



Economic Commission for Africa

A Conceptual and Analytical Framework for Gender Mainstreaming in National Accounts and National Budget

Words need numbers to influence them





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Abbreviations

ACGD:	African Centre for Gender and Development
CGE:	Computable General Equilibrium
CWD:	Committee on Women and Development
ECA:	Economic Commission for Africa
GDP:	Gross Domestic Work
ICATUS:	International Classification of Activities for Time-Use Statistics
MTEF:	Medium Term Expenditure Framework
NEPAD:	New Partnership for Africa's Development
NMW:	Non-Market Work
NPISH:	Non-profit Institutions Serving Households
SAM:	Social Accounting Matrix
SAP:	Structural Adjustment Programme
SESAME:	System of Economic and Social Accounting Matrix and Extensions
SNA:	System of National Accounts
UNDP:	United Nations Development Programme

1. Introduction

1.1 Women's Non-Market Work and Macroeconomic Policies

1. The United Nations, through the Beijing Platform for Action and the Millennium Declaration Goals (MDGs) has identified non-market work (NMW) as a key area of policy intervention for improving the situation of those in the unpaid sector, especially that of women. These international commitments now need to be translated into national policies for implementation. Policies are a mechanism that will allow the State to introduce change by first integrating the statistically invisible unremunerated work into the System of National Accounts (SNA) and the national budget.

2. Macroeconomic policy omits women's work from its scope of inquiry. This is not an omission simply due to complexities of measurement, but reflects assumptions built into the macroeconomic model. Work by Elson (1996) observes that ignoring unpaid work may affect macroeconomic policy through, for example, constraining labour mobility and supply responses. Thus, macroeconomic policies may not be as effective and efficient when drafting national economic strategies through such tools as the national accounts and the national budget.

3. NMW policies traditionally focus on how more equitable distribution between women and men can be achieved or how NMW can be recognized through social and economic instruments. The focus of the programme of the African Centre for Gender and Development (ACGD) of the Economic Commission for Africa (ECA) is on a third, underdeveloped, but very promising approach that, examines the links between unpaid work and the macroeconomy, and what the consequences of these links are for policy makers. This new ACGD approach is part of a recent effort by feminist economists to develop new tools for policy makers and gender equity advocates, and to improve their skills to use these tools. It will develop analytical supports to shed light on the major outstanding issue in achieving a better-informed policy framework: how to use macroeconomic policy tools, especially, national accounts and national budget to mitigate the effects of NMW on women's welfare, long-term growth and poverty reduction.

4. Macroeconomics deals with aggregates such as Gross Domestic Product (GDP), savings and investments, exports and imports, and public expenditures and revenue. The three types of macroeconomic policies that affect and are affected by unpaid workers are fiscal policy, monetary policy

and exchange rate policy. A more dynamic assessment between the unpaid activities of households and communities, and especially, the economic framework of fiscal and monetary policies would simultaneously enhance policy efficiency and government commitments to greater equity.

1.2 What is Women's Non-Market Work?

5. Non-market work is “unpaid” work or the “care economy” that includes domestic work, care of children, the sick and elderly, voluntary community work, participating in a family business, building a family house, or maintenance work. Work is often classified as productive or reproductive. Productive work includes activities that produce goods and services for market exchange. These activities may be carried out in the work place, at home and in the formal or informal sectors. Reproductive work refers to child-bearing activities and other activities carried out in caring for household members and the community.

6. Following pressure from the women's movement, the UN Statistical Commission recommended that national statistics offices prepare accounts for unpaid work - economic activities that are outside the current production boundary (Ironmonger, 1996:38) based on time-use surveys. Although time-use surveys are now carried out on a regular basis in many developed countries, they have recently been tested with the support of the United Nations Development Programme (UNDP) in a number of developing countries, namely, Benin and Morocco in 1998, Nigeria, India, Nepal and the Philippines in 1999, and South Africa in 2000. It is expected that more countries in Africa will soon be embarking on time-use studies to obtain better measures of women's unpaid work, and help implementation of the 1993 SNA. However, the imperative is to interpret time-use data and derive the policy implications.

1.3 Why Measure Non-Market Work?

7. The rationale for integrating NMW work in these national planning instruments is considered in relation to potential feedbacks that might occur between unpaid work and the macroeconomy based on empirical research that is indirectly related to this problem. What follows are six specific macroeconomic concerns and an outline of how a more exhaustive measurement of economic activity using national accounts and national budget might serve to improve macroeconomic policy.

8. Exhaustive estimates of GDP are the most relevant elements of the 1993 SNA. Exclusion of Non-Market Work in the SNA perpetuates the incomplete and inaccurate picture of national income, especially, in Africa

where unpaid work contributes significantly to the economy. It causes levels of GDP and other data to be downward-biased, thus giving an inaccurate impression of the economy and impeding international or regional comparability. This is important where, for example, monetary contributions made or received by a country depend on its GDP, or when poverty is measured by GDP per head. Also, productivity gains may lead to increased output or leisure, but GDP measures the first, thereby masking women's longer work hours. Both omissions have implications for women who enter the paid workforce without a corresponding decline in their hours of unpaid work. A more exhaustive GDP would incorporate inputs from the formal sector (production activity, market transactions); the informal sector (volunteer activity, the underground economy); the household sector (household production, caring, leisure) and reproductive activity (conception and birth, education and values imprinting).

9. Non-market work affects and is affected by macroeconomic policies. Data series on the unpaid economy would allow us to measure the existing links between unpaid and paid economy. The exclusion of women's work in the SNA assumes that it has little or no effect on most micro and macroeconomic activity. But this is not so. For example, during periods of economic recession and crisis, declining incomes and rising unemployment, increases in the NMW intensify gender inequalities, restricting women's access to economic opportunities and the benefits of development, relative to men. These are hidden episodes in stabilization and structural adjustment.

10. Recent research showed that cutbacks in national budget through cutbacks in social services might increase time spent on care work. Reductions in subsidies for foodstuffs may result in women (who usually provide food) spending more time looking for cheaper substitutes. Research in developing countries under structural adjustment programmes also showed that cuts in health, family planning and other social services increases the burden of unpaid home care and services on women. Thus, what may be seen as an increase in productivity or efficiency in the market economy is actually a shift of costs from the paid to the non-market sector. These include the cost to those who provide the unpaid work, in terms of loss of education, health and well-being.

11. Non-market work may compete with paid work: meeting greater demands for unpaid work may jeopardize ability to supply more paid work. This may be one explanation for poor supply response to some adjustment programmes. Unpaid labour may assist in absorbing the shocks of adjustment. For example, unpaid labour may be substituted for paid labour in the production of food and clothing produced in the home instead of purchased from the market. Voluntary labour may be mobilized in community self-help schemes when public expenditures are cut.

12. Discrepancy exists between women's economic contribution and their control over economic resources. Women's work has remained invisible, but when valued, it can reflect more realistic estimates of total economic production by taking into account all household activities. This would enhance women's economic status in a positive direction and would contribute to long-term endogenous growth strategies by opening up capacity/capabilities in areas such as health and education. Emerging research shows that NMW underpins the economy with a significant contribution to income generation, long-term growth and poverty reduction by supplying human and social capital labour to the private sector and the public service sector economy. Women's domestic chores and child-care prepare children to become future workers as part of building human capital. However, women still have less access to income and assets, less wealth and less control over the economic processes to which they contribute; hence, the need to measure unpaid work.

13. Programmes and services for non-market work are good investments. New evidence suggests that distribution of human capital influences growth (e.g. the case for East Asian 'miracle' economies). Income and wealth inequalities are linked to lower growth because they reflect the inability to invest in, or to borrow to finance education. If structural investments (education, health, infrastructure, market access) are weak, economies will grow more slowly leading to greater political instability, which also acts as a drag on growth. Feminist economists contend that Africa is losing out on the hidden growth reserves in its people, especially women, who now provide more than 50 per cent of the region's labour, but lack equal access to education and factors of production. Public policy has a key role to play in promoting gender-inclusive growth and poverty reduction through Africa's enormous, undervalued human resources - the women. While the SNA will reflect the value of the unpaid work as investment in nurturing human capital and social capital, the national budgetary process will target equitable allocation of resources to the NMW. Thus, counting NMW is crucial.

14. Non-market work affects women "employment" and income, social benefits and well being. Women's employment is generally low because unpaid work tends to constrain women's participation in the formal, paid labour market. However, poverty and the financial crisis compel women to engage in economic activities and earn income in the informal economy. Thus, women perform subsistence and livelihood activities or engage in micro-enterprises and generate income for the household. But their informal activities do not reduce their unpaid work; in fact, they continue to perform both the non-market and market work. Time-use data can help policy makers to identify the location of surplus labour per class, area, gender, age group, etc. and, together with measurement of returns on these activities, enable measurement of the average

productivity of NMW. This will facilitate appropriate policy formulation on unemployment and poverty.

1.4 Scope, Goal and Objectives

1.4.1 Scope

15. The conceptual framework of the ACGD programme is provided by relevant international standards, especially the 1993 SNA. The scope of the programme is economic production as defined by the 1993 SNA. This provides a solid basis but also implies a restriction on the range of issues considered within the care economy.

16. The main focus of the programme is to provide guidance to statistical and national accountants on how to produce gender-inclusive exhaustive GDP and people-centred national budgets. This will mean that as many productive activities as possible within the care economy are accounted for during compilation of national accounts and formulation of the national budget. Given that over 50 per cent of Africa's population are women and about two-thirds of their labour is spent on NMW with a significant role in employment creation, income generation and poverty reduction, data on the size and characteristics of the unpaid economy are also crucial for research and policy making.

17. The programme will use communication and advocacy strategies based on analysis of information and data on the linkages between national poverty reduction strategies and women's unpaid work, to promote integration of unpaid work in national accounts and the national budget. The policy impact of valuing unpaid work is the provision of better information to policy makers, which is expected to lead to better understanding and appreciation of women's contribution to the economy. Accordingly, policy makers will have adequate grounds to initiate and advocate policies that will give women a better share of gains from development.

1.4.2 Goal

18. To demonstrate to key decision makers in six African countries initially, the importance of gender-based obstacles to growth and poverty reduction, and get their commitment to integrate measures to overcome these obstacles into their national development and poverty reduction policies and strategies by 2005.

1.4.3 Specific objectives

19. The specific objectives are to:
 - Establish the extent of including women's non-market work in national accounts and national budgets (NANB) in African countries;
 - Improve concepts, tools and methodologies to establish NMW best practices and standards in Africa;
 - Create awareness and motivate policy makers on NMW, invest in increased production and application of time-use surveys and place NMW on the policy agenda;
 - Strengthen the capacity of statisticians and national accountants to engender NANB; and
 - Support development of gender-aware tools to evaluate the impact of policies and strategies on women's welfare, economic growth and poverty reduction.

2. A Conceptual and Analytical Framework

2.1 Conceptual Framework

2.1.1 Basic concepts of household production

20. The conceptual framework provides the basic knowledge for ACGD strategy to support valuation and integration of women's NMW in national accounts and national budget. It describes the concept on household production, definitions and accounting rules of the 1993 SNA that enable unpaid work to be systematically defined and analysed as outlined below in section 2.2. One of the key concepts in the national accounts is that of production. The framework is thus an attempt to further clarify the concept of household production and the valuation of unpaid work of household members who provide labour inputs into the production of goods and services.

21. In the context of NMW, the most relevant elements of the 1993 SNA concern the exhaustive measurement of GDP. The rules that have been developed to determine what is to be included as production and what is to be excluded in the estimation of GDP is the production boundary. First of all, the production boundary determines what is to be included in the accounts as output. Secondly, because the 1993 SNA recognizes only uses of produced goods and services, the boundary also determines the scope of intermediate consumption - goods and services consumed as inputs in the process of production excluding fixed assets, and thus it also determines value added. Value added is the value of output less the value of intermediate consumption - it is a measure of the contribution to GDP by an individual producer, industry or sector.

22. To achieve exhaustive measurement of GDP, the first step is to delineate what should and should not be included in the accounts as production in economic sense and those, which are not. The second step is to define the boundary around the economic production that needs to be included in the national accounts. Regarding productive activities, the 1993 SNA introduce two fundamental boundaries: the general production boundary and the SNA production boundary. The general production boundary includes any human controlled activity resulting in outputs capable of being exchanged. And the SNA production boundary describes the range of productive economic activities that should be included in GDP estimates and is thus the relevant boundary for this purpose.

23. While production of goods by households for their own final use, either as consumption or capital formation, is included in national accounts, own-account production of domestic and personal services by members of the households for their own final consumption, is excluded. The excluded activities include cleaning, preparation of meals, care, training and instruction of children, care of the sick, infirm and elderly people; and transportation of members of the household or their goods, including community voluntary services. This NMW or the care economy is not included in the national accounts. The SNA 1993 has recommended compilation of satellite accounts with the SNA as the central framework for various types of analysis related to assets and resources. A satellite account provides a framework linked to the central accounts, and it enables focused attention on an aspect of economic or social life (e.g. unpaid work) in the context of the national accounts. However, this programme aims to explore integration of NMW directly into national accounts.

2.1.2 Market and non-market output

24. The 1993 SNA identifies institutional units that are market producers and non-market producers. Market producers are financial and non-financial corporations, quasi corporations, and unincorporated household enterprises that are economically significant. Non-market producers also produce goods and services but the products are not valued at prices that are economically significant, that is, prices with little or no influence on the quantities demanded. Non-market producers are generally government, private non-profit institutions and household subsistence producers.

25. The value of output of market goods consists of the cost of the value of goods and services used for production and value added of the different factors of production. These include:

- The cost of goods and services used in the process of production (intermediate input);
- Cost of labour (compensation);
- Consumption of fixed capital (use of fixed assets);
- Taxes net of subsidies on production; and
- Operating surplus (returns to natural and financial assets used in production) or mixed income for household-operated activities (returns to natural and financial assets used for production and imputed compensation of operator and unpaid household worker).

26. Non-market output is valued at prices that are not economically significant and excludes operating surplus. However, in the case of goods produced by subsistence production, the value might still include some elements of operating surplus especially if output is measured by multiplying the volume of harvest by farm gate prices.

2.2 ACGD Analytical Framework for Non-Market Work

27. The analytical framework supports establishment of the programme’s conceptual framework. It deals with definition of unpaid work and development of a framework for different options for its analysis. As discussed in section 2.1, the 1993 SNA offers a coherent, internationally accepted conceptual framework for economic statistics, which is the starting point for identifying and analysing the unpaid work problem areas. The essence of the analytical framework is the division of unpaid activities into categories that help their identification and proper measurement.

2.2.1 Classification of non-market work

28. Though under review, the proposed United Nations International Classification of Activities for Time-Use Statistics (ICATUS) will be a basis for ACGD classification of unpaid activities within its analytical framework. On this basis, three types of activities are defined:

- Activities that fall within the SNA production boundary (SNA work activities).
- Activities that fall within the general production boundary, but outside the SNA production boundary (or “non-SNA work” activities).
- Activities that are not considered as production activities or are personal activities.

29. The focus of the ACGD analytical framework is on the second category: the non-SNA activities that need to be valued and integrated in the SNA and national budget (figure 1).

2.2.2 Options for analyzing non-market work

30. Figure 1 and subsequent discussion on non-SNA activities identify three types of NMW of household members based on the general definition of work, namely:

- Work providing unpaid domestic services for own final use within household;
- Work providing un-paid care-giving services to household members; and
- Work providing community services and help to other households.

Figure 1: A Framework for Analyzing Unpaid Work

Types of time	Type of activity	Main categories	Examples of activities
Committed time	Non-SNA work	<p>Providing unpaid services for own final use</p> <ul style="list-style-type: none"> • Providing unpaid domestic services for own final use within household • Unpaid care-giving services to household members 	<p>F. Work providing unpaid domestic services for own final use within household</p> <ul style="list-style-type: none"> • <i>Cleaning, decoration maintenance of dwelling occupied by the household;</i> • <i>Preparation and serving of meals;</i> • <i>Transportation of members of the household or their goods.</i> <p>G. Work providing un-paid care-giving services to household members</p> <ul style="list-style-type: none"> • <i>Care, training and instruction of children;</i> • <i>Care of sick, infirm or old</i>
	Non-SNA work	<p>Providing unpaid domestic services, care giving services and volunteer services to other households, community, non-profit institutions serving households (NPISH).</p>	<p>H. Work providing community services and help to other households</p> <ul style="list-style-type: none"> • <i>Informal help to neighbours and relatives;</i> • <i>“Informal/unorganized” volunteer and community work through neighbourhood and informal community associations;</i> • <i>“Formal/organized” volunteer and community work through the Red Cross, welfare organizations, professional organizations, churches, clubs and others (NPISH).</i>

31. Pricing of output for the market is determined by price during the transaction. For non-market goods and services, sale price is generally lower than the cost of production of similar market services. Hence pricing of the output is based on the cost incurred in production, excluding imputed operating surplus. To value non-SNA activities, the common approaches are: opportunity cost, replacement cost (specialist), and replacement cost (generalist).

32. Opportunity cost: The cost of wages forgone as a result of opting to offer services in the market. The valuation will change depending upon who is engaged in the unpaid work. The approach values the time spent for the NMW based on the forgone income of the unpaid household member had this member opted to provide labour services in the market. For example, if a mother with a post-graduate degree, opted to stay at home to take care of her children and manage the household, her unpaid

work would be priced according to her compensation in paid employment. This method requires data on the occupation of the worker that will match with the occupation in the market and the compensation rate. Moreover, the method also implies that there are always opportunities in the labour market for the person. In countries where there is excess supply of labour, this method would tend to overestimate the price for unpaid labour.

33. Replacement cost (specialist): This approach uses the wage paid to a person who produces similar services in the market (i.e. wage = wage rate * time spent). It is applied to specific household own-account services. For example, cooking would be valued at wage rate of employed cooks, laundry of paid laundry workers, caring of children to paid nanny, etc. This method assumes that the quality of the same services would be the same and these occupations are found in the market.

34. Replacement cost (generalist): This method values the unpaid work by the equivalent wages of paid domestic help (i.e. wage = wage rate * time spent). The wage depends mostly on the labour market situation in the countries. In some countries, where wages of domestic help is legislated, the price would be available; in others pricing would require additional statistics from labour and employment or household income and expenditure surveys.

2.2.3 Methods for estimating women's contribution to GDP

35. Measuring women's contribution to GDP is quite an unusual task for national accountants. However, until recently, this has not been a challenge since national accountants now classify output and value added by sector of industries and by institutional sector, distinguishing the informal sector within the household sector since the 4th revision of the SNA in 1993. In this way, national accountants try to disaggregate the data by region to provide information for the decentralization process, which is being encouraged in more and more countries (Charmes, J. 2000). Although some progress has been made since the Beijing Conference in 1995, a lot more remains to be done in order to engender national accounts. This programme aims to build the capacity of economists in member States in collecting and using gender-disaggregated data for this purpose. Ideally, two sets of data will be needed, namely, GDP by sector of industry and by institutional sector on the one hand, labour force by sector of industry, by formal/informal sector and by sex, on the other hand.

36. Charmes, J. (2000) outlined two methods that may be used for estimating women's contribution to GDP in national accounts. The method used more extensively in Francophone countries than in Anglophone coun-

tries is the estimate by the Income method. The Production method seems more relevant and more efficient in that it can be used for more countries and with fewer assumptions than the Income side method (box 1).

Box 1: Two Methods for Estimating Women's Contribution to GDP

Method 1: The production method consists of disaggregating value added by sector of industry and by formal/informal sector (a classification which is more and more widely available in developing countries, although it has frequently to be harmonized by a common definition, particularly the new international definition adopted in 1993 by the 15th ICLS) in parallel with similar disaggregation of the labour force (which is even more often available) provided it is by sex (contrary to the value added).

Women's contribution is then quite easy to calculate, assuming that in a particular industry of the informal sector, there is no reason to believe that women's productivity (or value added per head) is lower than men's. The difference in the contribution of women and men to the value added is only due to the distribution of women and men in the labour force. Such an assumption cannot be made for the whole economy, or the whole sector of industry, (because in most countries, and especially the developing countries, women in the formal sector occupy less skilled jobs, compared to men), but it certainly can be made for the informal sector.

The Production method consequently needs a detailed disaggregation of value added by sector of industry and by formal/informal sector; value added per head in the informal sector, calculated in this way, and then applied separately to female (and male) labour force, giving the contribution of each sex to the value added in this particular industry. For comparative purpose, it should be noted that ownership of dwellings, or imputed rents (usually classified within the informal sector by National Accountants) has to be subtracted because it has no equivalent in the labour force.

Method 2: The income method consists of attributing to each sex its share of the various sources of income:

- Compensation of employees requires data on salaries and wages by sex in the informal and formal sectors: informal sector surveys can provide these data,
- Operating surplus can also be disaggregated by sex and by formal/informal sector through informal sector surveys,
- Income from property (land, ownership of capital) rarely can be distributed by sex, and this is why the income method is less reliable than the production method, unless it is assumed that women have no access to these properties, an assumption that may be true in some countries or societies; However, the method greatly underestimates women's contribution because of wage differentials between sexes, and because a great number of women are engaged in the labour force as unpaid family workers, a status hardly taken into account in the compensation of employees.

For those countries where data are available and the two methods can be applied, comparison of the results might give a good idea of the importance of the underestimation of their contribution to GDP.

3. ACGD Framework for Integrating Unpaid Work into National Accounts and National Budget

37. This programme proposes a framework for integrating women's NMW into national accounts and national budget (figure 2). The framework consists of seven strategic inter-related processes designed to lead to informed decision-making. The activities are not sequential in time.

3.1 Development of a Conceptual and Analytical Framework (2001 - 2002)

38. This activity involves establishing an appropriate conceptual framework to provide the basic knowledge to support the strategy for accounting for women's non-market work; and establishing an analytical framework to analyse this work and time use. The specific activities include:

- Description of the concepts, definitions, classifications, and accounting rules of the 1993 SNA that enable unpaid work to be systematically analysed;
- Grouping of unpaid activities to help identify the causes for unpaid work and the options for its measurement;
- Before implementing the programme activities, an Ad Hoc Expert Group convened in May 2002 reviewed, enriched and validated the framework and the implementation process.

3.2 Establishment of a Quality Control and Self-monitoring System (2002)

39. To ensure quality outcome from the activities of the programme, ACGD established a quality control and self-monitoring system by constituting:

- An interdivisional discussion group (internal working group), which will serve as an internal peer review team comprising experts from ACGD and other substantive divisions of ECA to critically appraise the programme.
- An Advisory Expert Group on mainstreaming gender into national accounts and the national budget made up of senior economists, statisticians, sociologists and gender experts. These are: independent experts from African countries and elsewhere, experts from government Ministries especially Finance, Planning and Economic Development as well as from ECA partners in African countries. The Group will review, refine and validate the tools and methodologies of the programme.

3.3 Undertake Inventory of Tools/Concepts and Capacity to Engender National Accounts and the National Budget (2002)

40. Before launching the programme, ACGD will take an inventory of:
- Data collection instruments utilized by the various African countries for information on the condition of the economy and the people;
 - Availability and accessibility of sex-disaggregated data to the final users for meaningful interpretation;
 - The functioning of the national accounting done in statistical offices the availability of social accounting matrices or input-output matrices, which provide information regarding the sectoral interrelationships of the economy and construction of a gender-aware macroeconomic model;
 - The need to develop an Africa-specific Easy Reference Manual for guiding survey statisticians and planners in collection, analysis and integration of sex-disaggregated data in national accounts and the national budget; and
 - Particular capacity-building needs in different institutions that are involved in collecting and using data to engender national accounts and the national budget;
 - Institutions that would be able to assist in building capacity in collecting and analyzing time- use data for engendering national planning instruments.

3.4 Development of the Easy Reference Guide (2003-2004)

41. ACGD is developing an Africa-specific “Easy Reference Guide (ERG)”. The tool is a procedural manual aimed at sharpening the skills of both producers and users of gender-disaggregated micro and macroeconomic statistics based on time-use and household surveys. Just as the 1993 SNA provides an international standard for all countries, so it is the intention of the ERG to provide a measurement framework unique to the women-dominated, non-market economy in Africa. Currently, such a handbook does not exist in Africa, and will help cover the following areas:
- Procedures that survey statisticians and national accountants need to follow in collection, analysis and integration of NMW gender-disaggregated data into national accounts and the national budget.
 - Procedures that statisticians and national accountants will follow in analyzing the impact of national budget on time use. This is a calculation of the link between budget allocations and their effect on how household members spend their time, using time-use surveys. Changes in government budgets impact on the way in which time is spent. Cuts in some budgets are likely to increase women’s time

use in the “non-market work” for their families, in order to make up for lost public services. Time-use data is also expected to assist African governments in assessing the contribution of women to GDP in national accounts.

- The ERG will also outline step-by step instructions for modelers to construct, test and use the results of a gender-aware model.

3.5 Development of a Gender-aware Macroeconomic Model (2003 - 2004)

42. The conceptual and analytical work makes it possible to build for the first time in Africa models that would be capable of testing different policy packages and facilitating dialogue about which set of policies to choose for poverty reduction. Useable models are needed to evaluate the impact of policy responses that effectively reflect the economic reality of a country. The model would be used by governments to evaluate the impact of fiscal policies on women’s welfare, growth and poverty reduction in Africa. This work was prompted by the increasing need for governments to assess the impact of economic policies on welfare and the macroeconomy to ensure transparency and accountability. Over the last thirty years, sub-Saharan Africa faced major macroeconomic shocks from such economic policy reforms as structural adjustment programmes (SAPs). These shocks have had significant repercussions, in terms of income distribution and poverty levels, especially, among women. Gender inequality is also reported to constrain the outcomes of macroeconomic policy.

43. The specific activities will include:
- Present for endorsement to an Advisory Expert Group Meeting, a concept paper on the proposed gender-aware model the programme will develop;
 - Based on the recommendations of the Advisory Expert Group Meeting, the programme will design, construct and carry out controlled tests to evaluate how gender differences in national accounts and the budget impact on women, economic growth, and poverty reduction.

3.6 Launch of the ERG and the Model (2004)

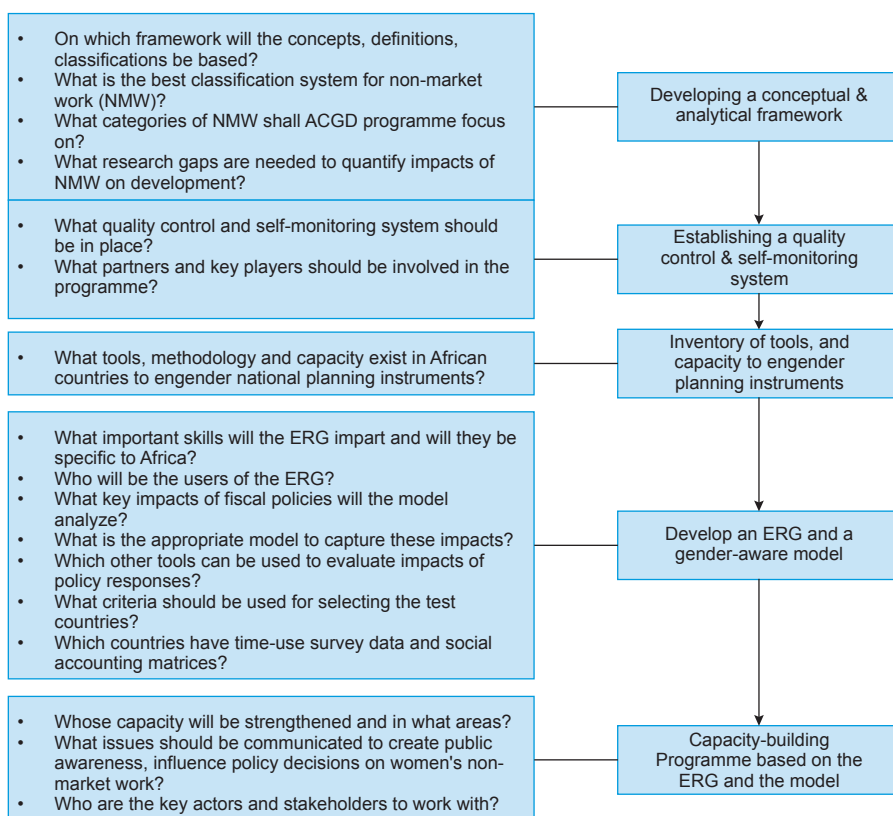
44. Upon developing the ERG and the model, ECA plans to launch them in a regional symposium to be attended by African Ministers of Finance, Planning and Development as key decision makers, to promote gender mainstreaming into national development plans. Other important Ministries, including Agriculture, Energy and Water, will also be invited to attend the symposium along with ECA partners and other stakeholders. The expected outcome of the meeting will be commitment of the decision makers to strengthen national capacity to use the ERG and the model.

3.7 Implement Capacity Building Programme Using the ERG and the Model (2005)

45. The capacity-building component of the programme aims to sharpen the skills of national statisticians and accountants in collecting, analysing, and integrating gender-disaggregated data from large-sample surveys in national accounts and the national budget based on the ERG and the model. The specific activities will include:

- Design a capacity-building programme for the ERG and the model;
- Service 5 subregional workshops on the ERG for statisticians and planners; and
- Organize a regional workshop for policy makers on the gender-aware model.

Figure 2: A Framework for Integrating Women’s Non-Market Work into National Accounts and the National Budget (2001 - 2005)



4. Conclusion

46. This paper highlights the 2001 - 2005 ACGD programme framework for engendering national accounts and the national budget through inclusion of women's non-market work. It examines where potential feedbacks might occur between women's work and the macroeconomy, and what the consequences of these links might be for policy makers. However, much of what we know is based on "stylised" facts or empirical information, which is indirectly related to the problem of unpaid work, as little empirical work exists in Africa in this area. The main conclusion is that the skills of statisticians, national accountants and other planners should be sharpened to collect, analyse and use sex-disaggregated data on both market and non-market work through time-use surveys and other large-scale surveys. Here, the aim is to value the non-market work so that policy makers will have adequate grounds to initiate and advocate for policies that will maximize measures and benefits for improving women's welfare and enhancing their contribution to long-term growth and poverty reduction. The major outstanding issue in advocating for better-informed policy frameworks is how to get the commitment of key decision makers to measures for integrating this work into national development plans, thereby enhancing women's role in sustainable development.

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Appendix I

A Reference Glossary of Key Gender-related Macroeconomic Concepts and Definitions¹

I. Introduction

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

II. General Terms and Concepts

2. Gender:
- Cultural definitions of female and male; socially constructed differences, relations and inequalities and roles between women and men/girls and boys. Thus gender is distinguished from biological (physiological, anatomical, hormonal) sex, which is based primarily on differences in female and male reproductive systems and functions.
 - A development theme or a set of issues that refers to policies and operational measures directed to improving the situation of women,

1. This annex is drawn from the following sources:

- a. Latigo et al (1999). "Mainstreaming Cross-cutting Issues into the Project", ADB Training and Advisory Project
- b. Patricia Alexander with Sally Baden (2000). Glossary on Macroeconomics from a Gender Perspective. Prepared by BRIDGE in collaboration with GTZ-German Technical Co-operation;

and to addressing inequalities between women and men through development interventions;

3. Gender equality: When used in relation to social groups, equality is a goal which denotes a situation in which there is an absence of discrimination with respect to rights, opportunities, and to the allocation of economic, social and political resources and services (i.e. when the same set of economic, social and political rules applies to every one) in a particular society or country. Equality as a goal has qualitative and quantitative, behavioural and attitudinal dimensions.

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

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

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

7. Gender-sensitive budgets: 'Gender-sensitive budgets,' or 'women's budgets,' refers to a variety of processes and tools, which attempt to assess the impact of government budgets, mainly at national level, on different groups of men and women, through recognizing the ways in which gender relations underpin society and the economy. Gender or women's budget initiatives are not separate budgets for women. They include analysis of gender-targeted allocations (e.g. special programmes targeting women); they disaggregate by gender the impact of mainstream expenditures across all sectors and services; and they review equal opportunities policies and allocations within government services. Gender-sensitive budget analysis

requires data to assess inputs (e.g. budget or staff allocations), outputs (beneficiaries) and outcomes (e.g. increased health, education, and time availability). This requires systematic gender disaggregated data, e.g. on service use, time use, health and education status, employment.

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

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

10. Micro-macro: The separation of economic theory, by its field of interest and by its tools, into the study of respectively, the aggregated level of activity, and the behaviour of individual economic agents or sectors. The traditional strict division of interest between macroeconomic and microeconomic specialisation has affected the discipline’s treatment of gender relations. Microeconomics is concerned with the behaviour of elements or agents of the (given) economic system; these agents are conceived of as households and firms. It focuses on the determination of the prices that induce these agents to act - such as wages for labour and return rates of investment funds. These concerns cover issues of demand and supply, welfare and distribution. Macroeconomics, by contrast, takes prices as given,

and turns attention to the determination of the aggregate levels of these activities: the level of income or output of the economy, including the level of employment; aggregate investment, total consumption, and the money supply. Palmer showed in her detailed treatment of African adjustment programmes (1991) that dealing only in macroeconomic aggregates may obscure issues of elasticities of supply and demand, mobility of factors of production, transaction costs and market competence - which affect macro programme outcomes. In a market economy, macroeconomic management must rely on indirect measures, which make use of incentive structures, household allocation rules as well as other decision-making processes that are products of the operation of gender relations, and which operate at the micro and meso levels. These are institutional factors relevant to policy design and evaluation. The interest in economic modelling by some economists working on gender issues is one example of efforts to bring the micro-foundations of gender asymmetries to bear on macroeconomic policy debate.

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

12. National accounts: These are the set of aggregate accounts reporting the value and breakdown of all income and all output of an economy. Many of the services performed, as well as goods produced by women are invisible to the UN System of National Accounts (SNA), which is the standard system used by almost all countries (the idea of invisibility should not be confused with the term “invisibles” referring to services in SNA trade accounts). Four areas of work are missing or poorly accounted for in national accounts: domestic work, volunteer work, subsistence production, and the informal sector. Both men and women are involved in all of these sectors, but the methodological issues inherent in their measurement have been most intractable in the first two, which are largely performed by women. (Satisfactory means for measuring subsistence agricultural production, which never reaches a market and may be entirely non-magnetized, have been devised since the 1950s in most countries. Nevertheless,

much of the female component of this type of labour is deemed housework and undercounted.) In 1993, a revised SNA was introduced whereby production within the household for own consumption is included in GNP. However, the revised SNA continues to exclude own-account production of services, including childcare, care of the elderly, and cooking, which are regarded as “non-economic”.

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

14. New household economics: This is an approach to analysis of the household, which depicts the latter as combining the time of household members with market goods to produce the outputs or commodities it ultimately desires. It ignores the internal organization and structure of families and households because, in the context of pure neo-classical theory, and analogously to the treatment of firms, the theory assumes a costless and efficient operation. Its subject matter includes not only the market behaviour of the household (supply of labour, demand for goods), but also such phenomena as marriage, fertility, the education of children, and the allocation of time. The seminal treatment is Becker’s household production model (Becker 1965). The new household economics is criticized for its assumption that households aggregate utility functions to produce choices, which are efficient for all its members, which it portrays as an internal harmony of interests within the household; for its assumption that resources are pooled within the household; and for its assumption that the allocation of labour and income is Pareto optimal for the household.

15. Pareto optimal: The Pareto optimal in welfare economics refers to an equilibrium situation where no individual could be allocated more (utility or welfare) without someone else being allocated less. It is important to recognise that such an allocation makes no comment on the evenness

of income distribution: Pareto optimality is compatible with extremely uneven, as well as perfectly egalitarian, income distribution; the term is useful for its definition of a concept of improvement. A Pareto improvement is a change in welfare that makes any person or part of the community better off without decreasing the welfare of any other person or part, and a Pareto improvement may take place even if the majority of the population experiences no benefit. Pareto efficiency and optimality theorems have been significant in their use to generate a framework for evaluation of government intervention, in taxation and redistributive policy.

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

17. **Reproduction sector:** This is the part of human activity, both maternal, material and social, that is concerned with the process of caring for the present and future labour force, and the human population as a whole, including the domestic provisioning of food, clothing and shelter. Social reproduction is the provisioning of all such needs throughout the economy, whether part of the paid or unpaid components. (Elson refers to this sector as the "care economy"). Economics treats reproductive labour differently from the maintenance of capital equipment, which is unequivocally accepted as an economic activity. The reproductive sector is generally unpaid and usually excluded from national accounts. Reproductive labour is in large measure performed by women, and takes up an extremely high proportion of the time allocation of women. In several recent models of gender in the macroeconomy, the reproductive sector functions as a constraint on the expansion of the productive sector. This approach can throw light on exacerbation of the crisis in medium-term structural adjustment programmes that increase pressures on human capital, to the point of threatening the viability of the reproductive sector, or compromising its ability to respond to incentives.

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

19. Statistics: These are a set of methods for the collection, presentation, summary and analysis of data with a view to the drawing of valid conclusions. Data are the raw material of empirical economics. However, there is a scarcity of data that allow for separate examination of the characteristics or conditions of women and men, or for analysis of gendered categories in economics. Several examples illustrate this problem. Some data in national census and survey reports are not available in a gender-disaggregated form; therefore it is impossible to monitor changes in access to resources over time. Certain categories embody assumptions about economic roles; for example, the term “head of household” frequently elicits underreporting of households where women play the leading economic role. The undercounting of unpaid labour affects tasks performed by women more frequently than it does those done by men. The improvement of statistical methods to reflect gender issues has been a commitment of national statistical agencies since the UN Decade for Women, which began in 1975. Since that date progress has been uneven. Areas of significant progress, however, include the reporting of women’s access to education, and the development of techniques for identifying and measuring informal and unpaid work.

20. Structural Adjustment Programme (SAP): Structural adjustment is a process of market-oriented economic reform aimed at restoring a sustain-

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

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

22. Time budget survey: Studies used to investigate the allocation of time among different tasks (and leisure). Other terms for such work include “time use studies” and “time allocation studies”. They have been used to investigate:

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

They can be based on observation, recall or diary keeping, or a combination of methods, (for a summary of studies in 31 countries, see UNDP, 1995 pp88-96). Time-budget surveys have revealed the failure of conventional labour statistics to capture the extent, range and complexity of activities in which individuals engage, particularly in developing countries, and particu-

larly among women, for whom multi-tasking is common. Time-use surveys have been conducted in Canada (since 1978) and Norway as part of official data collection systems and a major survey in three tranches to capture seasonal variations, has recently been piloted for Statistics South Africa, with full results due in 2001. Time-use data provide an important input into the process of valuing non-market work in national accounts, and also allow for analyzing the effects of changes in public spending on time use.

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

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