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**Equality Budgeting:
Proposed Next Steps in Ireland**

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Purpose of this Paper

This paper provides an overview of the concept of equality budgeting, looking at the definitions and methodologies applied in assessing expenditure decisions for equality impacts. The paper also examines international experiences of equality budgeting and highlights the progress that has been achieved to date and common themes emerging. Case studies of four countries that have implemented gender budgeting are presented as well as lessons learned from international experiences.

The paper also looks at progress made to date in Ireland towards integrating equality budgeting into expenditure management and the estimates process. It concludes by proposing next steps towards the introduction of equality budgeting in Ireland anchored in the performance budgeting framework that is currently in place.

At the outset it is important to highlight that the role of the Department of Public Expenditure and Reform (DPER) in this process concerns the monitoring and reporting of expenditure across the public service. Development and implementation of policy objectives remains the role of line Departments.

What is Equality Budgeting?

The Programme for Partnership Government contains a commitment to ‘develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights’. It also includes a commitment to ‘ensure the institutional arrangements are in place to support equality and gender proofing within key government departments’. These commitments are further complimented by the commitment in the National Strategy for Women and Girls 2017-2020 to ‘Take measures to build capacity within the Civil and Public Service with regard to gender mainstreaming and gender budgeting’. But what is meant by equality budgeting?

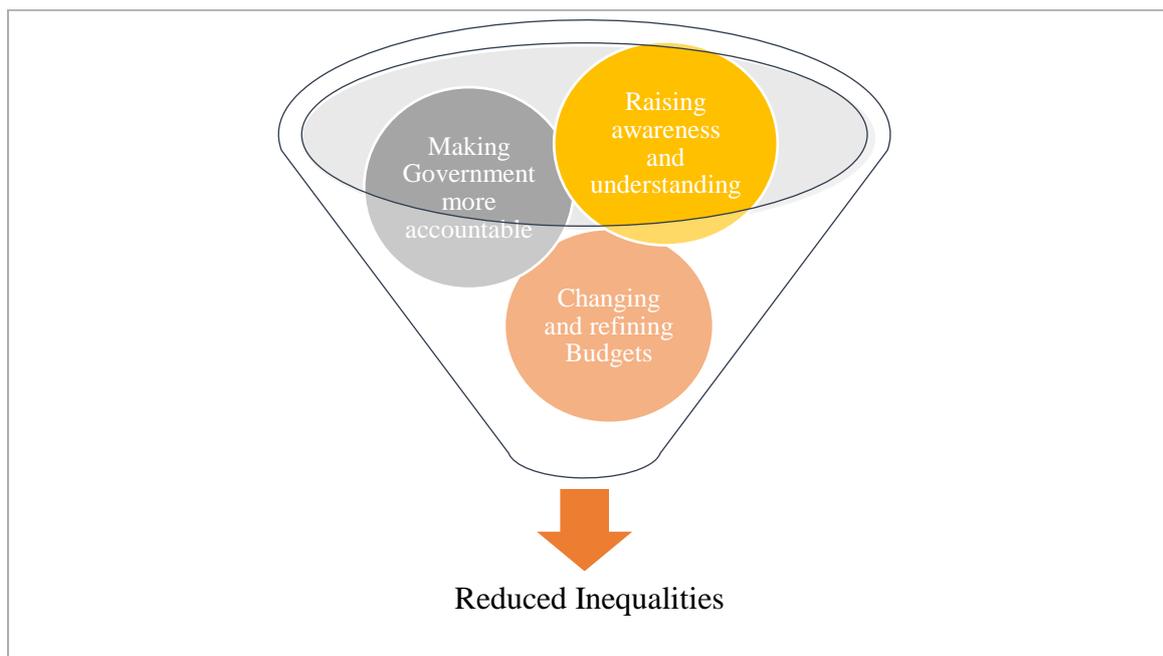
Equality Budgeting involves providing greater information on the likely impacts of proposed and/or ongoing budgetary measures, which, in turn, enhances the potential to better facilitate the integration of equality concerns into the budgetary process and enhance the Government’s decision-making framework. While inequality is traditionally viewed through the prism of economic inequality alone (i.e. income and wealth), equality budgeting goes further in identifying contrasting outcomes in areas

such as health and education, and how these outcomes differ across gender, age, ethnicity and those other characteristics which distinguish our society's cohorts.

Equality budgeting is not a new concept. The first forms of equality budgeting emerged internationally in the 1980s when efforts were made to demonstrate the varying impacts which public expenditure and revenue policies have on men and women. These initiatives became known as gender-responsive budgeting (GRB) and quickly spread throughout a number of countries. As identified by Sharp and Broomhill¹, the initial focus on gender sought to:

- raise awareness of the gendered impacts of the budget and the policies it funds;
- help strengthen accountability in relation to commitments to gender equality; and,
- bring about changes to policies and budgets that would raise the social and economic status of women and further gender equality.

Figure 1: Equality Budgeting in Practice



It is important to consider the potential scale of equality budgeting. The broad form of equality budgeting to which this paper's analysis is primarily directed (i.e. demonstrating the equality impacts of budgetary measures across all nine grounds covered under equality legislation as well as assessing socio-economic outcomes of expenditure policies) is relatively new. There is currently no single

¹ Sharp, R., Broomhill, R., (2002), Budgeting for Equality: The Australian Experience, *Feminist Economics*, 8, (1), 25-47

international standard for equality budgeting and its practice is relatively limited. From a practical perspective it may be more effective, at least initially, to concentrate on a single or limited number of equality characteristics for which disaggregated data already exists. Under a broader equality budgeting initiative gender would amount to just one of several categories identified under equality legislation. However, reflecting the availability of relevant studies, the established track-record of seeking to gender-proof policy initiatives and the fact that analytical research carried out in the area of gender-responsive budgeting, are generalisable to other equality dimensions (e.g. age and ethnicity) this paper adopts a particular focus on this specific equality ground

The European Commission has defined gender-responsive budgeting as “...a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality”.² Gender-responsive budgeting is therefore viewed as a means through which the overall aim of gender equality can be advanced.

The OECD has defined gender budgeting as “integrating a clear gender perspective within the overall context of the budgetary process, through the use of special processes and analytical tools, with a view to promoting gender responsive policies.”³ The definition recognises that the budget process does not aim at “gender equality” directly, but rather operates to prioritise and resource policies. Policies which are “gender-responsive” are those which aim directly at gender equality outcomes.

More recently the term “equality budgeting” has been expanded to include other areas of possible discrimination. Rather than solely analysing the budget’s impacts on gender; it proposes that this analysis be expanded to include all nine grounds of discrimination under Ireland’s Equality legislation, as well as socio-economic status.⁴

The Equality Budgeting Campaign, serving as a coalition of trade unions, NGOs and civil society organisations, has defined equality budgeting as “...an approach to economic policy-making and planning that places equality at the centre of discussions concerning public expenditure and income. Through equality audits and impact assessments, Equality Budgeting provides information on how different sections of society are impacted by specific economic policy measures.”

² European Commission, Opinion on Gender Budgeting, Advisory Committee on Equal Opportunities for Women and Men, 2003

³ Downes, R., von Trapp, L., Nicol, S. (2017) Gender Budgeting in OCED Countries, *OECD Journal on Budgeting*, Vol. 16/3

⁴ The nine grounds for discrimination include: Membership of the Traveller Community, Sexual Orientation, Civil Status, Racial Group/Ethnicity, Age, Religion, Family Status, Gender and Disability.

How Equality Budgeting Works

Many Government policies and programmes are assumed to apply equally to both men and women and affect them in the same way. But whether policies or programmes are gender-neutral in their real impact will depend on the actual and potential role of women and men in the economy and their particular constraints and needs. To ignore the gendered impact of policy does not constitute gender neutrality, rather it describes “gender blindness”.

Equality budgeting is a process in which the budget is recognised as something more than a neutral process of resource allocation, but is considered a value laden process that embodies – and potentially informs and influences – long standing societal choices about how resources are deployed.⁵ It is not about creating a separate budget for specific equality measures. Rather, it is about the equality impact of budget policy and of the entire revenue and expenditure of a government.

There are two primary toolkits that help provide a framework for the conduct of analysis into the equality aspects of expenditure programmes. These analytical tools are often used in tandem when assessing expenditure for equality impacts. It is important to note that there may be equality impacts that are not encompassed by the frameworks discussed. As pointed out above, the findings arising from research on gender-responsive budgeting can be generalised to encompass other equality areas also.

Sharps three-way categorisation⁶ focuses on differentiating government expenditure along the following lines:

1. Gender-specific expenditure allocations;
2. Equal opportunity expenditure for civil servants⁷
3. General expenditure considered in terms of its gendered impact.

⁵ Downes, R., von Trapp, L., Nicol, S. (2017) Gender Budgeting in OCED Countries, *OECD Journal on Budgeting*, Vol. 16/3.

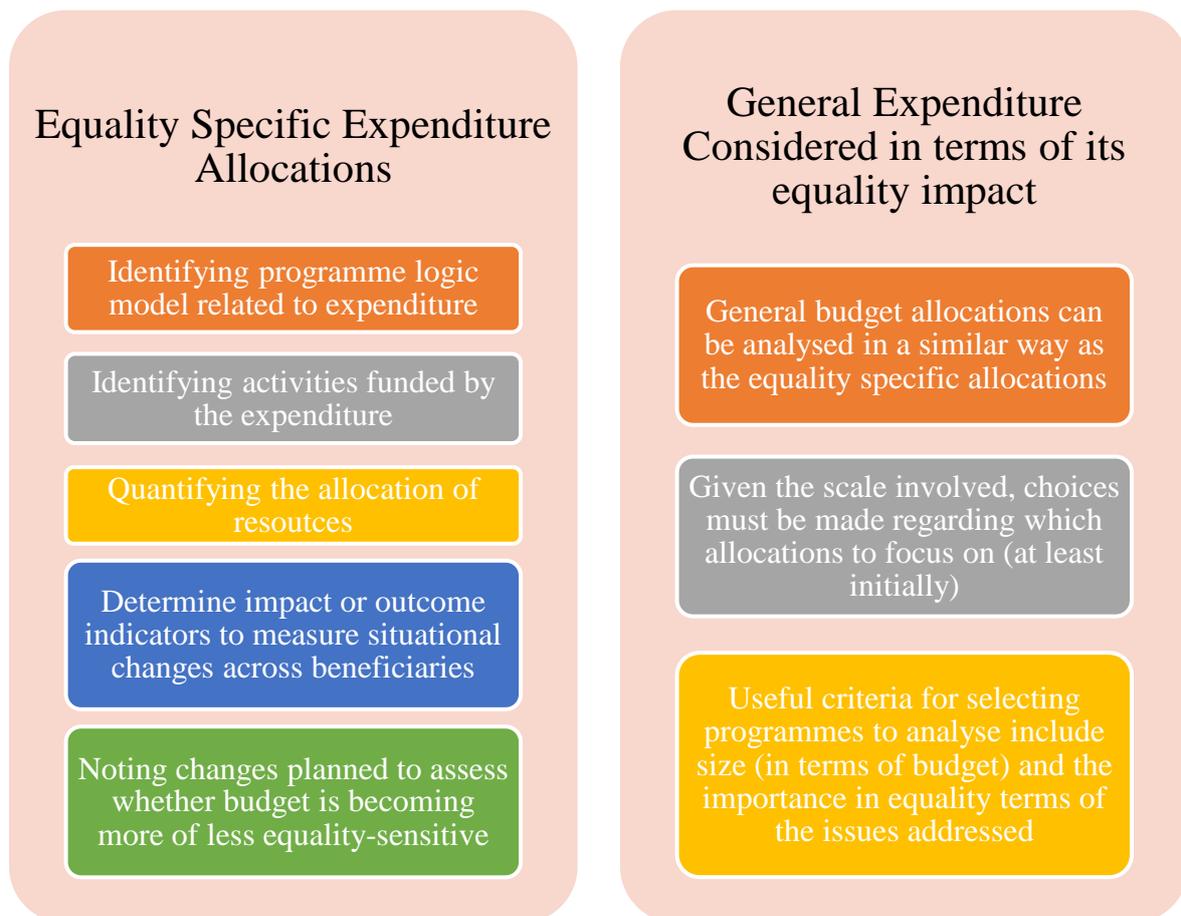
⁶ Sharp, R. 2003. Budgeting for Equity: Gender Budget Initiatives within a Framework of Performance Oriented Budgeting. New York, UNIFEM.

⁷ For the purposes of this paper attention is directed solely towards the first and third of these categories as budgetary documentation in Ireland will, in general, not include references to the equal opportunity (employment or otherwise) of civil servants.

Categorisation of expenditure using the above method often proves useful in terms of highlighting that an exclusive focus on the generally limited funds allocated to category 1 would miss the point of the exercise.⁸

Box 1 below outlines the steps to be taken in order to categorise expenditure in an equality budgeting context using the first and third of Sharp’s categorisations.

Box 1: Overview of tasks performed under categories 1 and 3 in an Equality Budgeting Context



⁸ Budlender, D. and Hewitt, G. (2003), *Engendering Budgets a Practitioners’ Guide to Understanding and Implementing Gender-Responsive Budgets*, The Commonwealth Secretariat.

The five-step approach laid out by Budlender and Hewitt⁹¹⁰ is also a widely cited framework used to approach gender budgeting. The five steps (adapted for application to equality budgeting) are outlined below.

Box 2: Five-Step approach of Budlender and Hewitt adapter to equality budgeting



International Experience of Equality Budgeting

This section looks at the international experiences of equality budgeting and highlights the progress that has been achieved to date and common themes emerging.

⁹ This is adapted from Budlender and Hewitt (2002) *Engendering Budgets: A Practitioner’s Guide to Understanding and Implementing Gender-Responsive Budgets* and the European Commission’s *Gender Budgeting: Its usefulness in programme-based approaches to aid*

¹⁰ Elson’s Budget Cycle Framework – which analyses a Government Department’s inputs, activities outputs and impacts – can also be used for assessing the gender/equality-responsiveness of budgets.

Gender responsive budgeting was pioneered in Australia in 1984 with the publication of the first Women's Budget Statement. Although this practice has since ceased, until 2013 the federal government produced a Women's Budget Statement, while state and territory governments were also among the first in the world to scrutinise annual budgets for their impact on women and girls. Since its initial pilot introduction, gender budgeting has increasingly been used as a tool to systematically embed gender considerations throughout the policy and budget cycle. The OECD has estimated that over 90 countries have experimented with some form of gender budgeting over the past decade.¹¹ Although gender budgeting practices vary across countries where it has been introduced, the OECD¹² has outlined three broad categories of gender budgeting systems:

1. gender-informed resource allocation whereby individual policy decisions and/or funding allocations take into account the impact of the decision on gender equality;
2. gender-assessed budgets where the impact of the budget as a whole is subject to some degree of gender analysis; and
3. needs-based gender budgeting where the budget decisions are underpinned by a prior assessment of gender needs. This allows a detailed understanding of the extent to which gender inequalities exist and highlights the policy domains where gender inequalities are greatest.

The categories are broadly incremental, in that those which have gender-assessed budgets generally undertake gender-informed resource allocation and countries that do needs-based gender budgeting also generally have gender-assessed budgets. Two thirds of the OECD member countries that use gender budgeting fall into the first or second categories, with just four undertaking a gender needs assessment as part of the budget process.

Below are some examples of different approaches to gender budgeting that have been implemented internationally. Although many of these approaches are relatively new and consequently have not been in operation long enough to enable a thorough evaluation of their outcomes it is useful to see the methodology and common themes that have been adopted.

¹¹ OECD (2014), *Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth*, OECD Publishing

¹² Downes, R., von Trapp, L., Nicol, S. (2017) *Gender Budgeting in OCED Countries*, *OECD Journal on Budgeting*, Vol. 16/3.

Austria

Austria introduced gender budgeting at a federal level in 2013, as part of the performance based budgeting framework codified in the budget law. The legal foundation for this initiative was set in 2009 when changes to the Austrian Constitution required gender budgeting at all levels of government.

The initiative is focused on addressing perceived gender inequalities and require that every line ministry in the federal government must include within its Chapter the **Annual Budget Statement** at least one gender related objective out of a maximum of five objectives that can be included. The outcome objectives are then related to specific tasks and performance indicators.

Previous objectives and related activities have included:

- **Objective:** Higher female participation in the labour market
Activity: Increasing the number of child care facilities for children under 3 years by xx%
- **Objective:** Improvement of the state of health of males aged above 50
Activity: Launch of a campaign for preventive medical check-ups which are free of charge within the national health care system
- **Objective:** Improvement of road security for males under 25
Activity: Preparation of a law proposal with improved training requirements for obtaining a driver's license by Sept. 2010

An **Annual Federal Gender Performance Report**, prepared by the Federal Performance Management Office for Parliament, provides information on the implementation of gender-related objectives and outputs based on the results of the Ministries' annual ex post evaluation

Departments and agencies must include objectives that foster gender equality in their **Performance Contracts** with the Ministries.

New or amended laws and regulations, and major investment or procurement contracts, must include a mandatory **ex-ante impact assessment on gender equality** (and a range of other considerations). These assessments are published and may be discussed by the Parliament. To limit the administrative burden material thresholds are applied to ensure that only new laws and projects of substantial size and impact are assessed.

The **Annual Report on Impact Assessment** includes an ex post assessment of the gender impact of government policies, and is submitted to Parliament in May.

The Ministry of Finance acts as a hub for the collation of findings, and has developed guidelines for applying gender budgeting and issues an annual budget circular with details and instructions. Line Ministries are responsible for policy development and implementation.

Assessment:

As the budget reforms are still in their infancy in Austria it is too early to fully assess its effectiveness. Quinn (2016) reviews two initial evaluations of the Austrian reforms which find that a weakness of Austria's approach is a built-in disincentive to the identification of relevant and potentially transformative gender equality objectives. She notes that a 2015 evaluation shows that budget personnel, while expressing commitment to the goal of gender equality, largely lacked capacity for meaningful gender analysis.

Iceland¹³

Implementation of Gender Budgeting began in Iceland in 2009. The objective is to make the impact on the genders visible, so it is possible to respond and re-evaluate policies, expenditures, and sources of revenue in accordance with objectives for equality.

The development was guided by a Steering Committee set up by the Minister of Finance with representatives from three Ministries and a range of stakeholder groups. During the pilot period (2010-2011) each government department was obliged to undertake a pilot project with the goal of establishing the scope and parameters of a viable methodology. An attendant goal was to gauge the adequacy of existing gender-related data.

The government approved a 3-year Plan for Gender Budgeting in 2011, which had been drafted by the Steering Committee. Under the plan, Ministries were to choose one main policy area with which to work and to continue with pilot projects. Article 16 of the Equal Status Act (2008) mandates the use of sex-disaggregated statistics in all official economic surveys and in subsequent reports and policymaking. Within the three-year gender budgeting plan, the Steering Committee emphasized the need to expedite the collection and management of **sex-disaggregated statistics**.

In 2015 a new **five year plan** on gender budgeting was approved by Government. The new plan has three broad emphases:

- A focus on measuring short term outcomes and amending plans to ensure that targets are reached;
- gender impact analysis of all new budget proposals; and
- analysis of all new legislative proposals to include a cost-benefit analysis from a gender perspective.

While the new plan does not make specific mention of tax policy, this dimension is covered by the gender analysis of new legislative proposals.

The new five-year plan follows the government's gender equality targets. This includes a **joint gender equality goal for all Ministries**, as well as **individual gender equality goals for each ministry**. The first year allows for an audit of available sex-disaggregated statistics, while the second year is given over to identifying priority issues and elaborating gender equality targets.

The make-up of the Steering Committee has changed to include representatives from all Ministries and the Centre for Gender Equality. It no longer includes the representative from civil society.

The new organic budget law, which came into effect in January 2016 assigns responsibility for gender budgeting to the **Minister of Finance**, who is to work **in consultation with the Minister for Equality** to elaborate the specifics of the gender budgeting program and to oversee its implementation. In addition, the organic budget law mandates that gender budgeting is to be taken into account in drafting the Budget Bill and that the Budget Bill shall detail the impact of the budget on the attainment of gender equality targets. Instructions on gender budgeting have been included in the Budget Circular since 2010.

Example of Gender Budgeting in Practice¹⁴:

In 2015, the budget committee of the Icelandic Parliament proposed a significant change in a legislative proposal on changes to income tax. The aim of the legislative proposal was to simplify

¹³ Adapted from Quinn, S. (2016), 'Europe: A Survey of Gender Budgeting Efforts.' IMF Working Paper 16/155.

¹⁴ Downes, R., von Trapp, L., Nicol, S. (2017) Gender Budgeting in OCED Countries, *OECD Journal on Budgeting*, Vol. 16/3.

the income tax system, moving from three bands to two and abolishing permission for the higher income partner of a couple to benefit from unused tax credit of the lower income partner. The budget committee initially proposed a continuation of the permission to use tax credit of lower income partner which mainly benefits men since they are the higher income partner in 75 out of 100 marriages. However, as a result of the introduction of gender budgeting, the Ministry of Finance and Economic Affairs was in a position to point out to the committee that this would mean that men would receive tax benefits based on the work and salaries of women and so their disposable income would increase as would the gender income gap, contrary to the goal of economic equality between men and women. As a result of this information the initial proposal of the budget committee was amended.

Sweden

Gender mainstreaming has been in operation in Sweden since 1994 and was introduced into the budget process in 2002. Efforts have strengthened in more recent years, with the new government elected in 2014 explicitly declaring itself a feminist government and outlining its intention to institute gender budgeting in the program for government presented to the parliament by the Prime Minister.

Initial efforts have focused on the implementation of gender analyses. In addition, new goals have been set to show how gender equality efforts are to progress in key areas. Since 2016 the annual budget circular includes formalised requirements that policy proposals and reforms presented in the Budget Bill must be based on **gender equality impact analyses**, and new policy should be developed with a gender-sensitive approach. One of the requirements set out is that gender impact analysis be carried out at the early stage of new budget proposals. Additionally, a step-by-step guide on how to conduct a gender equality analysis in the budget process has been developed, and training is provided for officials in the Government Departments.

An appendix to the Swedish budget bill is published each year, entitled Economic Equality between Women and Men, showing the distribution of economic resources between the sexes. The appendix has been published since 1988, and since 2003 the appendix has been placed adjacent to the Budget Statement to emphasise its overarching importance.

Each Minister is responsible for the integration of gender into all government policy within his or her portfolio. Ministries must report progress to the Division for Gender Equality. The results of all monitoring are reported to the Minister of Gender Equality and each ministry receives feedback from the evaluation. The Division for Gender Equality also provides tailored training to help departments and ministries to improve the quality of their gender impact assessments.

Gender-differentiated statistics are a key tool to make differential treatment and its effects visible. The Swedish Bureau of Statistics provides such statistics on a broad basis, and since 1984 has published a yearly booklet on Swedish gender equality in figures and has a special web-page for gender equality.

The Government has also announced its intention to establish a **gender equality agency** that will become active at the beginning of 2018 to ensure that political priorities gain traction in government agencies and activities.

Civil society groups also have a role in the process. Each year the Swedish Women's Lobby analyse the state budget bill from a gender equality perspective. The aim is to see how resources are divided between women and men, and to examine if the government lives up to its commitments on gender equality.

Scotland

The first **Equality Budget Statement (EBS)** was published in Scotland in September 2009 alongside the 2010-2011 Draft Budget, and provided a summary of the actions taken to ensure that equality had been considered within the Scottish Budget process. Since then, on-going efforts have been made to improve the EBS, for example in terms of the information and analysis that it provides.

The Statement contains:

- a strategic introduction for equality and the draft budget
- Individual portfolio chapters. Analysts in each government portfolio produce a chapter reflecting on equality and its spending decisions to enable a greater understanding of the equality implications of its spending decisions. If there are negative implications, these are mitigated where possible. Where there are positive implications, these are maximised where possible.
- An overview by protected characteristic, looking at the impacts of the Draft Budget for gender, disability, ethnicity etc. This also includes 'socio-economic' considerations.

Example Text from Health Chapter:

"There will be a net reduction in funding for alcohol and drug treatment services in 2016-17 that may impact on particular groups. For example, alcohol-related harm is greatest among men aged 45-59; and while fewer young people are using illegal drugs, there is a vulnerable group of people who have been using drugs for many years and who experience other chronic medical conditions alongside their drug use. It is therefore critical that the funds provided through NHS Boards to support the work of Alcohol and Drug Partnerships continue to be used to tackle the harm to individuals, costs to the health and justice systems, and wider socio-economic impacts."

Assessment:

The Oireachtas Joint Committee on Education and Social Protection, on foot of a fact-finding mission to the Scottish Government and Scottish Parliament, produced a report which pointed out difficulties have been encountered in practice that would likely impact on the usefulness of the Scottish approach in an Irish context.¹⁵

- the extent to which equality considerations have to compete with mainstreaming being applied in other areas of policy or other competing demands;
- a lack of transparency in relation to certain budget allocations or an inability to "get behind" certain budget provisions;
- a lack of attention directed towards socio-economic inequalities; and,
- a lack of comparability between Ireland's funding model (i.e. complete power over tax rates etc.) and that of Scotland (i.e. the block grant received from Westminster).

Fundamentally, Scotland's Equality Budget Statement is designed as an input into the debates held by parliamentary committees regarding budget allocations. While the report found that the process is well structured and facilitates a clear analysis and understanding, it is unclear whether the recommendations of the committees ultimately influenced the Budget Bill. The report also notes that this could also reflect equality considerations being adequately incorporated into the process at an earlier stage.

¹⁵ Oireachtas Joint Committee on Education and Social Protection (2014). 'Report on Equality Budgeting and Social Enterprise in Scotland'.

Empirical Evidence: Lessons Learned from International Experiences

It is evident from even the limited number of case studies that have been detailed above that there is no one size fits all model regarding equality or gender budgeting. Definitions of gender budgeting vary, and the scope of its implementation is not consistent across the jurisdictions in which it has been introduced. Indeed the OECD Gender Budgeting Survey 2016 found that the nature and quality of these approaches appear quite variable, ranging from a pro forma statement of impacts on gender equality attached to all new policies coming before government, to more structured and systematic “gender impact assessments”. Budlender and Hewitt¹⁶ have observed that how one tackles gender budget work must be strongly influenced by the political, economic, social and cultural situation in a country. Stotsky¹⁷ has noted that the experience with gender budgeting has been mixed so far and much work remains to ensure that gender budgeting exercises are productive and become institutionalized as a standard part of budgeting.

As many gender budgeting initiatives have not been in place long enough to effectively evaluate whether they have resulted in tangible positive gender outcomes perhaps a more significant measure of effectiveness at this early stage could be directed towards the extent to which the process has become integrated within the budgetary process.¹⁸ A 2017 policy paper on Gender Budgeting in G7 Countries prepared by the IMF¹⁹ found that Gender-responsive approaches to public financial management in the G7 countries have not yet become embedded within the normal annual routines of budgeting and policy-making, although some useful analytical tools related to gender have been developed and applied.

Quinn²⁰ surveys European gender budgeting efforts which are mostly focused on the expenditure side of the budget and mostly in social sectors. In a number of countries, gender budgeting led to significant changes in budget legislation and administrative practices. She concludes that such changes, if maintained and acted upon provide the framework for the ongoing meaningful consideration of gender equality in the formulation and execution of the budget. Gender budgeting in Europe provides

¹⁶ Budlender, D. and Hewitt, G. (2002) ‘Gender budgets make more cents’, London: Commonwealth Secretariat.

¹⁷ Stotsky, J. (2006) ‘Gender Budgeting’, IMF Working Paper 06/232

¹⁸ The OECD Gender Budgeting Survey 2016 found that out of 12 respondent countries with some form of gender budgeting, half of them could point to specific examples where the gender budgeting tool had brought about significant changes in policy design and/or outcomes.

¹⁹ Gender Budgeting in G7 Countries (2017) IMF Policy Paper, available at: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/05/12/pp041917gender-budgeting-in-g7-countries>

²⁰ Quinn, S. (2016), ‘Europe: A Survey of Gender Budgeting Efforts.’ IMF Working Paper 16/155.

many examples of where gender-related goals have been integrated into fiscal institutions and policies. The survey does not evaluate the impact of gender budgeting on gender equality outcomes but does illustrate, however, the level of commitment of many countries to gender budgeting and points to the need for evaluations of these initiatives.

Stotsky²¹ provides an overview of the policies and practices associated with gender budgeting as they have emerged across the world. The paper posits that, properly designed, gender budgeting improves government budgeting and it places budgeting for this purpose in the context of sound budgeting principles and practices. The paper argues that on efficiency grounds, gender budgeting can ensure that promoting gender equality and women's development is taken into account when making public budgeting decisions. On externality correcting grounds, gender budgeting can ensure that the benefits that accrue to society, and gender budgeting can also draw upon the acceptance that equity and efficiency are appropriate objectives of fiscal policy, even where there may be some trade-off of efficiency against equity. The survey also highlights that the influence of gender budgeting efforts may be positive, even when it remains difficult to establish cause and effect.

In her earlier work²² Stotsky concluded that the experience with gender budgeting suggests that even initiatives adopted with enthusiasm may fall by the wayside if the process appears to produce more added work than added value. She highlighted a number of valuable lessons drawn from international experiences:

- Gender budgeting should be **incorporated into standard budget processes** and fully institutionalized. It should not be seen as something to be done in addition to the standard budget process, though elements of it, such as an analysis of benefit or tax incidence, may require periodic special efforts.
- Gender budgeting should address **specific and identifiable goals**, such as reducing the inequality in educational attainment, that have clear benefits and that can be measured, even with somewhat crude tools and data.
- It should **draw upon civil society for support** and assistance in the more research-oriented aspects, and apply to subnational levels of government, where relevant.
- It should be **comprehensive** and include considerations of all aspects of the budget, not only spending, where it is most often applied.

²¹ Stotsky, J., (2016), 'Gender Budgeting: Fiscal Context and Current Outcomes', IMF Working Paper 16/149

²² *Ibid.* at 17

- Gender budgeting **should not as a rule set specific goals for spending on women-related objectives**, unless budgets are severely constrained and such spending is well below what an unconstrained budget would otherwise choose, since this tends to introduce inflexibilities and hence inefficiencies in the budget process.

Current Equality Budgeting Practice and Ireland’s Expenditure and Estimates Process

Systematic consideration of equality impacts in the budget process is not an entirely new concept in Ireland. There are currently a number of established practices and procedures in place in Ireland that facilitate the consideration of likely equality impacts on proposed and/or ongoing budgetary measures.

Regulatory Impact Analysis

One such tool is the use of Regulatory Impact Analysis (RIA) in policy making. RIA is a tool used for the structured exploration of different options to address particular policy issues. It is used where one or more of these options is new regulation or a regulatory change and facilitates the active consideration of alternatives to regulation or lighter forms of regulation. It involves a detailed analysis to ascertain whether or not different options, including regulatory ones, would have the desired impact. It helps to identify any possible side effects or hidden costs associated with regulation and to quantify the likely costs of compliance on the individual citizen or business. RIAs should be prepared for proposals for legislation involving changes to the regulatory framework, including the transposition of EU Directives and Regulations.

According to the Revised RIA Guidelines (2009):

“The RIA should examine and identify potential impacts on socially excluded or vulnerable groups...taking account of the highlighted policy areas. The RIA should also consider the potential impacts on people of different genders, marital status, family status, ages, disabilities, sexual orientation, race, religion and on members of the traveller community. In doing this, the likely impact of the policy or regulation on poverty, and on the inequalities which are likely to lead to poverty, should be considered. Where significant impacts under any of these headings are identified, a higher level of analysis will be required for the RIA.”

Cabinet Procedures

In cases where there is no requirement for a RIA, Cabinet procedures require that all Memorandums for Decision submitted to Government set out the impact of the proposal on the following groups:

- i. North-South, East-West Relations
- ii. Employment
- iii. **Gender Equality** – which should include a statement on the likely effects of the policy on both men and women and, if necessary to ensure that the policy promotes gender equality.
- iv. **Persons experiencing or at risk of poverty or social exclusion** – for significant policy proposals this should include a statement of the likely effects of the policy on such groups and indicate the actions necessary to counteract any negative impact. Guidelines for this purpose have been issued by the Social Inclusion Division of the Department of Social Protection.
- v. **People with Disabilities** – (Disability Impact Guidelines have been published by the Department of Justice and Equality)
- vi. Industry Costs
- vii. Costs to the Exchequer

EU Structural Funds in Ireland

The European Structural and Investments Funds (ESIF) are the main investment instruments for supporting the key priorities of the EU as enshrined in the Europe 2020 strategy, and constitute the most important financial support available for the implementation of gender equality policy in the EU. The promotion of gender equality is a horizontal objective, and it is directly addressed in only one of the ESF investment priorities²³. The ESIFs are meant to provide funding for enhancing gender equality in all policy areas, including access to employment, career progression, reconciliation of work and private life and promotion of equal pay for equal work. It should also cover infrastructures and business support that are not under a specific gender investment priority, but contribute to gender equality in a more indirect way.

²³ The European Social Fund (ESF) explicitly aims to foster the full integration of women in the labour market.

The ESIFs regulations for the 2014-2020 programming period include a requirement that data is broken down by gender wherever possible²⁴. The ESIFs regulations also require a number of other criteria, including:

- Member States should include their partnership institutions and non-governmental organisations working in gender equality and non-discrimination²⁵
- The managing authority shall draw up and, once approved, apply appropriate selection procedures and criteria that are non-discriminatory and transparent and take into account gender equality and non-discrimination principles. The managing authority must make sure that the project holder has carried out an analysis of the needs of men and women and/or of the impact of a project on men and women, as well as the needs of groups which suffered from discrimination.
- The annual implementation reports submitted in 2017, 2019 shall specifically assess the implementation of actions to take into account the principles of gender equality, non-discrimination and accessibility²⁶. The monitoring committee shall examine actions to promote equality between men and women, equal opportunities and non-discrimination including accessibility for persons with disabilities²⁷.
- The ex-ante evaluation shall appraise the adequacy of planned measures to equal opportunities between men and women and to prevent any discrimination, in particular as regards accessibility for persons with disabilities²⁸.

Distributional Analysis

At Budget time²⁹ the current practice, carried out by the Departments of Finance and Employment Affairs and Social Protection, involves the ex-post impact assessment of the main tax and social welfare measures introduced in the Budget. These exercises use the ESRI micro-simulation (SWITCH) model to assess the impact of these policy measures across different household types based on a

²⁴ This is a regulatory requirement for the ESF (Annex I of ESF regulation). For the EAFRD, job creation by the LEADER/CLLD approach (as a target indicator) will be split by gender as well as the number of beneficiaries of the measures related to business development and to investment in agricultural holdings (as an output indicator); for the EMFF, the annual data provision on operations (Article 99 of EMFF) should include gender breakdown for the beneficiaries as well for operations, where relevant; for the other funds, the principle of equality mainstreaming should be translated in the monitoring and reporting system.

²⁵ Article 5(1)(c) CPR

²⁶ Article 50(4)

²⁷ Article 110 (1) (f) CPR, Article 114 of the EMFF

²⁸ Article 55 (3) (l) CPR

²⁹ Prior to the Budget the papers prepared annually by the Department of Finance for the Tax Strategy Group on various options for tax policy changes are published in mid-summer. The annexes to Income Tax and PRSI papers look at the distributive impact of potential Budget options in these areas.

large-scale nationally representative survey. Distribution tables show the impact of Budget measures for different family types – single individuals, married couples, families with children - from changes to taxes and income and social welfare measures.

Following this, the Economic and Social Research Institute (ESRI), using data from the Survey on Income and Living Conditions (SILC), publishes its assessment of the progressivity of the budgetary measures introduced. This is released as part of the ESRI's Winter Quarterly Economic Commentary, published in mid- to late-December.

The areas covered by SWITCH, including income tax, PRSI, USC, property tax, welfare benefits and public service remuneration, account for the bulk of the impact of budgetary policy changes on households' cash incomes in recent years. While the model has been expanded in recent years³⁰, SWITCH does have limitations. For instance, it does not account for indirect taxes or expenditure on public services (such as health care) and it does not incorporate behavioural changes. There are also limitations to the data that is used, as SWITCH is based on household survey data, and more than one person can live in a household, equality dimensions which are unique to an individual are difficult to incorporate. The ESRI have previously used the underlying micro-data behind SWITCH to examine the distributional impact of budgets by gender, although this is not a routine part of SWITCH outputs and was a specially commissioned project for the Equality Authority.³¹

Social Impact Assessment Framework

Having regard to the limitations of the SWITCH model, and in light of the Programme for Government commitment regarding equality budgeting, a new Social Impact Assessment (SIA) Framework has been designed³² to focus on policy areas that cannot easily be incorporated into the existing SWITCH model, specifically the impacts of public expenditure on recipient households. The new SIA framework broadens the scope of the analysis and incorporate factors other than direct tax measures and social welfare policies. It focuses on schemes and spending programmes that have explicit socio-economic objectives.

³⁰ The model was expanded to take account of water charges and the water conservation grant. Work is ongoing to include the Affordable Childcare Scheme and the Housing Assistance Payment Scheme in the model.

³¹ Keane, C., Callan, T., & Walsh, J. (2014). Gender Impact of Tax and Benefit Changes: A Microsimulation Approach. Economic and Social Research Institute (ESRI) and The Equality Authority.

³² Lawless, J. and Reilly, D, (2016) Social Impact Assessment Framework

The framework involves establishing an Irish Government Economic and Evaluation Service (IGEES) SIA series of papers for publication throughout the year which will supplement the micro-simulation exercise undertaken at Budget time. As a starting point, these papers are point-in-time exercises examining current expenditure in any given policy area in order to establish a baseline position. The baseline position should clearly identify the level of spend in a given policy area, what the key drivers of spend are and generate a profile of who the recipients of this spend are. Following this, the baseline position can then be revisited in the event of a change in budgetary policy. In this context, it may be possible to carry out an assessment in order to identify how the policy has altered the baseline position e.g.:

- Has the policy change resulted in quantifiable gain/loss to existing recipients?
- Who has gained/lost the most/ least?
- Has it altered the profile of the recipients?
- Has this resulted in a change to the key drivers of spend in this area?

By establishing an initial baseline, this approach also has the potential to incorporate a multi-annual dimension to policy assessment. The impacts of public spending measures (which may have behavioural and/or time-lag effects on households) could be assessed over time e.g. childcare initiatives, investment in public transport, and the introduction of free medical care for certain age-cohorts, etc. The results would therefore not only relate to “cash” or “first round” effects of policy changes but they could also potentially take account of changes in behaviour as a result of a policy change over time as well as allowing for a fuller assessment of causality and policy outcomes.

To date, social impact assessments have been carried out in relation to targeted childcare schemes³³ and the general medical services scheme³⁴. Other policy areas, including the National Minimum Wage, are under consideration for publication in 2018. SIA is a key tool in assessing the equality impacts of particular budgetary decisions with regard to certain group characteristics e.g. age, gender, regional spread. In the future, the aim will be to expand the assessment, in so far as is possible within the available data constraints, to encapsulate the impact of a particular policy measure on other identified groups.

³³ Ivory, K., (2016) ‘Targeted Childcare Schemes’, Irish Government Economic Evaluation Service.

³⁴ Connors, J., (2016) ‘General Medical Services Scheme’, Irish Government Economic Evaluation Service.

Performance Budgeting and Spending Reviews

Following a pilot exercise in 2011, performance-based budgeting was introduced across all areas of public expenditure in 2012 as part of a suite of reforms to the public expenditure framework. The most significant development in this area was the redesign of the Revised Estimates Volume (REV). The REV was reformatted to provide information at a programme level on financial and human resources, public service activities, outputs and context and impact indicators for each Vote.

In 2016, a detailed analysis of the type and quality of performance information provided was carried out by the Department of Public Expenditure and Reform and detailed feedback was provided to Departments. Alongside this, a comprehensive guidance note on enhancing the quality of performance information was developed and circulated to Departments to assist them in selecting and reporting on appropriate performance indicators meeting best practice standards. A new innovation in 2017 was the publication of the first Public Service Performance Report, which presented relevant performance indicators on outputs in the previous year in a dedicated focused document.

The ongoing development of the performance based budgeting initiative is supportive of the pursuit of equality budgeting. As the practical application of performance budgeting increases, it can be used as a useful tool to support the development of equality budgeting practices. Measurable outputs and clearly-linked budget allocations, identified by their equality-responsive character, would support the development of equality budgeting in tandem with performance budgeting. As is the case with the performance budgeting initiative in general, the success of the ongoing development of this initiative is dependent on the continued co-operation and collaboration of line Departments, who hold the responsibility for setting performance targets across their relevant policy areas.

Similarly, the spending review process can make a valuable contribution to the development of equality budgeting. The new spending review process was announced alongside the publication of the Estimates Expenditure Report in October 2016. The spending review has been structured in a way to reflect the changed economic and fiscal context and the lessons from previous Comprehensive Spending Review exercises.

The spending review is intended to systematically examine the totality of spending with regard to the principles of efficiency, effectiveness, sustainability and impact. It is the first in a series of rolling, selective reviews which will cover the totality of Government spending over a three year period. This

is a shift from the 'comprehensive' review process of the past to a system of 'rolling' selective reviews. It is envisaged that all current Departmental expenditure will be reviewed over a three year period, with a substantial proportion of the expenditure base for each Department examined each year. The spending review, therefore, provides an opportunity to ensure that equality objectives or equality impacts of key spending programmes which are selected for review are examined as part of the review process. This has the potential to contribute to a clearer identification of equality objectives and a better – evidence and data based - understanding of equality impacts whether they relate to key objectives of the spending or are unintended consequences of the particular spending in terms of equality impacts.

Limitations to Progressing Equality Budgeting

The challenges of effective equality budgeting are in some ways a microcosm of the challenges of modern budgeting. In particular, many of the aspects outlined above as desired elements of good gender budgeting, are equally desiderata of good budgeting and of good policy formulation: notably the need for clear, multi-dimensional budgetary impact analyses, and the need for evaluation frameworks that feed directly into the policy and budget cycle.³⁵ Likewise, the current obstacles to achieving a better budgetary process will similarly apply to equality budgeting.

An essential element of gender budgeting is the availability of data disaggregated by gender (and, if applicable, other categories). The routine availability of gender-specific data sets and statistics would greatly facilitate the evidential basis for the identification of gender equality gaps, design of policy interventions, and the evaluation of impacts. In Ireland, the extent to which data disaggregated by gender relating to the use of government services is collected is not consistent across all of government spending. The need to address such data gaps and data protection issues if relevant, will be an important objective in ensuring that the approach being adopted to equality budgeting in Ireland is successful.

Similarly, it is important to be able to formulate equality objectives and related indicators. Experience from performance budgeting has shown that identification of good quality and realistic objectives and the establishment of linkages between objectives and budget resources is key to tracking real and measureable results. This can be a challenging aspect of equality budgeting as setting targets in these

³⁵ Downes, R., von Trapp, L., Nicol, S. (2017) Gender Budgeting in OCED Countries, *OECD Journal on Budgeting*, Vol. 16/3.

areas is often strongly linked to political objectives. International experience has shown that political buy-in is an important part of ensuring momentum in this sphere, as well as specific and measurable policy objectives set by the relevant responsible Department.

Finally, and consistent with Combaz's³⁶ survey of the impacts of gender-responsive budgeting, while there is currently little evidence establishing causation between gender-responsive budgeting and lowering levels of inequality, it has been argued in numerous papers that the initiative has increased the transparency of the budgetary process and has led to increased levels of accountability to which the Government can be held in relation to specific targets. The IMF have noted that simply gathering data on the objectives and impact of gender-related policies could go a long way in improving the effectiveness of gender-responsive interventions.

Next Steps Towards Implementing Gender Budgeting

It is proposed that the following steps will be taken during the current budgetary cycle to commence the implementation of equality budgeting in Ireland.

Build on Existing Analytical Tools

Substantial progress has already been made in responding to the Programme for Government commitment through the establishment of the Social Impact Assessment Framework. As discussed earlier, social impact assessments have been carried out in relation to targeted childcare schemes³⁷ and the general medical services scheme³⁸. Other policy areas, including the National Minimum Wage, are under consideration for publication in 2018. The aim is to expand the assessment, in so far as is possible within the available data constraints, to encapsulate the impact of a particular policy measure on other identified groups.

Additionally, work is ongoing to expand the SWITCH model to include the Affordable Childcare Scheme and the Housing Assistance Payment Scheme in the model which will contribute the enhanced measurement of the distributional impact of budget measures. Consideration will also be given to incorporating equality impacts into the next round of the Spending Review which is due to commence in 2018.

³⁶ Combaz, E. (2013). Positive Impact of Gender-Responsive Budgeting. GSDRC Helpdesk Research Report 977. Birmingham, UK: GSDRC, University of Birmingham. <http://gsdrc.org/docs/open/HDQ977.pdf>

³⁷ Ivory, K., (2016) 'Targeted Childcare Schemes', Irish Government Economic Evaluation Service.

³⁸ Connors, J., (2016) 'General Medical Services Scheme', Irish Government Economic Evaluation Service.

Pilot Approach for Budget 2018

Utilising the performance budgeting framework that is currently in place, it is proposed that a pilot approach to gender budgeting should be adopted in the current budget cycle. As discussed previously, from a practical perspective it is proposed to focus initially on gender as an equality dimension. The learning from this pilot approach can, in future be applied to other equality dimensions.

The pilot will focus on a number of different expenditure programmes already in existence across a range of Departments. The relevant Departments will conduct an assessment of the chosen policies to assess their relevance to and impact on gender equality. Using the information gathered during the assessment of the policy the Departments will then be in a position to define high level gender equality objectives and indicators for the policies in question. As part of defining the gender equality objectives for the policy, Departments will also be able to assess what key data or information is required for measuring the degree to which the gender equality objective has been reached. Where such data is not currently collected mechanisms can be put in place to ensure that the data is collected and available going forward.

These objectives and indicators will be published in the Revised Estimates Volume (REV), alongside the other objectives and performance indicators for the policy area. International experience has shown it is important that gender equality objectives are published, visible, and linked to their relevant financial resources. As the REV contains detailed estimates and performance data for each programme and each Estimate is referred by the Dáil to the relevant Select Committees for detailed consideration this is the most appropriate place for publishing gender equality objectives.

Progress on achieving the objectives reported on in the REV will be published in the Public Service Performance Report in the following year. This Report presents relevant performance indicators in a dedicated, focused document which enables sectoral Committees make best use of the time allocated to review performance measures.

Stotsky³⁹ argues that since the benefits of reducing gender inequalities may manifest themselves only over the medium term, it is essential to place gender budgeting in the medium term context of the budget, and to ensure that the budget is supported by an appropriate macroeconomic framework and projections. Following the completion of a full budgetary cycle, the pilot initiative will be reviewed

³⁹ Stotsky, J., (2016), Gender Budgeting: Fiscal Context and Current Outcomes, IMF Working Paper 16/149

with a view to incorporating lessons learned and enable the expansion of the initiative to additional expenditure areas.

Conclusion

The Programme for Government commits to developing the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights. In light of this commitment, this paper reviews equality budgeting in order to establish a clearer understanding of the current state of play and the key actions to consider to progress equality budgeting objectives. This paper has sought to provide a greater understanding of equality budgeting and discusses a number of mechanisms that can contribute to the achievement of this commitment as well as a pilot programme of equality budgeting in Ireland.

The development of a model of equality budgeting has the potential to enrich the budgetary process as a whole, and enhance the quality of impact evaluation underpinning policy decisions. Equality budgeting must not be seen as distinct from the routine mechanics of the budgetary process, nor as an approach to budgeting that benefits one group alone. Equality budgeting, when integrated correctly into the budgetary framework, benefits society as a whole by ensuring that the likely impacts of proposed or ongoing budgetary measures are adequately incorporated into the Government's decision-making framework.