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What Does It Cost?

Putting a Price Tag on Gender Equality

MDG programmes that advance gender equality have been implemented primarily through sectoral initiatives.

While it is relatively easy to set goals, it is much more complex to figure out how to reach them. How much will it cost? What investments are required? Estimates of the costs and required investments for gender equality differ; however, what is certain is that the cost of inaction far outweighs the cost of action.

The Cost Of Gender Equality...

Estimating costs is essential for prioritizing, planning, and budgeting. At the national level, much work has been done since 2000 to cost the MDGs and to forge a path, based in part on those exercises, which both brings results and is affordable. A number of countries have arrived at estimates of the cost of interventions required to make gender equality a reality.

The task of producing estimates is complex, no matter which target is considered. The challenges have to do in part with the complementarities and overlap among policies or investments and the goals they help to attain. For instance, efforts to reduce the mortality rate of baby girls, such as improving access to safe water and basic sanitation, and promoting equality in nutrition and health services, also go a long way to reducing maternal mortality. Educating girls pays off not only in their own expanded economic opportunities and greater livelihood security as adult women (thus aiding in the fight against feminised poverty) and in terms of a reduced likelihood of early marriage (thus contributing to efforts to reduce maternal mortality), but also in the educational attainment and very survival of the children they may one day have. The question then becomes where to “count” expenditures for an intervention to improve girls secondary school completions rates: it would contribute to Goal 1 by reducing poverty, to Goal 2 by increasing primary school enrollment, to Goal 3 by directly promoting gender equality, to Goal 4 by reducing child mortality, and so on.

One widely quoted global estimate for resources needed to achieve MDG3 comes from work prepared for the World Bank. Researchers estimated that external resources in the range of **\$13 billion annually** were required for financing interventions that promote gender equality in the context of the MDGs in low-income countries over the next few years, with readjustments thereafter based on increased domestic resources for these interventions. They further estimated that the costs for achieving gender equality, on average, accounted for between one-third and one-half of the total MDG costs (in the range of US\$37-\$57 per capita per year), depending on the country.¹ This finding was corroborated in a subsequent ten-country study.²

Notably, the bulk of expenditures aimed at advancing gender equality – over 90 per cent³ – went to “non-targeted” gender mainstreaming activities across virtually every MDG sector, such as improving water supply and sanitation services, upgrading childcare centers, building roads, subsidizing home energy costs, and improving infant and child health and survival. A far smaller share of expenditures went to “direct” gender equality-promoting activities related to specific MDG 3 targets – such as eliminating school fees for girls and user fees for poor women, building the capacity of women’s machineries, and supporting women in the political process. **In other words, MDG programmes that advance gender equality have been implemented primarily through sectoral initiatives in agriculture, infrastructure, employment, education, health, and so on** – pointing to the need to build capacity for gender-responsive programming and policy-making at all levels and in all sectors. Gender-responsive budget initiatives are a valuable tool for tracking and assessing the degree to which different government ministries and departments are promoting gender equality through their work in support of the MDGs. These initiatives ideally include increased financing to support capacity development of women’s ministries and women’s organizations, not only for costing gender-specific programmes, but also to effectively cost and monitor gender equality initiatives in other sectors.

...is Dwarfed by the Costs of Inequality.

The price tag for action may seem high, but the cost of inaction is far higher. And the costs are borne not just by women, but by all of society. There is strong evidence that failure to educate women impedes growth; a one-year increase in the schooling of all adult females in a country is associated with an increase in GDP per capita of around \$700.⁴ Research also shows how stalled progress in girls' secondary school enrollment means foregone reductions in fertility, maternal mortality, child mortality, and malnutrition.⁵ And evidence suggests that failure to give women title to land, control over other natural resources, and adequate agricultural services has high costs in terms of lowered agricultural productivity, slowed adoption of new technologies and improved techniques, loss of agro-biodiversity, and environmental degradation.⁶

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Calculating the cost of inaction is extremely complex. The issue described above of double-counting is there, as is the challenge of estimating both short- and long-term damage and opportunity costs. In addition, while some impacts of inaction are somewhat easier to estimate, such as changes in agricultural outputs, or increases or decreases in public health expenditures due to disease, others, such as the long-term trauma caused by violence or the multiple and lasting effects on young children who lose their mothers to death in childbirth or to AIDS, are far less straightforward to calculate.

But despite the complexity, it would be a worthwhile exercise, if at least to gain an understanding of the order of magnitude of losses created by inequality backlogs. To what extent will countries falling short on gender equality experience losses in economic growth, foregone reductions in fertility, greater child mortality and malnutrition, a higher prevalence of depression and other mental illnesses, higher rates of illiteracy, and the like? In other words, what are the costs associated with the status quo? We know the cost of educating a girl — the World Bank estimates that meeting just the universal primary school goal in low-income countries will cost around \$9.7 billion per year⁷ — but what cost are we already paying by not educating her?

Calculating the Cost of Inaction on Gender Parity in Schooling

Compared to girls who do not complete primary and secondary school, girls who do earn and produce more, are less likely to marry early and are more likely to plan for and space their children, are more able to negotiate with intimate partners around condom use, are less likely to find themselves in situations of exploitation or remain in abusive relationships, are more likely to get adequate medical care during and after pregnancy, and are more effective parents as adults, prioritizing health and education investments for their own children. Thus, in terms of MDG education targets, it would be revealing to compare the price of ensuring gender parity in primary and secondary school to the various costs that countries will pay if they fail to meet this target. These costs might include the following:

- The lost wages, reduced labour force participation, and lower productivity of women whose limited education leads to a lifetime of underemployment;
- Foregone reductions in fertility (a year of female schooling reduces fertility by 10 per cent, on average);⁸
- The increased incidence of HIV and AIDS among women with limited negotiating power around condom use and the resulting costs from health care use, reduced productivity, and premature death;
- The higher rates of maternal mortality among less educated women;
- The economic and social costs associated with caring for children whose mothers die prematurely from AIDS, violence, and maternal mortality, including not just direct costs like orphan subsidies but also long-term psychological costs to the children;
- Higher rates of morbidity, mortality, and malnutrition among the children of less educated women,⁹ leading to greater health care costs, lost productivity, premature death;

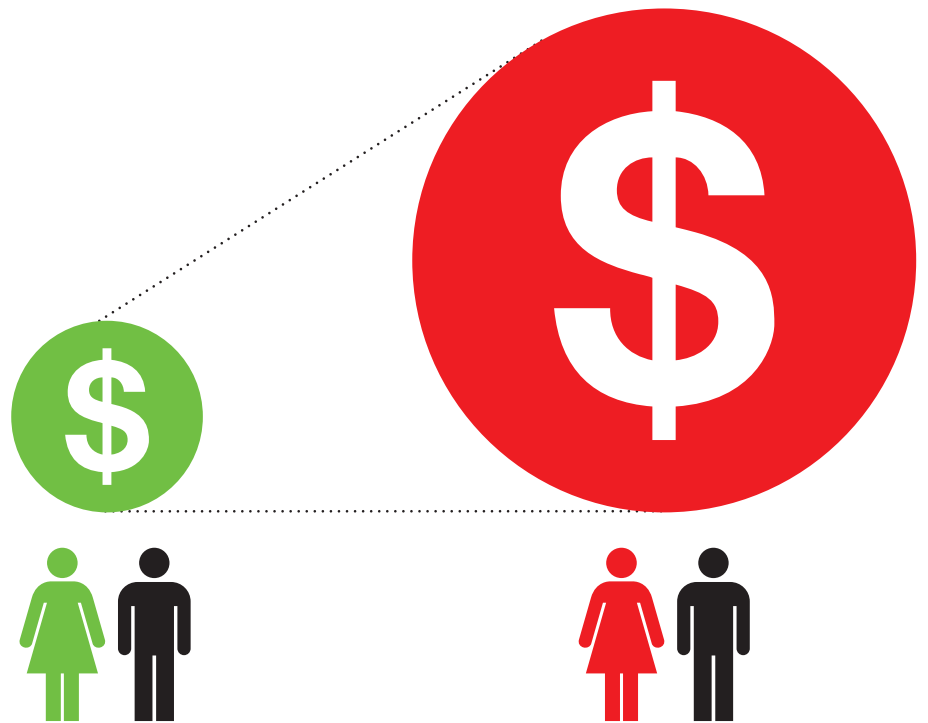
- Reduced school attendance and educational attainment among the children of less educated women (each year a girl stays in school translates into up a half-year of additional schooling for her child, on average;¹⁰ children of uneducated mothers are twice as likely to be out of school as are children whose mothers attended primary school).¹¹

These are merely the costs associated with shortfalls in education. Imagine adding the costs associated with feminized poverty and maternal mortality, as well as poor water, sanitation, and energy services, environmental degradation, and violence. For instance, ESCAP has estimated that the Asia-Pacific region alone is losing more than \$40 billion per year because of women's limited access to employment, and \$16-\$30 billion because of gender gaps in education - figures that far exceed the \$13 billion global cost estimate for gender equality measures.¹²

The world community is already paying top dollar for inequality in monetary terms as well as in unfulfilled human potential. This cost far exceeds that of closing the gender gap and empowering women.

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- 9 UNICEF, *The State of the World's Children 2007: Women and Children, the Double Dividend of Gender Equality*.
- 10 World Bank, "Girls' Education."
- 11 UNICEF, *The State of the World's Children 2007: Women and Children, the Double Dividend of Gender Equality*.
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The Cost of **Gender Equality** is Dwarfed by the Costs of **Inequality**



The Cost of Gender Equality

- Invest in universal primary/secondary school
- Reform policies for equitable property/resource ownership
- Eliminate gender inequality in employment
- Increase access to safe water/sanitation/energy services
- Upgrade roads and other infrastructure
- Increase women's voice in politics/governance institutions
- Ensure equitable access to nutrition and health services
- Offer HIV services in maternal health clinics
- Eliminate gender-based violence
- Build donor and partner capacity for gender-based analysis and programming

The Costs of Gender Inequality

- Reduced educational attainment among the children of less educated women
- Foregone gains in agricultural productivity due to lack of access to resources/knowledge
- Foregone economic growth due to low levels of female education
- Continued unnecessary deaths among girl children
- Foregone reductions in fertility
- Continued high rates of maternal and violence-related mortality
- Increased incidence of HIV and AIDS
- Economic and social costs of caring for orphans
- Foregone savings in health costs/productivity increases due to violence against women
- Foregone time savings due to inadequate water supply/sanitation/energy services