, proposals and actions upholding a people-centred vision of development, justice, equity and sustainability. A growing 'global' civil society, which globalisation helped create, has been making demands for democratic participation not only at the local and national levels, but also

at the international level. For example, the increasing influence of popular movements with their calls for democratic and transparent forms of global, national and local governance was evident in the recent media attention given to protests that took place at the World Trade Organisation's ministerial meetings held in Seattle in 1999, and at the World Bank/International Monetary Fund meetings held in Washington, DC in 2000. The diverse civil society groups that took part in these protests demanded inclusion in discussions about poverty eradication, equitable international trade and finance, increased accountability and transparency, environmental protection and fair labour practices. Civil society organisations called for greater accountability from the multilateral institutions of global governance.

55. The forgoing unsatisfactory achievements in the implementation of the global policy frameworks raise a number of questions. The global stakeholders need to ask themselves what went wrong? Are we fully aware of the fundamental causes of gender inequality and if so, are these causes being addressed appropriately? What are the constraints and opportunities in reducing gender equality and equity? What are the key challenges that need response and what new directions are needed to respond to these challenges to make a difference in human development? These questions will assist in redefining the criteria by which success and failure are measured and how to translate regional and global policy initiatives into practice.

### **III.4 Examples of Engendering National Budgets**

56. Despite the little impact regional and global initiatives appear to have on the budgetary process and poverty reduction goals at large, several budgetary initiatives that emerged - some over the past 15 years offer numerous insights into how macroeconomic policies can be designed with a focus on reducing gender inequality and poverty. They illustrate that transformatory approach to economic policies in general, and macroeconomic policies in particular, are possible in countries with diverse social, economic and political conditions. Participatory approaches to national and local level budgeting are the primary vehicles of this transformation, which involves both changing the content of policies towards people-centred development and democratising the process of economic policy-making.

57. There have been a number of different entry points into GSBs. Others, as in the case of Australia (Box 2), have started within governments as a result of feminists' efforts within the state bureaucracy to make the state responsive and accountable to women at the macroeconomic level. As in the case of South Africa (Box 3), some have taken place in the context of general social transformation towards a more equitable social order. On a global perspective, the Indian example started out as public audits by ordinary citizens focusing on accountability and transparency. Others have engaged finance ministers and prime ministers, others local



public officials. Some are relatively new and have been formulated in order to fulfil commitments made at United Nations Conferences (e.g. the Philippines experience with gender-sensitive budgeting). Some focus on fiscal policy through the lens of poverty or gender and yet others, such as in Canadian, focus on monetary and fiscal policy, linking the concerns of gender equality and social equity with poverty and environmental sustainability in a holistic way.

## **Box 2: Australia's Gender-Sensitive Budget Initiative**

Australia's pioneering work on gender sensitive budgets has recently become a focus of international attention. Australia can claim to be the first country to pursue gender equality through a comprehensive women's budget exercise. The federal Labour government for twelve years between 1984-96 undertook an assessment of the budget for its impact on women and girls. During the 1980s and the 1990s different political parties in each of the six Australian states and two territories also implemented these assessments for various periods of time. Although at the national level and in five states formal women's budgets have now been eliminated, governments in the state of Tasmania and in the Northern Territory still continue to undertake women's budget exercises.

These Australian experiences of developing gender sensitive analyses of government budgets have been seen as role models by other governments. The Australian initiative directly inspired a women's budget project in South Africa following a visit to Australia in 1995 by a delegation of gender specialists and human rights commissioners. The Australian experience has also been fed into the Commonwealth Secretariat pilot project on integrating gender into national budgets, which emerged from the Commonwealth Ministers Responsible for Women's Affairs meeting in Trinidad in 1996. Countries, which have so far either completed or expressed interest in developing a policy initiative under the Commonwealth pilot scheme, include Barbados, Sri Lanka, St Kitts, Fiji and South Africa.

There are now signs of renewed interest within Australia concerning how to forge links between government resource allocations, policy and gendered impacts. Women's policy units, community groups and researchers are beginning to search for new ways of making government budgets gender sensitive in the very different economic and social climate of the late 1990s. They are also looking to integrate the lessons from past experience with new international research emerging on the principles and practice of these exercises.

Source: Rhonda Sharp and Ray Broohill, 1999: UNDP Workshop on Pro-Poor, Gender and Environment Sensitive Budgets

58. The entry points to appraise budgets may be from the point of view of distributive justice and equity, transparency, accountability, efficiency or sustainability. In recent years, a large number of budget initiatives have been undertaken in a wide range of countries. In the area of gender alone, GSB initiatives are taking place in a growing number of countries. Currently there are budget initiatives in 18 countries (Box 3): consisting of Australia, Barbados, Fiji, Kenya, Malawi, Mozambique, Namibia, Philippines, South Africa, Sri Lanka, St. Kitts, Switzerland, Tanzania, Uganda, UK, United States, Zambia and Zimbabwe (UNIFEM 2000). For the sake of summing up the experiences in these countries, this paper uses a broad definition of a GSB initiative. It includes all policies or actions that contain an explicit focus on national or local level public expenditures or revenues from poverty or gender perspectives to constitute a budget exercise. What is covered, who participates and how the results are reported vary in different countries. A few such initiatives cover only expenditures directed specifically at women, although most cover untargeted spending categories. Some initiatives are local, others national. Some are located within government; others are launched by groups outside of the official government machinery. Elected representatives can play roles in both. In addition, the Commonwealth has developed a gender budget initiative in partnership with ministries responsible for women's affairs and ministries of finance in a number of member countries.

59. In general terms, the on-going gender sensitive budgets initiatives promote a particular vision of socially equitable development and seek to answer the following questions with respect to a concrete national or sub-national budget:

- Are particular expenditures or methods of raising revenues pro-poor, i.e., in relative terms are they likely to benefit or hurt poor people more than people who are not poor?
- Are particular expenditures or methods of raising revenues gender-sensitive, i.e.,
- how do the benefits and the burdens differentially affect men and women, boys
- and girls?

60. The ultimate goal of these various budget initiatives is to come up with reprioritisation of both expenditures and revenue-raising methods in order to promote social justice. While most budget exercises focus on the expenditure side, some focus on both the expenditure and the revenue side. Even though most of the budget initiatives presented in boxes below focus primarily on one theme such as gender, many go beyond a singular concern either explicitly or implicitly. For example, the GSB exercise in South Africa pays special attention to poor women, starting from the understanding that women are not a monolithic group. It is also concerned with racial inequality. Likewise, the 20/20 initiative, which seeks universal access to basic social services, would also help reduce gender inequality since illiteracy among women is higher compared to men.

### **Box: 3: Examples of Gender Sensitive Budget Initiatives in Africa**

#### **(i) Designing a Gender-Sensitive Budget for Mozambique: 1999**

Available data shows that more than two thirds of the Mozambican population live in rural areas where women form the majority. Poverty is higher in rural areas, i.e., from the total absolute poor population, 83.1% live in rural areas and only 16.9% live in urban areas. Subsistence agriculture constitutes the main occupation of the population, particularly women and it is in this sector where poverty is widespread (96.1% of peasants are poor). Only 11.0% of the population completed primary education, and women are literate only 5.1%, against men, 18.1%. Extensive farming, deforestation, and lack of knowledge on environment protection have led to environment degradation and increased poverty.

Budget planning and allocation have a role in overcoming these very related issues of poverty, gender and environment, and, unlike other countries, the initiative to apply this to concerns started at the Ministry of Planning and Finance (MPF). The general aim is to start directing the public financial resources into actions addressed at reducing gender bias against women. Therefore the MPF initiated the analysis on how sector programmes are addressing these concerns, giving special to the education, agriculture, labour and health sectors. The general finding is that, whatever the level of political commitment, budgets were formulated in such a way as to be too general to allow a sufficient focus on the gender specific needs implied by the political commitment.

Given these findings, the MPF started a programme of budgeting change with the aim of making sure that the priority of financing women related activities is consistently addressed as a line programme and respective budget. The task included the adaptation of the budget format to include gender-related expenditures and income. This was applied to the budgeting handbook, the classification of public expenditures and the sectors and Province Economic and Social plans.

The positive aspects we can draw from the short experience from Mozambique is that it is possible to move further, specially because there is political commitment (poverty and gender issues are addressed in the Five Year Government Programme and in the Post Beijing Action Plan), and the sectors enthusiasm to undertake the changes. However, as the implementation of the changed budget is expected for the next year the MPF cannot evaluate the impact that it will have in each sector. It can be expected the following limitation:

Given the actual budget format, not all public expenditures and incomes can be desegregated by sex, and changes would imply the overall budget reform and data collection (for the income side);

- There is lack of understanding of the most basic gender concepts and how to implement it; this may lead to a 'blind'
- application of the recommendations provided by the MPF;
- the budget change still at its early stages and did not for sector's self commitment and the external civil society
- participation.

## **(ii) The South African Women's Budget Initiative**

The South African Women's Budget Initiative (WBI) has now been in existence for close on five years. It has two legs - one inside government and one outside. The first activities were a joint venture between some of the "new" parliamentarians and non-governmental organisations (NGOs). Since being established this leg has produced analyses of all 27 sectoral budgets of the national government, as well as some preliminary analysis of provincial budgets, taxation, public sector employment, donor funding to government and the budget process itself. It has also produced five case studies from among the more than 840 local government budgets.

Within less than a year of publication of the first research, the government had embarked on a parallel initiative of gender analysis of budget. This project, which constitutes the second leg, is led by the national Department of Finance. It serves as one of the pilot studies for the Commonwealth's endeavour to engender macro-economic policy.

The two aspects of the WBI's activities, which between them represent more or less opposite ends of the continuum of engagement. Firstly, the (limited) intervention in respect of the Medium Term Expenditure Framework is largely based within the state. Its intended audience is government players who are responsible for designing the policies and related budgets of the state. Secondly, the Initiative is currently producing workshop materials for use with civil society groupings. This latter intervention exemplifies the Initiative's attempts to strengthen economic literacy as well as to lay a basis for strengthened intervention by ordinary people in policy and budget issues.

## **(iii) A Gender Analysis of the Zimbabwe Government Budget Allocation Process**

The budget is an important instrument of national and economic planning and it represents the interplay of economic, social, and political

factors. It is a short-term instrument of economic management and a mechanism to allocate the scarce resources of a nation so that they are managed efficiently and prudently to improve the people's standard of living.

In Zimbabwe the budget is largely non-transformational, hence issues of access to land and other forms of economic wealth, equity, gender inequality, poverty alleviation, and environmental conservation have not been seriously considered in the budget process. The budget does not seem to be the solution to the problems of gender disparities and issues of poverty, especially in the health, education, and employment sectors. So far Zimbabwe has had gender sensitive and pro-poor budget initiatives from UNIFEM, the Poverty Reduction Forum and World University Services (WUS). In 1998 UNIFEM hosted a workshop on engendering budgets, which attracted participants from various countries. The Poverty Reduction Forum submitted recommendations for the 1999 budget, and WUS is undertaking a gender analysis of the budgetary allocation process. The aim of all these initiatives is to ensure that the budget is participatory, pro-poor, and gender sensitive.

#### **(iv) Capacity Building for Advocacy on Budgets**

Many of the organisations involved in budget advocacy work provide capacity building support to constituencies ranging from civil society organisations involved in or embarking on budget initiatives to members of parliament, parliamentary committees and ministries. Capacity building involves the development of technical and advocacy materials, organisation of conferences, training workshops and knowledge networks. For example, IDASA (South Africa) produces a range of budget related training and advocacy materials. It runs budget training workshops and electronic networks. In Canada, the Canadian Centre for Policy and Choices organise budget schools to make the budget process more transparent, to impart technical information, secure popular input and to disseminate the Alternative Federal Budget. Over 20 budget schools were held across Canada in 1999. In Brazil, the Brazilian Institute of Social and Economic Analyses

(IBASE) provides training for the delegates and other bodies associated with the institutions of the participatory municipal budgets as well as to members of civil society. They are also called upon to evaluate and provide suggestions for improvements of the participatory budgets of the 100 cities with such processes in place.

The Commonwealth Gender Budget Initiative assists with gender analysis and planning skills training to enable government officials to bring

a gender perspective to their portfolios. A recent workshop on rights-based policy advocacy and programming around budgets held in Ghana brought together a number of activists from mainly Africa-based organisations. The workshop was organised by ISODEC (Ghana), Actionaid (Kenya) and IDASA and partially supported by UNDP. The workshop aimed at empowering participants with the framework and tools necessary to map interests involved in budget making, analyse budgets, enhance budget transparency and contest budgetary priorities. The participants also discussed the implications of the HIPC and PRSP for people-centred budgeting. Sources: Hewitt and Raju 1999; Sucupira and Mello 1999.

*Source: UNDP, 2000.*

## IV. Complexities, Challenges and Opportunities for Engendering National Budgets

### IV.1: Lessons Learnt

61. As the examples discussed in this paper highlight, there are many policy contexts for which GSBs initiatives can provide useful lessons. These include the formulation of poverty reduction strategies in general and PRSPs in particular, engendering all policies and programmes and efforts to improve governance practices by increased transparency and accountability. United Nations Conferences have established international consensus on the kind of social order people around the world aspire to live in. It will be difficult to bring reality closer to this vision without rethinking and transforming the national and international economic policy frameworks and governance practices. Gender sensitive budgets can be an important starting point for transforming these frameworks and policy practices.

62. The first lesson and probably the most important to date is that there is no easy and quick recipe for developing GSBs. Most GSB initiatives have recognised both the opportunities and challenges in engendering fiscal policies. Budgets have always been regarded as gender-neutral instruments and have been drawn up as such. Analysing the gender-related outcomes from these budgets requires hard work, perseverance and imagination (Budlender, 1998). Besides, GSBs will not result in quick or immediate changes, largely due to gaps in our knowledge. In the medium-term, the expected achievements would be in developing national capacities in gender-aware frameworks and tools for engendering budgets including specification of targets and time horizons. Thus, quick changes or adjustment of policies will be few, and realisation of the benefits of GSBs will be slow.

63. A second lesson is that gender budget analysis is best learnt through practical experience. Experience drawn from South Africa underlines the need for capacity building of countries wishing to engender their national budgets. Gender budget training should provide an opportunity for specialists to get practical experience to allow for gender commitment beyond implementation.

64. A third lesson is that gender sensitive budgets offer immense potential, but it is also important to recognise that it is a complicated area of intervention. A critical issue lies in the bureaucracy of decision-making - formulated budgets are not necessarily implemented.

65. A fourth lesson revealed in the UNDP's Poverty Report 2000 indicates that many of the national anti-poverty plans "...still continue to treat poverty as though it were a sectoral issue that can be addressed by a set of targeted interventions, such as providing microcredit or basic social services". The Report concludes that there is a need for a new generation of programmes with a focus on making the growth process more pro-poor, targeting inequality through GBS and emphasising the empowerment of poor people and particularly of poor women. The report argues that the 'old-school' prescription of supplementing rapid growth with social spending and safety nets proved to be a wrong solution stemming from a wrong diagnosis of the problem.

66. The Poverty Report emphasises the importance of integration of anti-poverty plans into economic policies and general budget allocations. The distributional effects of government taxes, current expenditures and investments in the government budget must be considered in relationship to the dynamics of poverty in a country and anti-poverty plans. The government budget, like any other economic policy tool, must be one of the basic tools of anti-poverty and anti-inequality policy and programmes by focusing public resources towards poor people. However, one huge obstacle to pro-poor use of public resources and budgeting is 'poor' governance. To paraphrase the Poverty Report, good governance is the 'missing link' between anti-poverty plans and poverty reduction. Without transparency and accountability, public resources often wind up in the pockets of the non-poor. Ensuring that governments are accountable to citizens living in poverty requires the social mobilisation of poor people and their participation in budgeting processes.

67. A fifth lesson is drawn from the analysis of implementing the Interim PRSPs (I-PRSPs) and full PRSPs. A clear message emerging from all these PRSPs reveals important omissions, mostly in the analysis of poverty at the poverty diagnosis stage of the PRSP policy cycle. In particular, key sectoral and thematic areas such as gender, environment, and food security are conspicuously missing in these papers. The papers also point to the need for I-PRSPs to give closer attention to the links between gender-responsive poverty diagnosis and macroeconomic policy to provide more detailed prioritisation of public actions, and to give better coverage to areas and issues fundamental to PRSP process. Most of these PRSPs did not consider engendering national budgets, national accounts, and building institutional capacity.

68. Progress with gender-sensitive budgets to date and the obstacles they have faced reveal what further steps might be taken to make these initiatives more effective and widespread. These steps fall into two broad interconnected categories: (i) work on the analytical side for further development of knowledge, analytical and policy tools related to budgetary



process and their ‘translation’ into forms easily accessible by ordinary citizens and (ii) work on policy formulation, advocacy and social mobilisation around budgetary issues. The two categories are interconnected in the sense that knowledge and analytical tools that remain in the hands of a few experts will not be very useful. Advocacy, without the analytical tools, is likely to be dismissed. In addition, organising in specific social contexts will require new analyses and adaptation of existing policy tools to that specific context. Thus, social mobilising inspires the production of new knowledge. Conversely, new knowledge can point to new policies and political action.

## **IV.2 Challenges Relating to Development of Knowledge, Analysis and Tools**

69. The analytical linkages between gender inequality and poverty must be further conceptualised, explored and better analysed. Development of analytical tools, which show these interlinkages, might include formal models and simulation exercises as outlined in Section II. Such tools can be helpful in the formulation of policies by allowing policy makers and others to assess the impacts of alternative expenditure allocations and revenue collection or taxation schemes on poverty and gender inequalities. Analytical work needs to take into account the distinctions between paid and unpaid work. Sometimes policies that aim to increase efficiency or targeting end up increasing the unpaid work burden of poor people, especially women.

70. One major obstacle to the development of analytical policy tools, assessment of impacts and monitoring of policies is lack of appropriate data. This problem is particularly acute in the area of gender-disaggregated data. Thus, there is need for better data collection in general and gender disaggregation of data in particular, including making use of existing data from household surveys.

71. Existing budget initiatives tend to emphasise the expenditure side. There is a need for further exploration of the revenue side of GSBs.

72. There is a need for further exploration of the relationship of people-centred budgets to monetary policy, as exemplified in the case for the Canadian initiative.

73. There is a need for further exploration of policy implications of international phenomena such as debt, international trade and investment policies for local, regional and national GSBs both from the revenue and expenditure sides.

### **IV.3 Political and Policy Actions**

74. Advocacy work around budgets must be inclusive and encourage alliances and dialogue between groups organising around gender, poverty or transparency and accountability issues.

75. Participation in budgetary processes requires capacity building of participants on budgetary issues through the development of popular materials on budgets, training workshops or 'budget schools'. 'Knowledge networking' (e.g. ECA's PRSP-Learning Group and the planned National Gender Learning Group)-including networking via the Internet -is an element of such capacity building.

76. There is a need for national and international dialogue and discussion on GSBs. National Human Development Reports and ECA's African Women's Report, which are important in providing one venue for initiating discussion of budgets.

## **V. Conclusion**

77. This paper tried to highlight the underdeveloped economic and social costs to policy makers of ignoring women's unpaid work and time burden in the care economy and the need to demonstrate these costs more explicitly to policy makers to enhance future adjustments in the budgetary policies in selected African countries. The paper also attempted to take stock of where we are in terms of implementing gender-related international development goals, and to identify policy gaps, and actions to build capacity in selected African countries to empower them to engender national budgets.

78. Overall, the gender sensitive budget initiatives contributed to the economic and political empowerment of women and poor people. Firstly, they helped raise the awareness of the public on gender inequality and poverty issues by triggering dialogues on these social problems. Secondly, they have demonstrated how public budgets can be made responsive to the needs of women and the poor by incorporating their needs and voices into budgetary decisions. And thirdly, in many instances they have led to more effective revenue collection and use, and reduction of corruption by improving transparency and accountability in public finance.

79. The main conclusion is that gender sensitive budgets offer immense potential, but it is also a complicated area of intervention. Action is now needed to step up work on the analytical side for further development of knowledge, analytical and policy tools related to budgetary process and their translation into forms easily accessible by ordinary citizens and work on policy formulation, advocacy and social mobilisation around budgetary issues. And building the capacity of national experts in these areas should become a top priority because knowledge and analytical tools that remain in the hands of a few experts will not be very useful. Likewise, advocacy, without the analytical tools, is likely to be dismissed.

80. A major goal for advocacy is to establish the costs to policy makers of ignoring unpaid women's work and women's time in these activities. Will policies improve, or worsen or leave the same gender-responsive development outcomes? This is a cardinal question to be answered by all inspired to engender national budgetary policies. And any work that tries to address this important question needs to be informed by clear tools to engender national poverty reduction strategies as well as illustration of the relationship between budgetary decisions and human development outcomes. Therefore, research should be supported to develop clear frameworks and various tools for engendering budgetary policies, and to develop

gender-aware macroeconomic models that can be used to convince policy makers on the need to mitigate effects of women's unpaid work and unrewarded time use on sustainable growth.

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# Appendix I

## A Reference Glossary of Key Gender-related Macroeconomic Concepts and Definitions

### I. Introduction

1. Being able to communicate about gender and macroeconomic issues is a fundamental requirement for mainstreaming gender perspectives into the development process. Sorting out concepts and their definitions promotes great common awareness and understanding and facilitates communication. This glossary provides a concise introduction to the key concepts relevant to macroeconomics and its applications, highlighting the gender dimensions of current economic thinking. It also indicates aspects of policy formation and evaluation where these dimensions are increasingly taken into account. The glossary has been prepared primarily to assist economists and policy makers, particularly those working in international development, who are concerned with how gender plays a role in economic processes, and with how dimensions of gender relations are becoming incorporated into economic theory. Specifically, it is addressed to those working in planning machineries, Ministries of Finance and in development policy advice. It will also be of value for gender specialists working with economists and planners.

### II. General Terms and Concepts

2. Gender: Gender refers to:
- a development theme or a set of issues that refers to policies and operational measures directed to improving the situation of women, and to addressing inequalities between women and men through development interventions;
  - Cultural definitions of female and male; socially constructed differences, relations and inequalities and roles between women and men/girls and boys. Thus gender is distinguished from biological (physiological, anatomical, hormonal) sex, which is based primarily on differences in female and male reproductive systems and functions.
3. Gender Equality: When used in relation to social groups, equality is a goal which denotes a situation in which there is an absence of discrimination with respect to rights, opportunities, and to the allocation of economic, social and political resources and services (i.e. when the same set of economic, social and political rules applies to every one) in a particular society

or country. Equality as a goal has qualitative and quantitative, behavioural and attitudinal dimensions.

4. **Gender Equity:** Justice and fair treatment in the distribution of assets, responsibilities and power between individuals and groups in a society or country. Equity in operational terms more accurately denotes a means by which particular kinds of equality may be achieved, for example between sexes, or between different ethnic or socio-economic groups. Equity implies a goal of parity and is conducive to emphasising quantitative measures and indicators.

5. **Entry Point:** A juncture or tactical point in a process or time that represents an opportunity to carry out particular measures or actions designed to strengthen social and environmental perspectives in a development intervention. Examples of entry points are phases in the project cycle and macroeconomic analysis, and they provide for information gathering and dialogue. Identification of entry points is a main element and technique in mainstreaming strategies.

6. **Gender Mainstreaming or Engendering:** Gender mainstreaming or engendering is sometimes used interchangeably to refer to a strategy for promoting active and visible attention to social perspectives and issues. It involves the conscious and systematic incorporation of the issues or perspectives into all development processes both institutionally and in terms of policy work and dialogue. Mainstreaming or engendering entered the development vocabulary after the Fourth World Conference on Women in Beijing in 1995.

7. **Gender-sensitive Gender budgets:** ‘Gender-sensitive budgets,’ or ‘women’s budgets,’ refers to a variety of processes and tools, which attempt to assess the impact of government budgets, mainly at national level, on different groups of men and women, through recognising the ways in which gender relations underpin society and the economy. Gender or women’s budget initiatives are not separate budgets for women. They include analysis of gender-targeted allocations (e.g. special programmes targeting women); they disaggregate by gender the impact of mainstream expenditures across all sectors and services; and they review equal opportunities policies and allocations within government services. Gender-sensitive budget analysis requires data to assess inputs (e.g. budget or staff allocations), outputs (beneficiaries) and outcomes (e.g. increased health, education, and time availability). This requires systematic gender disaggregated data, e.g. on service use, time use, health and education status, employment.

8. **Gender-aware Macroeconomic Models:** These are a simplified representation of economic reality showing the interrelationships between

selected economic variables. In macroeconomics, until the present decade few models incorporated distinctions such as gender among individuals, and most economists considered that the level of aggregation in the questions of interest was too high to warrant such disaggregation. However, there are precedents for disaggregation of some traditional variables, most notably in Keynesian/Kaleckian models. (These distinguish between individuals whose income comes mostly in the form of wages and those who earn interest on invested capital, and are called “class disaggregated” models). The work of Paul Collier (Alexander, P. et al, 2000)) was an early attempt to model the constraint placed on economic growth by certain gender-based rigidities in the economy.

9. Household: A household is a basic economic unit, in census guides defined as one or more persons voluntarily living together, having meals prepared together and benefiting from housekeeping shared in common (Bannock, Baxter and Davis p.197 in Alexander, P et al, 2001). Commonly economics, unlike anthropology, does not make a significant distinction between ‘the household’ and ‘the family’; although in considering gender and economic relations, the processes of household and family formation have distinct features. The household is analogous to the firm as the basic economic unit. Models of household decision-making processes may be ‘unitary’ or ‘collective’. Unitary models treat the household as a single decision-maker. They assume the existence of a parental, or household, welfare function, and that all resources are pooled - including labour, food and other goods, and information. Various unitary models suggest different mechanisms by which households arrive at intra-household distribution of wealth and income.

10. Human Development: Human development is the concept that growth must increasingly meet human needs to be accepted truly as “development”. This approach, which bears the influence of 1998 Economics Nobel Prize winner Amartya Sen’s work on capabilities and entitlements, has been advanced by the United Nations Development Programme (UNDP), and is exemplified in its annual publication, Human Development Report, first published in 1990. The Report’s Human Development Index (HDI) provides a country ranking of national socio-economic development, based on proxies for longevity, knowledge, and standard of living (respectively life expectancy at birth, educational attainment, and purchasing-power-parity-adjusted real per capita income). It measures well being directly, rather than focusing on income alone, which is only one of several inputs generating well being (Bardhan and Klasen, p. 985). It thereby offers a contrast to the GDP-per-capita ranking of countries, highlighting the ability of some poor countries to achieve higher-than-average levels of human development, while at the same time indicating that many countries could do better.



11. **Micro-Macro:** Micro-macro is the separation of economic theory, by its field of interest and by its tools, into the study of respectively, the aggregated level of activity, and the behaviour of individual economic agents or sectors. The traditional strict division of interest between macroeconomic and microeconomic specialisation has affected the discipline's treatment of gender relations. Microeconomics is concerned with the behaviour of elements or agents of the (given) economic system; these agents are conceived of as households and firms. It focuses on the determination of the prices that induce these agents to act - such as wages for labour and return rates of investment funds. These concerns cover issues of demand and supply, welfare and distribution. Macroeconomics, by contrast, takes prices as givens, and turns attention to the determination of the aggregate levels of these activities: the level of income or output of the economy, including the level of employment; aggregate investment, total consumption, and the money supply. Palmer showed in her detailed treatment of African adjustment programmes (1991) that dealing only in macroeconomic aggregates may obscure issues of elasticities of supply and demand, mobility of factors of production, transaction costs and market competence - which affect macro programme outcomes. In a market economy, macroeconomic management must rely on indirect measures, which make use of incentive structures, household allocation rules as well as other decision-making processes, which are products of the operation of gender relations, and which operate at the micro and meso levels. These are institutional factors relevant to policy design and evaluation. The interest in economic modelling by some economists working on gender issues is one example of efforts to bring the micro-foundations of gender asymmetries to bear on macroeconomic policy debate.

12. **Meso:** Meso is originally, the part of the economy that is controlled by large corporations. In the past decade UNICEF, developing the pioneering work of Frances Stewart, has used the term "meso" more broadly to refer to a level of analysis between the aggregated national economy and the level of individuals, firms and households, to draw attention to the critical policy-making process, especially with respect to public finance issues. Meso policies concern the distributional impact of macro policies, determining which income group, sector and gender bears the brunt of reforms. Drawing on institutional economics, some gender specialists have also used "meso" to denote the intermediary role of markets in transmitting signals and allocating resources. In this context, markets are seen as embedded in social relations and thus as "bearers" of gender. Elson and Evers have developed a macro-meso-micro framework for gender-aware country economic analysis.

13. **National Accounts:** National accounts are the set of aggregate accounts reporting the value and breakdown of all income and all output of an economy. Many of the services performed, as well as goods produced,

by women are invisible to the UN System of National Accounts (SNA), which is the standard system used by almost all countries (the idea of invisibility should not be confused with the term “invisibles” referring to services in SNA trade accounts). Four areas of work are missing or poorly accounted for in national accounts: domestic work, volunteer work, subsistence production, and the informal sector. Both men and women are involved in all of these sectors, but the methodological issues inherent in their measurement have been most intractable in the first two, which are largely performed by women. (Satisfactory means for measuring subsistence agricultural production, which never reaches a market and may be entirely non-magnetized, have been devised since the 1950s in most countries. Nevertheless, much of the female component of this type of labour is deemed housework and undercounted.) In 1993, a revised SNA was introduced whereby production within the household for own consumption is included in GNP. However, the revised SNA continues to exclude own-account production of services, including childcare, care of the elderly, and cooking, which are regarded as “non-economic”.

14. Time Surveys: Through the use of time budget surveys, researchers in scores of countries have been able to identify the hours and type of work that women and men do - work of which they are often unaware. On the basis of such research, UNDP (1995) estimates that women work longer hours than men in every country - an average of 13 percent more in developing countries based on time use studies incorporating market and unpaid work. In developing countries, two thirds of women’s total work is spent in unpaid labour. Recently, progress has been made to resolve some of the most complex measurement issues, and several countries have produced satellite accounts that measure the value of domestic labour. They employ various input measures based on hours of work, or output measures applying a valuation to the services produced. The value of non-SNA production in industrialised countries has been estimated at “at least half of gross domestic product, and more than half of private consumption”. The successful construction of satellite accounts would help avoid several misleading results, such as the false attribution to growth of GDP when monetisation of a domestic service or subsistence production takes place.

15. New household economics: This is an approach to analysis of the household, which depicts the latter as combining the time of household members with market goods to produce the outputs or commodities it ultimately desires. It ignores the internal organisation and structure of families and households because, in the context of pure neo-classical theory, and analogously to the treatment of firms, the theory assumes a costless and efficient operation. Its subject matter includes not only the market behaviour of the household (supply of labour, demand for goods), but also such phenomena as marriage, fertility, the education of children, and the allocation of time. The seminal treatment is Becker’s household production

model (Becker 1965). The new household economics is criticised for its assumption that households aggregate utility functions to produce choices, which are efficient for all its members, which it portrays as an internal harmony of interests within the household; for its assumption that resources are pooled within the household; and for its assumption that the allocation of labour and income is Pareto optimal for the household.

16. **Pareto Optimal:** The Pareto optimal in welfare economics refers to an equilibrium situation where no individual could be allocated more (utility or welfare) without someone else being allocated less. It is important to recognise that such an allocation makes no comment on the evenness of income distribution: Pareto optimality is compatible with extremely uneven, as well as perfectly egalitarian, income distribution; the term is useful for its definition of a concept of improvement. A Pareto improvement is a change in welfare that makes any person or part of the community better off without decreasing the welfare of any other person or part, and a Pareto improvement may take place even if the majority of the population experiences no benefit. Pareto efficiency and optimality theorems have been significant in their use to generate a framework for evaluation of government intervention, in taxation and redistributive policy.

17. **Reproduction Labour Tax:** Reproduction labour tax is the requirement imposed on women to discharge obligations to family maintenance before presenting themselves on the labour market. This obligation paid in labour time and commitment, functions in the same way as a money tax, because it reduces money wages conventionally paid to women for equivalent work. For example, in developing economies, female agricultural workers are, by tradition, paid a lower wage than males, even in the same or more arduous tasks. Traditional explanations allude to women's lower reservation wage that is founded on their lower mobility because of family obligations, and reduced scope for extending their job search. The tax does not enable women to demand a higher wage, because, under conditions of labour availability, women are price takers, not price makers in the market. This concept has been used as shorthand to refer to the inequality in the terms of trade between men's and women's labour. It is important because it offers a theoretical structural link between prices and conditions of non-monetized (domestic) and monetized (market) labour.

18. **Reproduction Sector:** This is the part of human activity, both material and social, that is concerned with the process of caring for the present and future labour force, and the human population as a whole, including the domestic provisioning of food, clothing and shelter. Social reproduction is the provisioning of all such needs throughout the economy, whether part of the paid or unpaid components. (Elson refers to this sector as the "care economy"). Economics treats reproductive labour differently from

the maintenance of capital equipment, which is unequivocally accepted as an economic activity. The reproductive sector is generally unpaid and usually excluded from national accounts. Reproductive labour is in large measure performed by women, and takes up an extremely high proportion of the time allocation of women. In several recent models of gender in the macroeconomy, the reproductive sector functions as a constraint on the expansion of the productive sector. This approach can throw light on the exacerbation of crisis in medium-term structural adjustment programmes that increase pressures on human capital, to the point of threatening the viability of the reproductive sector, or compromising its ability to respond to incentives.

19. A social accounting matrix (SAM): A social accounting matrix is a linked set of statistical tables which provides a schematic portrayal of the circular flow of income in the economy at a single point in time, including activities and commodities, factors of production, and certain institutions. It makes possible the determination of balances for all commodities and budget constraints for all agents. A SAM could be used to assemble the data for a computable general equilibrium model of an economy, for example, in the gender and international trade modelling work. General equilibrium models are of particular value for testing the effects of particular policy measures, where partial analysis is not comprehensive enough to deal with indirect and multi-agent effects. However, standard SAMs do not offer much gender-disaggregated data. Recently, statisticians in the Netherlands have augmented standard SAMs to provide additional information on the characteristics of economic agents, which affect consumption behaviour and income-generating activities, and time (sub-divided into income generation, reproduction and leisure), and have produced a framework called System of Economic and Social Accounting Matrix and Extensions, or SESAME. This work provides the possibility of disaggregating data by additional, dimensions that are deemed to affect the structure of the economy. One of the immediate applications apparent from having such information available is to attempt estimation of parameters of the impact of gender relations, for example, on consumption, or on public services demand during economic adjustment.

20. Statistics: These are a set of methods for the collection, presentation, summary and analysis of data with a view to the drawing of valid conclusions. Data are the raw material of empirical economics. However, there is a scarcity of data that allow for separate examination of the characteristics or conditions of women and men, or for analysis of gendered categories in economics. Several examples illustrate this problem. Some data in national census and survey reports are not available in a gender-disaggregated form; therefore it is impossible to monitor changes in access to resources over time. Certain categories embody assumptions about economic roles; for example, the term “head of household” frequently

elicits underreporting of households where women play the leading economic role. The undercounting of unpaid labour affects tasks performed by women more frequently than it does those done by men. The improvement of statistical methods to reflect gender issues has been a commitment of national statistical agencies since the UN Decade for Women, which began in 1975. Since that date progress has been uneven. Areas of significant progress, however, include the reporting of women's access to education, and the development of techniques for identifying and measuring informal and unpaid work.

21. **Structural Adjustment Programme (SAP):** Structural adjustment is a process of market-oriented economic reform aimed at restoring a sustainable balance of payments, reducing inflation, and creating the conditions for sustainable growth in per capita income. Becoming common among developing countries in the 1980s, structural adjustment programmes (SAPs) have usually been undertaken in response to a balance of payments crisis. They generally begin with stabilisation measures (adjusting the demand side to reduce "internal and external gaps" - deficits in the current account and budget balances). This first phase is directed at restoring the macroeconomic balance and reducing inflation, "by bringing the level of demand and its composition (tradable relative to non-tradable goods) into line with the level of output and the financeable level of the trade deficit." Typical stabilisation measures are spending cuts in the public sector and tight monetary policy, to dampen inflationary pressures.

22. **Supply Response:** Supply response refers to the increase in output as a result of changed incentives, much discussed in relation to market liberalisation under structural adjustment, particularly in the agricultural sector. Evidence shows that supply response has been mixed, is lower in aggregate than for individual crops (where switching may occur) and may be as responsive to non-price as well as price factors. Some evidence also suggests that men and women farmers have shown different responses to changed price incentives. Non-price mechanisms, such as the burden of household work, may reduce the response of women (relative to men) to price incentives. The gender division of labour may prevent women from working in some export production crops or activities, or, what is more common, may preclude men taking up a larger share of household tasks so that women might shift their labour resource. Such constraints on the supply of women's unpaid labour limit their ability to enter market activities.

23. **Time Budget Survey:** Studies used to investigate the allocation of time among different tasks (and leisure). Other terms for such work include "time use studies" and "time allocation studies". They have been used to investigate:

- the links between work patterns and environmental degradation and change;

- to compare the amount of leisure which individuals and societies enjoy as a measure of welfare at both micro and macro levels;
- to provide a more accurate picture of activity in rural areas where non-market work is prevalent;
- and more recently to assess the extent of involvement in unpaid labour by gender and age.

They can be based on observation, recall or diary keeping, or a combination of methods, for a summary of studies in 31 countries). Time budget surveys have revealed the failure of conventional labour statistics to capture the extent, range and complexity of activities in which individuals engage, particularly in developing countries, and particularly among women, for whom multi-tasking is common. Time use surveys have been conducted in Canada (since 1978) and Norway as part of official data collection systems and a major survey in three tranches to capture seasonal variations, has recently been piloted for Statistics South Africa, with full results due in 2001. Time use data provide an important input into the process of valuing non-market work in national accounts, and also allow for analysing the effects of changes in public spending on time use.

24. Unpaid Labour: Unpaid labour is work that produces goods or services but is unremunerated. It includes domestic labour, subsistence production and the unpaid production of items for market. Not to be confused with “unpaid family labour”, a term used in some developing country statistical agencies as a category to cover production of marketed goods in the home or on the farm without pay, as in home-based industries and rural production. Strict neo-classical approaches reject the term ‘unpaid’, since under neo-classical assumptions the decision to supply labour is taken voluntarily and rationally, in expectation of a return whether in kind or cash. However, the term is analytically useful in the case of the performance of domestic labour because its product, the maintenance of the labour force, is a benefit to the economy as a whole, but is not paid for by the economy as a whole. The macroeconomy is itself benefiting from provision of a public good; it is a “free rider” at the expense of women, who are the main labour force in the unpaid sector. UNDP estimates that, world wide, unpaid labour if valued at prevailing wages would amount to \$16 trillion, or about 70 percent more than the estimated \$23 trillion of total world output. About two thirds of this is work done by women. The Platform for Action adopted at the 1995 Fourth World Conference on Women (Beijing) commits governments to work towards incorporating the measurement and valuation of women’s household work into their national accounts. Several countries (including Canada, Norway and Netherlands) have prepared “satellite accounts” to present and track changes in unpaid work. The failure to recognise unpaid agricultural work results in underestimates of women’s participation in the labour force.

25. Medium term expenditure framework (MTEF): The MTEF is a budgeting system, which has been introduced and promoted in many African countries by multilateral donors such as the IMF to provide a framework for the implementation of many of the principles of an open budget system. The MTEF covers three years instead of the usual one and the government projects taxing and spending plans for two years following the active budget year. Projections for Year Two then roll over to become Year One at the end of each year. This means that no drastic changes in policy or priorities can take place. Any changes to be implemented (e.g. due to changes in income or real new priorities e.g. gender concerns) have to be announced and debated as policy decisions before the budget can be amended.