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Gender Budget Initiatives Why They Matter in Canada

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INTRODUCTION

Canada has been a signatory to a number of UN commitments to gender equality and more inclusive economic development over the last few decades, such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the Beijing Platform of Action, and, more recently, the Millennium Development Goals (MDGs). Despite these stated commitments, both here at home and abroad, there remain significant gender inequalities in life experiences and distribution of opportunities among women and men in Canada.

Government budgets, which are policy statements that reflect the social and economic priorities of governments, are one area of public action that have been identified as an important tool for redressing underlying inequalities and tackling these through the allocation of public resources. In particular, gender budget analysis is increasingly recognized as an important way to hold governments accountable for their commitments to human rights and gender equality as they connect these commitments to the distribution, use, and generation of public resources. Indeed, the current Minister of Finance has made a public commitment to undertaking gender budget analysis in Canada. To date, however, no such initiative is under way, despite the fact that Canadian funding agencies are expected to undertake gender impact assessments of all projects in developing countries.

It's time to bring home a new way of thinking about government finances that examines the real situation of women's and men's lives, and includes a majority of citizens — especially women who are often at the periphery of economic debates — in the decisions which shape policies, set priorities, and meet the social and economic needs of all citizens.

WHY MACROECONOMICS MATTERS

An important aspect of the current fiscal context is the shift of our societies to more market-oriented, privatized governance arrangements. While these governance frameworks appear to be narrowly focused on economic questions, in reality they are helping to reshape the conditions under which a central activity — the care of human beings — is taking place. Caring institutions such as health and education, which were once governed by enabling professions geared to universal care, are now determined increasingly by market values and private forces, driven directly by the profit motive. A good example of this is the General Agreement on Trade in Services (GATS), which seeks to progressively liberalize provision of services, including public services in health care and education (as well as in agriculture, finance, tourism, and in other fields).

An additional pressure on public spending and revenues relates to the very restrictive policy rules which many countries, including Canada, have adopted that reduce their "fiscal maneuverability" and, ultimately, make it difficult for their policies to comply with social needs. These include balanced budget rules adopted in many provinces in Canada, and specific limits on the debt-to-GDP ratio and the budget deficit-to-GDP ratio. These rules prevent governments from pursuing anti-cyclical fiscal policies that would counter the ups and downs of the economic cycle, as, for instance, during a recession.

A key goal of gender equality and alternative budget initiatives over the last two decades has been to show that this fiscal context and the impacts of public spending, revenue raising, and deficit reduction strategies are seldom, if ever, gender- or class-neutral. Indeed, fiscal, monetary, trade, and financial sector policies all impact on women's economic situation in very direct ways. For example, trade liberalization is a form of microeconomic policy that involves the dismantling of government regulations, such as tariffs and trade barriers, to permit more foreign competition and investment in the economy. Trade liberalization is also linked to fiscal and monetary policies, as well as to privatization of public services, since the neoliberal goal is to make all social and economic activity respond to the imperatives of the world market.

For instance, by shifting credit towards the export sector and disadvantaging the domestic sector, monetary policy can support trade liberalization goals. However, the fiscal effects of tariff reductions and other losses of income to the public purse may have further negative consequences for the social sector components of the budget, since there may be less government revenue to devote to these purposes, or for simple redistribution.

WHAT'S THE PROBLEM?

At first glance, the budget appears to be a gender-neutral policy instrument. It deals with financial aggregates: expenditures and revenues, the surplus or deficit. There is no mention of people at this level of policy. Yet policy-makers should not assume that government expenditures and taxes impact equally on men and women, since men and women generally occupy different social and economic positions. In Canada, this reality is poignantly reflected in data regarding income inequalities between men and women.

- Census statistics demonstrate that, in the year 2000, the average wage for full-year, full-time female workers was $34,892, versus $49,224 for similarly employed males. Further, fully half of all women with paid employment earned less than $20,000 in 2000 (Yalnizyan 2005).

Given these numbers, ignoring the gendered impact of policy does not constitute gender neutrality, but reflects gender blindness.

The different socially determined roles, responsibilities, and capabilities of men and women are usually structured so that women tend to be in an unequal position in society, with less economic, social, and political power.

Women continue to assume the bulk of care-giving responsibilities for children and extended family, thereby limiting their employment choices.

- A Statistics Canada survey in 2002 on care-giving for seniors found that a change of work patterns was required by more than one-quarter (27%) of female caregivers aged 45 to 54, versus 14% of men in the same category. Further, 20% of women aged 45-54 who were providing care for a senior reduced their hours of work, versus 13% of men (Cranswick 2002).
- Single mothers in Canada continue to be the most likely to be poor, with poverty rates reaching as high as 56% for lone-parent families headed by women, compared to 24% of those headed by men (CRIAW, 2002).

Gender differences and inequalities such as these mean that a gender-blind budget will have different impacts on men and women, boys and girls.

Gender budget initiatives are increasingly recognized as an important tool for analyzing the gap between expressed commitments by governments and the decision-making processes involved in how governments raise and spend money. Currently, some 60 countries in the world are engaged in various forms of gender budgeting. Despite their increasing legitimacy as a public policy tool, no federal, provincial, or territorial government in Canada to date has embarked upon a gender budgeting exercise. Nevertheless, donor agencies such as CIDA are required to include gender impact analysis in all funding initiatives undertaken through the agency. In other words, the Canadian government imposes these mandates on so-called “developing countries,” but has not applied such tools to its own budgetary practices, despite the documented persistent economic, political, and social inequalities between women and men ***within*** Canada.

Gender budgets share with other participatory budget initiatives the goals of developing an inclusive budget process, with independent oversight and a commitment to pro-poor and equity choices within existing fiscal capabilities. In this sense, one of the aims of gender budgeting initiatives, along with other participatory initiatives, is to widen governance and accountability structures by giving resources to develop the capacity and voice of those previously marginalized from fiscal policy decision-making. It is useful to note that Canada’s current federal budget framework does not explicitly prioritize the achievement of equality for all of Canada’s citizens, and instead focuses almost exclusively on strong and sustainable economic growth. In reality, a growth policy based on equality objectives would recognize that all macroeconomic policy is also social policy, since it

Gender budget initiatives are generally seen as one mechanism for:

• monitoring and widening the targets for gender-equity principles and social development; and

• broadening notions of accountability and transparency to include the gender impacts of budget processes and macroeconomic policies.

reflects a series of choices about how to distribute and redistribute resources.

More specifically, gender budget initiatives:

- address the gaps between international commitments to gender equality and resources allocated;
- enhance the efficiency of economic policy and contribute to broader societal goals of social justice and the sharing of costs and benefits; and
- lead to greater accountability and transparency.

1. Delivering on International Commitments to Gender Equality

The 1990s saw the emergence of an international consensus on poverty eradication and the promotion of gender equality through such policy commitments as the 1995 World Social Summit on Development (WSSD), the Fourth World Conference on Women in Beijing (FWCW), and the International Conference on Population and Development (ICPD). Signatory countries made commitments to integrate the goals of these conferences into their policy plans (see the Federal Government's Plan for Gender Equality 1995 — www.swc-cfc.gc.ca/pubs). This included mobilizing resources and ensuring transparency and accountability in budget processes, as well as the monitoring of progress toward these goals precisely because of the documented links between gender equality and broader economic and social progress.

However, a number of significant shortfalls and inconsistencies in meeting these targets were identified in the 10-year reviews in 2005 of the UN Fourth World Conference on Women. A key obstacle has been the inadequate allocation of — and ineffective and inequitable use of — public resources. In January 2003, the UN Committee on the Elimination of Discrimination Against Women (CEDAW) also identified underfunding of key social supports on which women heavily rely as an impediment to Canada's fulfillment of key human rights commitments to women. One problem in implementing the Platform for Action and Canada's obligations under various UN treaties is that there is often

The United Nations Mandates That Relate to Gender-Equitable Fiscal Policy

Beijing+5:
To be done by national governments:
109a. Incorporate a gender perspective into the design, development, adoption and execution of all budgetary processes, as appropriate, in order to promote equitable, effective and appropriate resource allocation and establish adequate budgetary allocations to support gender equality and development programmes which enhance women's empowerment and develop the necessary analytical and methodological tools and mechanisms for monitoring and evaluation

Platform for Action
Action by national governments:
58(d). Restructure and target the allocation of public expenditures to promote women's economic opportunities and equal access to productive resources and to address the basic social, educational and health needs of women, particularly those living in poverty.
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, both for enhancing productive capacity and for meeting social needs.
165(f). Conduct reviews of national income and inheritance tax and social security systems to eliminate any existing bias against women.
165(i). Facilitate, at appropriate levels, more open and transparent budget processes.

a gap between policy development, budget appropriations, and the outcomes of policies. The processes are different, and governments often have difficulties in bringing them together. A gender-sensitive budget analysis can bring the processes together by comparing international commitments to resources and services at the national level, thereby helping government to achieve the effective implementation of policy coherence.

2. Maximizing Efficiency through Gender Equality

One effect of budgets is the redistribution of wealth and resources within a country. Equitable distribution of resources between women and men should be a central policy goal, given the government's commitments to human rights and its own documentation of persistent gender inequalities in Canadian society. A recent analysis of the last 10 years of federal spending patterns in areas of significance to women in Canada demonstrates that investments in social supports on which women tend to heavily rely have been sporadic, and largely decentralized (Yalnizyan 2005).

Gender budget initiatives can improve budgetary performance and optimize the use of limited resources (efficiency gains). Improved targeting through gender analysis of budgets can avoid "false economies," which refer to attempts to reduce or contain financial costs in one sector by transferring actual costs in terms of time-use for individuals and groups to the unpaid sector, thereby lowering their overall productivity (Elson and Cagatay, 2000). By identifying the needs of particular groups, and assessing how neutrally-defined programs fail or succeed to address them, gender budget analysis can also contribute to more effectiveness in public spending and taxation (Hofbauer Balmori, 2003). In addition, there is now a significant body of research which demonstrates that gender inequality has an economic cost in terms of levels of productivity, human resources, and better health, which in turn can impact on output and growth (Klasen, 1999).

However, efficiency arguments must be placed within the broader context of equality and rights commitments, such as CEDAW and the Charter of Rights, in order to expand the narrow definitions of efficiency currently used by economists. In this sense, gender budget analysis also opens the door to evaluating work beyond the paid sector of the economy to the unpaid provision of care undertaken in communities and households. Such an analysis would improve long-term macroeconomic planning and evaluation related to, for instance, changes in productivity due to shifting of work to the unpaid sector.

3. Holding Governments to Account

The concentration of macroeconomic policy in the hands of central banks, finance departments, and multilateral agreements often "locks out"

The Federal Mandate in Canada:
The Federal Plan for Gender Equality 1995

Objective 1: Implement Gender-based Analysis throughout Federal Departments and Agencies, puts forward a systematic process to inform and guide future legislation and policies at the federal level by assessing any potential differential impact on women and men. Hence, this objective underpins all subsequent objectives.

Objective 2: Improve Women's Economic Autonomy and Well-being, promotes the valuation of paid and unpaid work performed by women, women's equitable participation in the paid and unpaid labour force, and the equitable sharing of work and family responsibilities between women and men; encourages women's entrepreneurship; and promotes the economic security and well-being of women.

elected representatives from key aspects of macroeconomic decision-making, thus rendering them, ultimately, less accountable to poor people and women. Gender budget initiatives require accurate information and data that is gender-disaggregated to monitor and encourage public expenditure accountability. In this sense, GBI contributes to a more open relationship between government and civil society. Such initiatives also provide a monitoring tool and framework for comparing the developmental achievements of governments with their public resources. This is part of a broader effort to link macroeconomic policies with social policies that target social and gender equality, poverty reduction, labour standards, etc.

HOW ARE GENDER BUDGET INITIATIVES DONE?

Gender budget initiatives can address the spending side of local or national budgets, the revenue side, or the budget as a whole. Most initiatives to date have focused on the expenditure side, and more work is needed to develop the revenue side of gender budgeting. The basic methodology is to categorize types of spending and revenues and then — through a series of tools that have been developed by Rhonda Sharp in Australia, Debbie Budlender in South Africa, and Diane Elson in the U.K., in conjunction with other researchers and activists — to assess these categories from a gender perspective. Most applied gender budget initiatives begin with dividing public expenditures into three categories:

- **Category 1**: specifically targeted expenditures by government departments and authorities to women or men in the community intended to meet their particular needs.
- **Category 2:** equal employment opportunity expenditure by government agencies on their employees.
- **Category 3:** general or mainstream budget expenditures by government agencies which make goods or services available to the whole community but which are assessed for the gender impact.

Applied gender budget analysis is not simply a technical exercise, but a more long-term process that requires government officials to think about the economy in new ways that include the unpaid sector where much of women's time and efforts are concentrated.

WHAT ARE GENDER BUDGET INITIATIVES?

Gender budget initiatives are ***not*** separate budgets for women and girls; rather, they are an attempt to analyze public money through the lens of gender. Gender budgets are attempts to break down national or local budgets according to their impact on women and men, boys and girls. The key questions, according to Diane Elson, a development economist and one of the pioneers of such initiatives, is:

- **What impact does this fiscal measure have on gender equality?**
- **Does it reduce gender inequality; increase it;**
- **Or leave it unchanged**?

Who participates in these initiatives, what is scrutinized, and how results are reported varies widely across countries. Some are sponsored by governments, others by groups within civil society. Some have been supported by international institutions. For instance, the Commonwealth Secretariat in London has engaged in a partnership with ministries of finance and ministries of women's affairs to develop gender budget initiatives throughout the Commonwealth.

So it is this third Category that gender budget initiatives have mainly focused in on — expenditures — although public revenues can be considered in a similar fashion. With this in mind, a number of tools have been developed, each dependent on the focus of the gender budget initiative and the resources available for carrying out such an initiative. These tools — and how they can be applied in Canada — will be discussed in a separate background paper. Currently, a number of tool-kits already exist. For instance, the United Nations Development Fund for Women (UNIFEM), the Commonwealth Secretariat, and Canada's International Development Research Centre (IDRC) have established a website (www.gender-budgets.org) which details ongoing initiatives, as well as tools currently available for gender budget analysis.

The Revenue side of gender budget analysis will be discussed in a forthcoming AFB Technical paper by Lisa Philipps.

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FURTHER QUESTIONS TO CONSIDER IN THE CANADIAN CONTEXT

The following questions are useful to consider in the Canadian case when thinking about fiscal policy from a gender-sensitive perspective:

- What are the gender impacts of recent tax reforms? (for example, general and targeted tax reductions, expansion of non-refundable credits, developments in the CCTB)
- What are the gender implications of fiscal decentralization? Has the reconfiguration of tax and spending functions between federal and provincial governments improved or detracted from gender equality and gender transparency? For example, this is relevant to changes in the federal-provincial tax collection agreements which have given provinces more control over personal income tax policy; the shift from conditional to block transfers; and federal use of trust funds and tax expenditures to impact on areas of provincial interest.
- Is fiscal policy responsive to people's needs? Are there adequate safety nets and social insurance systems? To what degree are they gender-equitable?
- What are the impacts of different debt-reduction strategies? What are the gender dimensions?

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