

Gender-responsive budgeting Innovative approaches to budgeting

SUMMARY

'Gender gap' is the term used to describe the unequal outcomes achieved by women and men on the labour market, as well as women's restricted access to rights and assets worldwide. According to the World Economic Forum, no country in the world has fully closed the gender gap: only a few countries (Iceland, Finland, Norway, Sweden and Denmark) have closed 80% of their gender gap, whereas many others lag far behind, having closed it by 60% or less.

Gender-responsive budgeting (GRB) is one of the tools used by policy-makers to tackle the gender gap. The aim of GRB is to promote equality between men and women.

There are several GRB initiatives that are ongoing at national and supranational level, including at European Union (EU) level. The first attempt to introduce GRB into the EU budgetary process was made in 2002. The current Multiannual Financial Framework (2014-20) includes a joint declaration by the European Parliament, the Council and the European Commission, in which they commit to integrating, as appropriate, gender-responsive elements in the EU budget. Moreover, the new strategy for equality between women and men, currently being drafted, includes the objective of advancing GRB as part of EU budgeting.



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Glossary

Gender mainstreaming: The integration of a gender equality perspective at every stage of the policy process – design, implementation, monitoring and evaluation – with a view to promoting equality between men and women. (source: [European Commission](#))

Gender-responsive budgeting: includes all planning, programming and budgeting that contributes to the advancement of gender equality and the fulfilment of women's rights. (source: [United Nations Entity for Gender Equality and the Empowerment of Women](#))

The gender gap

Economists usually use the term 'gender gap' to describe the differences in outcomes achieved by women and men on the labour market. In 2014, for instance, the European Commission estimated that women in the European Union (EU) earned on average **16% less per hour** than men, that their employment rate (in Europe) at ages 20-64 was **12 percentage points lower** than men of the same age (63% and 75% respectively), and that they were at greater risk of poverty than men: in 2012, **21.7%** of women over 65 were at risk of poverty (compared with only 16.4% of men).¹ A 2012 [study](#) by the European Institute for Gender Equality (EIGE) calculated a gender gap in pensions of **38%**.

Women's access to rights and assets

Women's limited access to rights and assets worldwide can also be described as a gender gap. Women are under-represented in both the public and the private sector. The [Inter-parliamentary Union](#) reports that in 2015, **22.1%** of the representatives elected to parliaments around the world were women. The figure was up to **25.3%** for Organization for Security and Co-Operation in Europe (OSCE) member countries. In 2013, only **17.8%** of board members (and **4.8%** of board chairs) in the biggest publicly listed companies in the EU were women, according to the European Commission. Even fewer women served as chief executive officers in such companies: **2.8%**. Access to material assets is also problematic for women, as shown by the data on ownership of agricultural land. The Food and Agriculture Organisation of the United Nations (UN) [reports](#) that women own less than **one quarter** of agricultural land in developing countries.

Gender-based violence

Closely related to the gender gap is gender-based violence. Violence against women also has a significant economic impact. The European Parliament's European Added Value Unit – at the request of the EP Committee on Women's Rights and Gender Equality (FEMM) – [estimated](#) in 2013 that gender-based violence against women costs the EU28 **€69 billion** annually, or **0.5%** of the EU's gross domestic product (GDP). According to the study, costs in public services accounted for **€45 billion**, whereas **€24 billion** resulted from lost economic output. A further **€159 billion** a year is the estimated indirect cost of the pain and suffering of victims. The FEMM Committee calculates that a decrease in gender-based violence against women of 10% would reduce direct economic costs by **€7 billion** a year. Another [study](#) published in 2006 by the Council of Europe estimated the annual cost of domestic violence in the EU's Member States at between **€20** and **€60** per person.

An ongoing challenge

Closing the gender gap remains a challenge. Efforts by governments and international institutions to tackle inequalities between men and women are ongoing. According to the [Global Gender Gap Index](#) of the World Economic Forum, no country in the world has fully closed the gender gap. While a few countries (Iceland, Finland, Norway, Sweden and Denmark) have closed 80% of their gender gap, many others lag far behind, having achieved a reduction of 60% or less.

Budget cuts and a lack of political will are among the greatest barriers to gender equality. A 2010 survey conducted by Oxfam on the impact of the global economic crisis on the budgets of 56 low-income countries found that nearly **two thirds** had cut public spending in areas affecting gender equality.² According to another study published by the Commonwealth Secretariat in 2002, which surveyed 50 countries with gender budget initiatives in place, many were only one-off in nature, while others were not being implemented.³

Gender-responsive budgeting

Policy-makers have a number of tools to tackle inequality of access to rights and resources between men and women, including gender mainstreaming. Gender-responsive budgeting (GRB) is one tool for implementing gender mainstreaming when distributing financial resources.⁴

The idea behind GRB is that budgets are non-neutral policy instruments. In contrast to how they are generally perceived, budgets may have very different impacts on women and men. Consider the following two examples: public transport and taxation. A decision to decrease public spending on transport would likely have a greater – and more adverse – impact on women than men, since women tend to rely more on public transport (as shown in a 2011 study by the Women's Budget Forum).⁵ Taxation is another case in point. Due to the pay gap between women and men, a reduction of tax rates at higher income bands would likely benefit men more than women (whereas women would benefit from an increase in the minimum wage).

Gender-responsive budgeting at national level

GRB is a relatively new tool, having gained ground over the past 30 years. Many of the pioneering experiments with GRB were in Australia. In 1984, women's organisations in Australia began to advocate GRB, and in 1997 the Australian Government carried out the first gender-sensitive budget analysis.

As early as 2000, the UN Entity for Gender Equality and the Empowerment of Women (UN Women) estimated that over **60 GRB initiatives** were ongoing around the world.⁶ In the United Kingdom (UK), the [Women's Budget Group](#), a not-for-profit group of researchers, trade unions and members of women's organisations, has been active since 1989. Belgium adopted a Gender Mainstreaming Act in 2007, introducing a department-level gender note (to be attached to the federal budget).

Other interesting examples include the [Gender Fokus project](#) run between 2008 and 2011 by the Lower Austrian Regional Government in cooperation with two regional administrations in the Czech Republic, and aimed at determining the procedures for gender budgeting at local and regional level; the 'BigBudget' initiative in Germany, where a gender-sensitive budget initiative was successfully developed in Berlin; and [Jaune budgétaire](#) in France, an appendix to the national budget concerning women's rights and equality.

Gender-responsive budgeting internationally

The concept of gender mainstreaming first appeared in international texts in 1985, after the UN Third World Conference on Women in Nairobi. However, as early as 1966 UN Women approved [the International Covenant on Economic, Social and Cultural Rights](#), which required signatories to take appropriate measures (including budgetary measures) to realise economic rights, and to use maximum resources to do so.

In 1995, a [Beijing Platform for Action](#) was created under the aegis of UN Women. Points 345 and 346 of the Beijing Declaration on a Platform for Action include a budgetary commitment by signatories to allocate sufficient resources to carrying out gender-impact analysis, and to meeting social needs (including those of women).

Among the international organisations that make an explicit commitment to gender-equality in policy-making (including budgetary procedures), the examples of the World Bank (WB), the International Labour Organization (ILO) and the Council of Europe (CoE) are of particular interest. The WB has had a [gender strategy](#) in place since 2001, to improve data collection in key areas (e.g. women's earnings), and to advance equality with men and support women's economic empowerment.⁷ At the ILO, a [Bureau for Gender Equality](#) is charged with promoting gender equality in all ILO policies, strategic objectives, programmes and activities. The CoE set up a group of specialists on gender mainstreaming as early as 1995, and adopted the first Recommendation on gender mainstreaming in 1998.⁸

Gender-responsive budgeting at EU level

While GRB is a relatively new topic in the EU, gender equality has been an important topic since the creation of the Communities. The 1957 Treaty of Rome already mentioned the right to equal pay for equal work for men and women. The Treaty of Amsterdam (1997) added the promotion of equality (and the elimination of discrimination) between men and women among the EU's fundamental tasks. The Treaty on the Functioning of the European Union includes a commitment to tackling inequalities and a ban on gender discrimination, in Articles 8 and 10 respectively. The Charter of Fundamental Rights of the EU (2000) reaffirmed the principles of gender equality (Article 23) and the ban on discrimination (Article 21). Since the Lisbon Treaty of 2009, the Treaty on European Union includes, as a general principle, non-discrimination between men and women.

In addition to the principles enshrined in the Treaties, gender equality is addressed in **15 European Directives** adopted between 1975 and 2010,⁹ as well as the EU's key strategic documents. The [EU 2020 Strategy](#) mentions the opportunity to reform the economy in order to achieve greater gender equality and to make gender mainstreaming the pivotal strategy for gender equality.¹⁰ The 2010 [Women's Charter](#) committed the European Commission to strengthening efforts in support of gender equality in all its policies over the following five years. Finally, with the [Strategy for equality between men and women](#), the European Commission presented its priorities for equality between women and men.

EU law and gender-responsive budgeting

The term 'gender mainstreaming' appeared for the first time in 1991 in the European Commission's Third Action Programme on Equal Opportunities (1991-1996). However, the first official step towards introducing GRB in the EU budgetary process dates back to 2002, when the [Advisory Committee on Equal Opportunities for Men and Women](#) of the

European Commission officially acknowledged the importance of budgets for policy planning, and recommended that EU budgetary policy be included in gender mainstreaming. In order to achieve this goal a working group on GRB was established. The committee's opinion was published a year later.¹¹ This opinion recommended assessing the gender impact of all parts of the EU's budgetary process, as well as of the expenditure of the European Social Fund. Moreover, the opinion recommended the exchange of best practices among the EU institutions and the encouragement of gender budgeting initiatives at national level.

In 2002 the EP's FEMM Committee approved a [report](#) on GRB. The report called, inter alia, for more political will in relation to achieving gender equality, and – specifically on GRB – suggested placing greater emphasis on information campaigns and recommended a Commission Communication on gender budgeting.

In 2008, a study commissioned by the European Commission's Directorate-General for Budget confirmed that the EU budget was suitable for GRB. The study suggested that GRB should first be adopted in the Multiannual Financial Framework (MFF), and then in the strategic programming and planning cycle.¹²

GRB timeline in the EU

2002 - The EP Committee on women's rights and equal opportunities approves a report on GRB;

2003 - The Advisory Committee on Equal Opportunities for Men and Women releases an opinion on GRB;

2008 - The European Commission (DG Budget) launches a study to assess the feasibility of GR in the EU budgetary process;

2011 - FEMM Committee adopts a Resolution on gender mainstreaming in the work of the EP.

Gender-responsive budgeting in EU funds and development aid

The EU has committed to applying GRB to funding programmes. The chief objective is to ensure that EU funds do not finance measures that may violate fundamental rights, including gender equality and non-discrimination, and that they promote gender equality goals. The **Cohesion Fund** is illustrative: in January 2014, a new [legislative package](#) entered into force, framing EU cohesion policy for the period 2014-2020. The package promotes gender equality as a guiding principle of cohesion policy.

GRB is also applied to **development aid**. In the [Resolution on Financing for Development](#), adopted on 19 May 2015, the EP called for the implementation of GRB. On 26 May the Council of the EU also mentioned GRB in its [Conclusions](#) on gender in development.

The institutional framework

Gender mainstreaming and GRB are the responsibility of several formal and informal bodies. The former include the [FEMM Committee](#), the [EIGE](#) and the [Advisory Committee on Equal Opportunities for Women and Men](#) (assisting the European Commission in formulating and implementing EU activities concerned with equality between women and men). Among the informal bodies of particular relevance is the [High Level Group on gender mainstreaming](#), which is chaired by the European Commission and tasked with identifying priority gender-related issues.

How gender-responsive budgeting works

GRB aims to achieve **two objectives**. The first – 'gender analysis of budgets' – consists of analysing the gender-differentiated impact of, and addressing gender gaps in, public policies concerned with revenue-raising and allocation of resources. The second goal of

GRB – 'gender-sensitive budgeting' – is to actively promote changes in budgets that favour gender equality.¹³

Gender-budgeting applied to expenditure and revenue

Gender analysis and gender-sensitive budgeting may be applied to both the spending and revenue parts of a public budget. As a general rule, GRB is applied to **spending** (i.e. transfers, subsidies and services). However, there is no reason why GRB cannot be applied to public revenue (i.e. taxes, user charges and other funds).

When GRB is applied to public expenditure, the latter is divided into three parts: (1) mainstream expenditure, where the majority of resources are normally allocated (e.g. services); (2) gender-targeted expenditure – the part of expenditure that concerns the particular needs of women (e.g. domestic violence counselling); and (3) equal opportunities expenditure – the part of public spending aimed at gender equality (e.g. childcare facilities). For each of the three parts, indicators are created to measure how much of the expenditure targets gender equality, whether this has been rising or falling compared with previous budgets, and how the money spent can be translated into tangible benefits for women.

Methods and tools for gender-budgeting

The variety of methods and tools for conducting a gender analysis of a budget is large, and in many cases different tools can be used together.¹⁴ To simplify, however, there are six main tools of analysis for GRB:

- **Gender-aware policy appraisal** – This tool aims, first, to identify all gender issues in a budget and the related resource allocations; second, to assess whether the budgetary implications of the policies will reinforce or reduce gender inequalities; and third, to check whether the allocation of resources is aimed at reducing inequalities.
- **Gender-disaggregated beneficiary assessment** – This tool closely resembles participatory budgeting (i.e. the involvement of the public in budgetary planning). Potential and actual beneficiaries (women in particular) of a budgetary programme are surveyed to find out their opinion on its implementation.
- **Gender-disaggregated public expenditure incidence analysis** – With this tool the expenditure for a given programme is compared with the number of men and women affected by it. The aim is to reveal how much is distributed to the former relative to the latter.
- **Gender-disaggregated revenue/tax incidence analysis** – This tool analyses the amount of direct and indirect taxes that women and men pay individually (rather than looking at the aggregated information of households).
- **Gender-disaggregated analysis of the impact of the budget on time use** – This tool focuses on the time that women spend working in their households. The reason for including the value of unpaid work in budgets is to avoid false economies.
- **Gender-aware medium-term macroeconomic policy framework** – This tool introduces a medium-term (rather than annual) perspective for assessing budgets. The aim is to create a virtuous cycle that will impact on future budgets.

Outlook

According to a 2012 assessment in preparation for the 2014-20 Multiannual Financial Framework (MFF) conducted for the European Parliament, while a gender perspective was being applied to the EU budget, implementation and evaluation were still lacking or incomplete.¹⁵ The assessment explained that a gender-responsive EU budget was still far from being achieved, and that more analysis and research were needed.

In June 2015, the EP published a new study reporting the results of an analysis of the EU budget from a gender-equality perspective, based on six selected policy areas. The study, entitled 'The EU budget for gender equality', concludes that the EU's high-level commitment to gender equality and gender mainstreaming is not always acted on at lower levels, and recommends greater transparency, enhanced use of gender-related indicators and more systematic collection of gender-disaggregated data.

The MFF is accompanied by a [joint declaration](#) of the EP, the Council and the European Commission, who agreed that 'the annual budgetary procedures applied for the MFF 2014-2020 will integrate, as appropriate, gender-responsive elements, taking into account the ways in which the overall financial framework of the Union contributes to increased gender equality (and ensures gender mainstreaming)'.

In the [words](#) of Commissioner Vera Jourova, the new strategy on equality between women and men, currently in preparation, will also endeavour to push GRB further in EU budgeting.

Main references

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Endnotes

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³ See D. Bundlender, G. Hewitt, [Gender budgets make more cents](#), London, 2002

⁴ On the relationship between gender mainstreaming and gender budgeting See D. Elson, [Gender mainstreaming and gender budgeting](#), Brussels 2003

⁵ See Women's Budget Forum, [Gender Equality Initiatives In Transportation Policy](#), 2011

⁶ See UN Women, [Equality and public finances - a discussion paper on gender responsive budgeting](#), 2000

⁷ A [new gender strategy](#) is currently in preparation and is expected to be finalised by the end of 2015.

⁸ See Council of Europe, [Gender budgeting](#), 2005

⁹ See European Commission, [Gender equality in the European Union](#), 2011

¹⁰ On this point see also European Economic and Social Committee, [The gender dimension in the Europe 2020 strategy](#), 2012

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