

# **Gender Budgets: The Experience of the UK's Women's Budget Group**

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## **1. Introduction**

Drawing on the experience of the UK's Women's Budget Group (WBG), this paper starts by defining what a gender budget is, outlines the imperatives to conduct a gender budget and then proceeds to detail how such a budget may be constructed. It reflects upon the political, institutional and ideological transformations that are needed for such a process to be successful. Before embarking on the main body of the paper, however, some background on the work of the WBG is necessary.

The Women's Budget Group has lobbied successive Governments on gender and economic policy since 1989. It is an independent organisation that brings together academics and people from non-governmental organisations and trades unions to promote gender equality through appropriate economic policy. The WBG has gained extensive access to policy-makers and now works most closely with Her Majesty's Treasury (the UK's Ministry of Finance). The annual Budget, and now the Pre-Budget Report, provide opportunities for the WBG to lobby Treasury on a range of social and economic issues. We also have a series of meetings throughout the year which may be focused on particular policy reforms, on issues of analysis and on ways that Treasury might use gender analysis to improve its economic policy making. For example, we have recently had meetings in which the Treasury's model of the UK economy was scrutinised for gender blindness and we are currently meeting with Treasury to discuss how a gender perspective might be introduced in the planning of the next three years' of Government expenditure. It should be noted that our independence from Government makes us rather unique in an international context where most

gender budget initiatives are internal to Government. Although there are considerable advantages of having an independent body scrutinise policy for its gender effects, as discussed in section four below, there are limits to how far external organisations can go in conducting gender budgets. There is an irony also in the fact that most gender budget work in the UK is generated by the unpaid labour of feminist economists.

The work of the WBG is focussed at the national level, but it has links with a group that has a similar aim for Scotland, and with both NGOs and intergovernmental organisations that promote gender budgeting internationally. In short, our aims are to:

- develop analysis and lead debate on the gender implications of economic policy, bearing in mind the multiple dimensions of women's disadvantage;
- expand understanding among policy makers and opinion formers of the gender implications of economic policy and give policy advice;
- promote gender mainstreaming in economic policy making, presentation and monitoring;
- work with other organisations to raise public awareness of gender equality issues in economic policy and the importance of assessing the effects of economic policy on women.

## **2. What is a gender budget?**

Gender budget analysis is a methodology in the making. The practice is probably at its most developed in Australia and South Africa, with organisations such as the Commonwealth Secretariat sponsoring pilots in a number of other countries (see [www.thecommonwealth.org](http://www.thecommonwealth.org) and [www.gender-budgets.org](http://www.gender-budgets.org) for full information). Recently, the Nordic Council has agreed that gender budget analysis will be

conducted at local and national levels and there is growing interest in this as a tool for policy makers at EU level. However, much confusion remains over basic terms and there is evidence of variation in actual practice of gender budget initiatives. For the purpose of this paper, gender budgets are defined very broadly as being analysis of any form of public expenditure, or method of raising public money, from a gender perspective. In other words, gender budgets involve identifying the implications and impacts of spending or revenue collection for women and girls as compared to men and boys. The process of gender budgeting therefore raises a series of questions:

- How is spending/revenue distributed between women and men and among groups of women and men?
- What are the implication in the short and long term for the gender distribution of resources?
- What is the impact of spending/revenue collection on women and men's paid and unpaid work?
- How does policy affect gender norms and roles?

Clearly, there are a variety of ways to answer these questions requiring more or less complex methodologies and these varying methodologies provide the focus of section four. However, before going into details of methodology, we should first set out the case for conducting gender budget analysis – why should economic and budgetary policy be examined for its gender impact?

### **3. Why undertake gender budget analysis?**

There are two principal imperatives for injecting a gender perspective into economic and budgetary processes. First, existing patterns of gender inequalities mean that budgets affect women and men in quite distinct ways. It is important to understand

these patterns in order to evaluate whether policies are properly targeted and meeting their desired aims efficiently. Differences in economic position also mean that women and men will respond differently to a changing policy environment so that a gender perspective is necessary to comprehend what impact budgetary changes might have on individual behaviour. Second, effective budgetary processes must take into account the paid and the unpaid economies and evaluate the impact of policies on both spheres. Without this broader perspective it is impossible to assess whether budgets are delivering to social goals as well as more narrowly defined economic ones (Elson 2000; Rubery and Fagan 2000; Rubery 1998).

Looking in more detail at the first imperative, we see from international data that gender inequalities are a feature of all economies, whatever their degree of economic development or stage in the economic cycle. The nature of that gender inequality is only fully captured if we look across a number of dimensions: the distribution of paid and unpaid work and the distribution of resources, both money and time. It is no secret that women take a greater responsibility for unpaid, caring work and, as a consequence, are engaged in paid employment intermittently or for fewer hours and often for lower pay. Clearly related to this are gender inequalities in access to resources. Typically, women command fewer financial resources in their own name, be they earnings, wealth or land rights (Rake 2000). Important also is the impact that patterns of paid and unpaid working have on the use of time. For mothers in particular, increases in hours in paid employment have frequently not been matched by a commensurate decrease in the hours spent in domestic and caring work. Working a “double day” has impact on time use, and in particular gender differentials in access to leisure time.

These multiple dimensions of gender inequality mean that women and men are located at different points in the economic and social structure and, as a consequence, will experience economic policy in quite distinct ways:

1. Gendered roles around unpaid domestic work, caring for older people and parenthood result in a gendered patterning of need. The boundary around economic and social policy is also the boundary between those needs that are recognised and those that go unmet. This boundary has important implications for gender. To take one example, where the needs of parents for flexible, quality and affordable childcare are met by the state this is likely to have a particular impact on the employment pattern of mothers.
2. In light of the different economic circumstances of women and men, policies that target specific groups are unlikely to reach equal numbers of women and men. Hence, policies aimed at the older population, the poor, the low paid and lone parents will, in most countries, be policies for which women will be the greater number of beneficiaries, while policies aimed at higher rate tax payers or recipients of occupational pensions will reach men in the majority.
3. The rules of eligibility and entitlement to cash benefits and services from the state may affect women and men differently. Where assumptions about the 'typical' or 'normal' working or family life are written into such rules, indirect gender bias will be introduced. For example, state pension systems frequently require that a number of years of contributions are made for a full pension to be claimed. In the UK this requirement is based upon a 'normal working life' of 40 years of

continuous employment, a standard that women are unlikely to meet. Where eligibility requirements have such a bias, they may disqualify women from claiming full or, indeed, any entitlement.

4. Policy sets in place tax and benefit incentives for particular patterns of labour market participation. However, men and women tend not to respond in the same way to economic incentives. For those with caring responsibilities the benefits of participating in the labour market need to be balanced against the costs of that participation. Such costs may take the tangible form of paying for childcare or may be of a more intangible nature, in terms of the perceived loss in quality of childcare. Understanding different responses to incentives therefore requires that we move beyond classical economic theory, whereby the decision to participate rests solely upon the relative value of the wage and of leisure time.

In combination, these factors mean that no current budget, however worded or expressed, is neutral with respect to gender.

The second imperative for introducing a gender perspective into the budgetary process refers us to the broader aims of economic policy. Given that the paid economy is founded upon a parallel economy of unpaid work, we will get a partial view of policy if we measure its impact on the paid economy alone. Policies also shape the unpaid economy, affecting the amount and quality of caring work, domestic work and community work that are undertaken. For example, the economic gains of bringing unpaid carers into paid employment have to be offset against potential losses of unpaid work to the individual, her family and community. In other words, policies impact on what is traditionally defined as the social sphere as well as on the economic

sphere. Accordingly, economic and social policies cannot be analysed as separate mechanisms, but rather economic policy needs to be integrated into a broader social agenda with the social consequences of the budget brought to the fore of analysis.

Given that a gender perspective reveals this conjunction between economic and social policies, governments stand to benefit in a number of ways from conducting gender budgets. For most countries, the production of an annual budget represents a unique opportunity to look at the functioning of government as a whole, and may be used to set the direction of policy and signal changing priorities. It is, thus, essential to introduce a gender perspective into the political processes surrounding the budget. In addition to sending out clear political messages about the importance of gender to the processes of government, a gender perspective is necessary to ensure the effective delivery of policy and its longer term success. If, for example, a policy delivers short term economic gains at the cost of undermining a nation's social fabric then clearly the success of this policy will be jeopardised. Furthermore, adopting such a perspective may go some way toward avoiding policy making false economies. The search for spending cuts should be cognisant of the fact that savings in the paid economy might be offset by costs to the unpaid economy which, however hidden, are real, experienced by women and men in their daily lives.

#### **4. Principles for gender budget analysis**

Having examined the what and the why of gender budget analysis, we now turn to the 'how'. We do this by, first, establishing some principles for gender budget analysis and, second, examining how the process of gender budgeting might actually take



place. A number of principles should be kept in sight when undertaking a gender impact assessment of budgetary measures. These are:

1. **Analytical attention needs to be focused on the individual as well as the family.** For the gender effects to be taken fully into account it is essential to understand the, often quite distinct, impact of budgets at individual and family level.
2. **Consideration for the longer term consequences of policy is essential.** Rebalancing the gender division of paid and unpaid work and enhancing human capital are social changes of a slow and incremental nature. It is essential that policy is designed with an eye to the longer term and with full conscience of its impact on these longer term goals.
3. **Analysis must extend to the unpaid, caring economy.** Policy makers need to address the continuing constraints on women's participation in paid work that arise from their unpaid, caring work. Further, policy needs to pay attention to the extent that achieving social and economic goals requires a contribution of unpaid work, and must support that work appropriately.
4. **Differentials in women and men's response to economic incentives need to be taken into account.** Operating with simple models of economic behaviour will not take into account the different ways in which women and men might respond to economic incentives. Policy modelling needs to develop a more sophisticated understanding of the decisions between paid and unpaid work, and the opportunity costs of participating in either or both spheres.
5. **The impact of policy on gender norms and roles should be considered.** The degree to which policy challenges gender stereotyping also merits attention. Active measures to reduce gender segregation in the labour market and to

encourage men's participation in unpaid work must also have a place in policy that is aimed at changing the prevailing gender order.

There are a variety of ways in which gender analysis may be introduced into the budgetary process. These are set out in Table 1. The exercises outlined in the table vary according to their complexity and the demands they place on the analyst. Thus, at the first, very simplest level gender analysis involves a simple counting exercise in which gender is rendered visible by enumerating the numbers of women and men affected by a particular policy. This requires nationally representative data that is disaggregated by sex – a seemingly simple requirement that is, in fact, not met in full by many national statistical agencies. While this exercise is a pre-requisite for subsequent stages of gender analysis, without an assessment of differential needs or of the way in which policy changes behaviour over the longer term, it is inadequate to the task of revealing the gendered effects of a budget.

The next level of analysis consists of an audit of the incidence of revenues and/or expenditure. The utility of this type of exercise lies in revealing whether there is any bias in the design of policies that result in revenue being collected from or expenditure reaching disproportionate numbers of women or men. Understanding the pattern of resources devoted to different policies can reveal the relative priorities with which a government operates, and is at the base of the rallying cry of feminist economists to 'show us the money'. This demand still needs to be met, as disaggregated expenditure statistics rarely appear as a matter of routine in government accounts. On the revenue side, measuring the incidence of taxation across women and men is rendered particularly complex by the need to assess tax relief on consumption,

the use of indirect as well as direct taxation and the levelling of much taxation at the household, rather than individual, level.

**Table 1: Ways of introducing gender analysis into the budgetary process**

	<b>Questions explored</b>	<b>Requirements</b>
1. Making gender visible	Who are the recipients?	Data disaggregated by sex
2. Auditing revenue and expenditure	How is spending/revenue distributed between women and men?	Expenditure and revenue statistics disaggregated by sex
3. Gender impact assessment	<p>What are implications in the short and long term for the gender distribution of:</p> <ul style="list-style-type: none"> <li>- resources (money and time)?</li> <li>- paid and unpaid work?</li> </ul> <p>Is provision adequate to the needs of women and men?</p> <p>How does policy affect gender norms and roles?</p>	<p>Data on the unpaid, caring economy (i.e. a satellite account incorporating time-use data)</p> <p>Micro-analytic model of income distribution, incorporating model of economic (e.g. labour supply) and other (e.g. fertility) behaviour sensitive to gender differentials</p> <p>Sensitivity to gender segregation, cultural practices and gender norms and the impact that policy has on supporting or reconstructing these.</p>
4. Gender mainstreaming	<p>How is gender taken into account in policy formulation, design and implementation?</p> <p>What priorities are given to reducing gender inequality?</p>	<p>Cooperation across government agencies and across the policy process</p> <p>Awareness of the scope of gender issues and ability to search out more hidden aspects of gender inequality</p> <p>Tools to assess the aims and priorities attached to policy</p>
5. Benchmarking	Are specific targets for gender equality being met?	<p>Awareness of complexity of gender inequalities when setting targets</p> <p>Ability to locate the policy and other influences on particular social phenomena</p>

The incidence of revenue and expenditure raises some challenging issues about the meaning equality. In the UK, and, I imagine, most welfare states, revenue is raised in the majority through taxes on men's incomes while government spending is directed disproportionately at women who make up the bulk of pensioners and claimants of social assistance benefits. A simplistic reading of such figures would suggest that if any adjustment needs to be made it would involve the targeting of more spending at men. This simplistic reading equates gender equality with the parity of spending on the sexes (for each pound spent on a woman an equivalent pound should be spent on a man). Such an approach does not adjust spending according to needs, which themselves show important gender differentials. The issue is not whether we are spending the same on women and men, but whether the spending is adequate to women and men's needs. We therefore need to operate with a more sophisticated notion of equality in order to conduct a thorough gender analysis of the budget. This type of sophistication can be found in what I label gender impact assessment. The previous two exercises will typically contribute to this, yet a true assessment of gender impact needs to move beyond making gender visible or accounting for the incidence of government expenditure. Hence the focus of gender impact assessment should be on the effects – long and short term – of the budget on gender differentials in the distribution of resources and of work as well as on gender norms and roles. Such an assessment should be conducted with regard to women and men's needs. The tools required for such analysis are sophisticated. A significant new data requirement arises from the desire to capture the impact of the budget on the unpaid sector. This data may take the form of a time-use survey from which a satellite account of unpaid work may be developed. In the UK, for example, analysis is beginning on a recent time-use survey from which estimates of the contribution of unpaid work to Gross

Domestic Product will be drawn. A model of income distribution based on micro level data is also needed to capture the distributional impacts of the budget on individual, as well as family, resources in the short term. For the longer term effects to be measured, other behaviours (including labour market participation) need to be measured with due regard to gender differentials in such behaviour. Finally, in recognition that economic policy also contributes to the cultural environment and gender norms, a full gender impact assessment should take into account the impact of policy on such things as gender segregation and the norms about appropriate roles for women and men.

The next, and broadest type of analysis, is gender mainstreaming. Gender impact assessment is a tool that is likely to be used in the mainstreaming process, but mainstreaming refers to a larger set of activities with a broader set of goals. Gender impact assessment is principally a tool of evaluation used once a policy is in place (although it is possible to conduct some predictive work using the models described above). Mainstreaming, by contrast, refers to the introduction of a gender perspective across the entire policy process and to all areas of policy. Mainstreaming asks: how is gender taken into account in economic policy formulation, design and implementation? What priority is given to the goal of reducing gender inequality as compared to other economic policy goals? Mainstreaming should be a process which involves actively searching out gender effects of policy even if those are not immediately apparent. Mainstreaming requires cooperation and coordination across government agencies, and across those working on distinct parts of the policy process within the same agency. The requirements here are probably less tangible than those listed previously, as they refer to sensitivity to gender as an issue applied throughout

the policy process and to ways of determining the aims and priorities attached to different policies. Mainstreaming applies to all departments and for the budget process this reminds us that analysis cannot be focused exclusively on the activities of the Treasury or Ministry of Finance which acts to coordinate the spending and revenue gathering roles of other departments.

The last type of analysis identified is benchmarking. Unlike the others, this does not fall easily into a hierarchical pattern as it may be part of any of the analyses mentioned above. Benchmarking is becoming an increasingly popular tool within the European Union, applied particularly to poverty. In the UK, for example, a benchmark with regard to child poverty (elimination by 2020) was set by the current government. In effect, benchmarks establish a minimum standard and a time frame over which this standard is to be met. Against this backdrop of benchmarking we need to enquire as to whether specific targets for gender equality are being set and met. Benchmarks may be employed by official organisations or developed by pressure groups or opposition parties. While a simple tool in many respects, they nevertheless require analytical sophistication. Thus, for benchmarking to be successful the policies that are or will be effective in meeting that benchmark need to be identified. In a complex social world, this is very challenging – for example, it would be difficult to specify with certainty the policies that would narrow the pay gap under uncertain economic conditions. Further, a simple goal may disguise a series of important social choices. The ambition to narrow the pay gap may be achieved by closing the pay differential among the richest 10% of women or by improving the incomes of the poorest women. Using a simple benchmark both of these options are weighted equally even though we may prefer one method over the other. In sum, even the apparently

simple ways of introducing gender analysis of the budget raise a series of issues, some conceptual others practical, about our understanding of the inter-linkages between economic policy and the structure of gender inequalities.

Distinguishing between the different types of gender analysis also helps us to clarify the potential location of gender budget initiatives. Involvement of external bodies, such as the Women's Budget Group in the UK, is possible in the first three types of gender analysis. However, only a central body from within government can conduct the work of gender mainstreaming, requiring as it does the ability to encourage (or coerce) a range of government agencies to become involved in the mainstreaming process.

## **5. Conclusion: Making gender budgets work - transforming institutions and transforming thinking**

By way of conclusion I turn now to issues of the broader transformations, political, institutional and ideological that are needed for gender budgets to work. Establishing a bureaucratic process is not enough for a gender analysis to be undertaken seriously by any national government. Alongside a more developed understanding of the processes involved, a truly effective analysis will frequently necessitate a transformation of institutions and of thinking about policy. Clearly there is an issue of political will here – for gender analysis to move beyond a defensive 'tick box' approach, there needs to be a political commitment to gender equality, accompanied by a willingness to take on any new policy agendas that are thrown up by a more proactive analytical process. The presence of women in positions of political power is frequently identified as an aid, if not a prerequisite, to attaining such a political commitment (Rubery and Fagan 2000).

In addition to political will, gender analysis places requirements on the government departments that are required to enact the analysis. As with any new process, attention needs to be paid to developing the appropriate capacity within those institutions. Alongside the obvious requirement for expertise in and sensitivity to gender are less obvious exigencies to develop a broad range of analytical capacities that might otherwise not be present. Thus, gender impact assessment requires that policies are subject to rigorous and long term evaluation. For some national governments such evaluations are routine, while others will need to develop evaluative expertise in order to conduct a gender analysis. In addition, analysis of the impact of specific policies requires some assessment of the additional, unique contribution of that policy (known as its ‘additionality’). Finally, a gender analysis may require that a policy area is looked at as a whole as the analysis should be informed by the needs of particular groups of women and men rather than by the often rather arbitrary boundaries around government departments. As a consequence evaluations will have to be ‘joined up’ across departments which may run counter to traditional practice of the civil service in many countries. In sum, introducing a gender perspective may require quite radical changes to institutions and traditional practice, although of course the extent of this transformation will depend very much on the specific national context.

In terms of transforming thinking, gender analysis is likely to open up normative debates about such things as the proper roles for women and men, the relative merits of full time parenthood and paid for care and the normal and desirable limits of family support. The evaluative process itself also requires an openness among policy makers, who, for a successful process to occur, will need to report their findings. Such



changes work in the same direction as more general calls for open and transparent government and for increasing accountability to voters.

While these transformations may seem daunting, there are many positive forces at play. Occasions like this conference allow for the exchange of best practice examples, and more such events would be desirable as gender analysis of budgets evolve. Furthermore, the involvement of international organisations such as the United Nations and the Commonwealth Secretariat in disseminating knowledge and encouraging institutional change has been crucial, and for governments considering undertaking such projects there is now considerable international expertise from which to learn. Further, from within nations there is positive support, with countries such as the UK now having strong non-governmental groups (in the form of the Women's Budget Group) who can provide expertise and give political impetus to the process.

While the task is daunting, there is plenty of room for optimism. Gender budgets take us in several exciting directions. On an intellectual level, it raises the crucial if infrequently posed question of what constitutes economic activity and challenges us to reconsider the boundaries that mainstream economics places around the economy. In terms of analysis, it challenges us to think in new and innovative ways about policy and to be thorough in our assessment, measuring effects across individual and family units, across time to capture longer term effects and in dimensions, such as the normative dimension, that are not often associated with economic policy. From the point of view of institutions, it gives additional impetus to the move towards open, transparent and joined-up government. It challenges departmental boundaries and

encourages the development of evaluative and analytical skills throughout government. Given that there are such gains to be made from the process of engendering budgets, practice must surely follow.

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