

PROGRAMME FOR GENDER MAINSTREAMING

Smart Economics

CALCULATING GENDER EQUALITY DIVIDENDS

– AN OVERVIEW

Smart Economics

Through the Programme for Gender Mainstreaming, the Swedish Government has allocated SEK 240 million to the Swedish Association of Local Authorities and Regions (SALAR) to support gender mainstreaming in publicly financed activities between 2008 and 2013.

SALAR started the project Smart Economics to show how gender mainstreaming benefits municipal finances, by providing concrete everyday examples of the connection between gender equality and economics on local level, and to develop calculation models for municipalities to use in developing their own example cases. Models and cases should take into account quality aspects of the activity in question. Several municipalities have taken part in the work. This overview presents cases from Botkyrka, Gothenburg and Borås.

Smart Economics highlights the connection between gender equality and economics. The calculations show that investments in gender equality can substantially reduce costs over time and, in those instances where the investment puts people to work, can generate significant revenues through increased productivity.

There are many similarities between Smart Economics and other forms of social investments, an area where for several years SALAR has been pursuing development work together with a number of municipalities. One can describe Smart Economics as a way to use social investments to further gender equality. The overall project findings were perhaps summed up best by Borås Municipality: Investing in people costs. Not investing in people costs more.

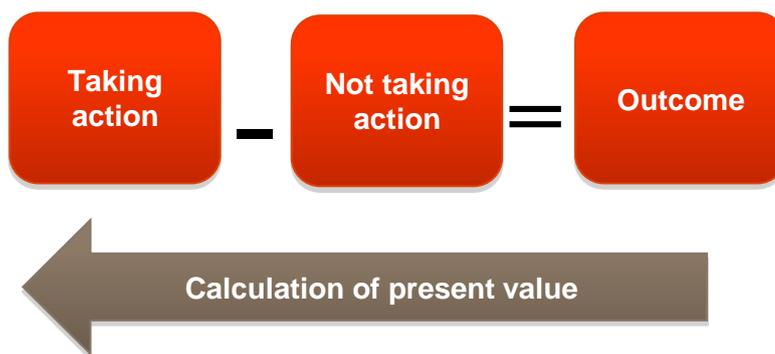
Complete reports from the three municipalities can be downloaded from the [SALAR website](#) (in Swedish only).

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On Measuring Gender Equality Dividends

The models presented in this report compare the cost of an investment with the alternative of not making the investment. Because it is a matter of making long-term comparisons, the present value is calculated for different points in time.



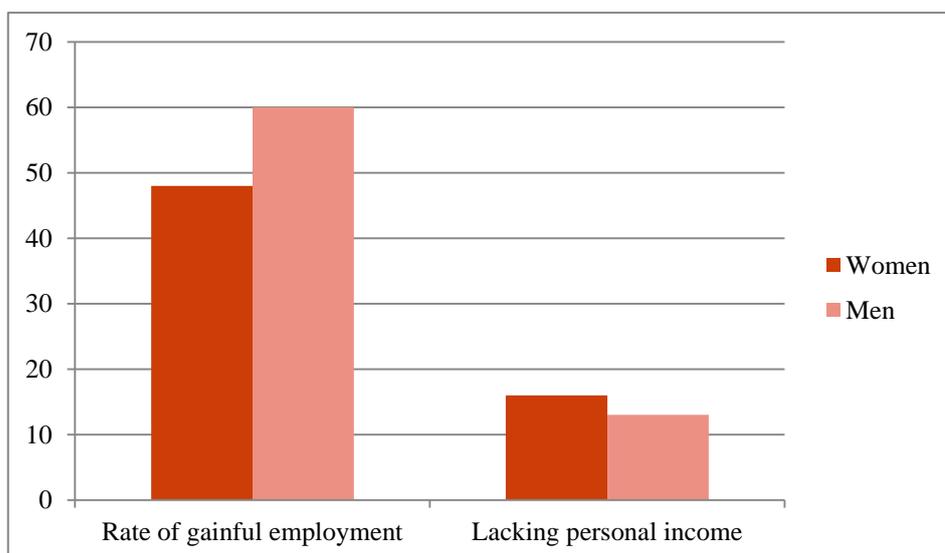
Socio-economic estimates have to strike a balance between simplification and realism. Assumptions and limitations must be made simple enough to calculate, but at the same time be close enough to reality to be meaningful.

It is also important to observe the principle of caution, and avoid enthusiastic calculations that overestimate revenues and underestimate costs.

From invisible to visible in Botkyrka

During the last 20 years, demands on job seekers have increased. To get a job today it is for all practical purposes necessary to have an upper-secondary school education and to speak good Swedish. This creates barriers for many groups. Low educated, foreign-born women, for instance, have a much higher rate of unemployment than other groups in Botkyrka. In some areas, less than 50 per cent of the women are gainfully employed. 16 per cent of the women live entirely separate from society, having no contact with authorities, schools or the labour market.

The municipality is now making investments to improve its services and help more women find jobs.



Typical cases and estimates

Botkyrka's model describes three typical unemployed women, with varying educational background, livelihood, age, and ethnicity.

All three follow a course of education that concludes with an upper-secondary school health-and social care programme. The costs and revenues of this are compared with the costs and revenues associated with not doing anything at all.

The estimates are based on the assumption that the schooling leads to a permanent job in the health-care sector until retirement.

To enable costs and revenues from different points in time to be compared, they have been “translated” into their 2012 present values, based on a four per cent discount rate of interest.

Social investments to help people overcome chronic unemployment and gain incomes of their own lead to two types of revenues: an actual socio-economic value called a production increase, and a reduction of public expenditures (in this case livelihood support for two of the three women).

The production increase comprises the women’s wages after taxes (which then are subject to VAT), payments to the social security system, municipal tax and county tax.

The case of Aisha

Aisha is a foreign-born 25-year-old woman with five years of primary school in her home country. Before the educational investment she was supported by her relatives. She studies Swedish as a Second Language (SSL) and upper-secondary adult education for four years, and then finds a job within health or social care, a sector with large future labour needs.

According to Botkyrka’s estimate, in socio-economic terms the investment almost broke even after Aisha’s first year in the workforce. By retirement, her production increase amounts to SEK 7.5 million. This means that the investment returns 25 times the cost of her education.

In other words, one could say that only one person out of 25 in the educational investment needs to succeed for it to break even overall. The investment is also profitable for Aisha personally, though not for Botkyrka municipality because – due to the local government equalization system – Botkyrka cannot keep more than 5.5 per cent of Aisha’s municipal taxes.

The case of Beata

Beata, 35, was born in Sweden, has completed compulsory school and lives on livelihood support. To pursue a three-semester course of studies she needs to take student loans, and thereby incur a certain amount of debt.

Society's revenues comprise in this case both Beata's production increase and the eliminated cost of livelihood support. Because she only needs to spend a short time in school, a socio-economic profit arises early.

Over the course of Beata's working life, the socio-economic return amounts to 58 times the principal, which means that just over one person out of 60 needs to succeed for the investment to pay for itself.

The investment is profitable for Beata, but requires her to accept a lower standard of living during her studies. The investment leads to savings for Botkyrka municipality when Beata no longer needs livelihood support.

The case of Cyntia

Cyntia is 45 years of age, was born abroad, and has nine years of schooling from her home country. She receives livelihood support and her education requires four years of study in SSL and municipal upper-secondary adult education.

The investment turns a socio-economic profit after the fifth year. After Cyntia's 16 years of employment, the investment has yielded a return of nearly 23 times the principal. If Cyntia had not received livelihood support, the return would have been 15 times the principal.

The investment is profitable for Cyntia, but requires that she incur debt while attending adult education. The investment results in savings for the municipality when Cyntia no longer needs livelihood support.

Table1. Economic outcomes for three typical women, in SEK

| | Costs | Revenues | Profit | Return |
|---------------|---------|-----------|-----------|--------|
| Aisha | 310 000 | 7 553 000 | 7 252 000 | 1:25 |
| Beata | 156 000 | 9 151 000 | 8 995 000 | 1:58 |
| Cyntia | 244 000 | 5 578 000 | 5 334 000 | 1:23 |

Conclusions

The investment in people, who do not – from the outset – appear to cost society anything, yields great socio-economic profits. The return is even higher for those persons who go from livelihood support to a job of their own.

The women themselves gain a significantly higher economic standard. Their gainful employment leads to large tax revenues and contributes to the collective welfare.

Education and employment also have a positive effect on women's health, and there is a strong correlation between women's level of education and how well their children succeed in school.

Botkyrka also identifies a number of challenges. One is that the extensive educational investments that are needed may be profitable in socio-economic terms yet involve an economic loss for the particular municipality. Hence it can be difficult for municipalities to allocate the necessary resources, and therefore national investments need to be made, for example a repeat of the 1997–2002 adult education programme *Kunskapslyftet* (The Knowledge Boost).

Overcoming chronic unemployment requires public investments at an early stage, and only later – assuming the investment succeeds – do they begin to pay their way in terms of revenues and savings. For investments to lead to permanent improvements, different actors must collaborate around the problem to be solved. In this, the municipality and public employment service can play an especially important role.

It is just as important to have a dialogue with the women involved. Short term economic considerations often steer people's choices. If a woman takes a student loan, for example, the entire household's livelihood support can be negatively affected, which may lead her to forgo further education.

The estimates show that it would be socio-economically profitable to concentrate on outreach activities and other efforts to reach women who have few or no contacts with the labour market.

Gothenburg – On the move towards gender equality

The City of Gothenburg's Sports and Clubs Division has compared the city's grants for girls' and boys' sports respectively, as well as possible health effects.

The City distributes around SEK 80 million to clubs and associations each year. Most of it goes to sports for children and youth between 7 and 26 years.

The survey comprises grants to the 58 largest sports, and is restricted to the three largest types of grants – activity grants, facilities grants, and investment grants – which together amount to SEK 60 million per year.

A starting point for the estimates is the gender ratio of active participants. Organized sports are highly segregated by gender, with boys numerically predominant within most sports. The only sport with a balanced gender ratio is handball, thanks to active work over a long period of time to recruit both girls and boys.

Activity grants are based on the number of reported activities. Since 2003 the municipality pays SEK 5.5 per activity for girls, and SEK 5.0 for boys. The extra half crown for girls' sports has not led to balance in the number of active participants; boys still account for 64 per cent and girls for 36 per cent of all activities.

Hence, for 36 out of 44 sports, a greater proportion of the activity grants goes to boys than to girls. The only sports where a greater proportion of the activity grants goes to girls are horseback riding, basketball, dance, gymnastics, figure skating, swimming, and volleyball.

Clubs that incur costs for their own or leased facilities can receive a facilities grant amounting to SEK 385 for girls and SEK 360 for boys, per eligible member and year.

Clubs that build, expand or renovate their own or leased facilities can receive an investment grant.

The distribution of facilities grants and investments grants has been calculated on the basis of what proportions of the activities within each sport are performed by girls and boys respectively.

For nine out of eleven sports, the facilities and investment grants that go to boys outweigh those to girls. The only sports where a greater proportion of the grants go to girls are horseback riding and gymnastics.

Combining activity, facilities and investment grants, one finds that 37 per cent of the grants go to girls and 63 per cent to boys. In total, the City of Gothenburg pays SEK 15 million more for boys' than for girls' sports.

Table 1. Distribution of grants to girls and boys in sports clubs, 2010. (Investment grants are from 2009.)

| Type of grant | M SEK | To girls | To boys | More to boys | More to boys |
|--------------------------|-------|----------|---------|--------------|--------------|
| Activity grants | 14.0 | 5.3 | 8.6 | 3.2 | 23% |
| Facilities grants | 17.3 | 6.8 | 10.6 | 3.8 | 22% |
| Investment grants | 26.5 | 9.2 | 17.2 | 8.0 | 30% |
| Total | 57.8 | 21.4 | 36.4 | 15.0 | 26% |

Of all members within the age group, 59 per cent are boys and 41 per cent girls. The municipal support, in the form of the three types of grants, amount to SEK 57.8 million. This means that SEK 1,025 goes to each boy's membership and SEK 882 to each girl's membership.

Girls pay more for their sports

A survey of leisure activities conducted by the City of Gothenburg in 2009 found that 74 per cent of girls and 82 per cent of boys exercise at least twice a week.

The study shows that girls and boys often choose different activities. Girls are more likely to prefer dance, gymnastics, aerobics, swimming, climbing, figure skating, horseback riding, and spending time outdoors (forest, ocean, green areas) – activities typically pursued outside of traditional club sports.

The survey by the Sports and Clubs Division also found that girls and young women together make up a large majority of the members of the largest private gyms and health clubs in Gothenburg, where memberships cost between SEK 2,400 and 4,500 per year, or more.

In other words, girls – or their parents – must pay more for their sports and exercise than boys need to do.

Health dividends in the short and long term

Increased opportunities for children and young people to exercise can yield sizable socio-economic benefits. Young women have poorer mental and psycho-somatic health, with stress, unease, worry, anxiety, headaches and stomach pain. Physical activity helps ward off and reduce physical and mental ill-health.

A more long-term effect concerns the costs of fractures due to osteoporosis. An estimated 1,000 fractures occur each year as a result of falls in Gothenburg. Three out of four victims of such accidents are older women.

Each fall resulting in injury costs about SEK 300,000, half of which covers costs for hospitalization and half the city's costs for rehabilitation. The total cost to the city is on the order of SEK 150 million, with women accounting for three fourths, or over SEK 110 million.

Physical exercise increases children and young people's bone density, reducing the risk of osteoporosis later in life. Research suggests it is especially important that young girls begin exercising before puberty. If an increase in the city's support for girls' sports of SEK 15 million can lead to a 14 per cent reduction in future fractures due to osteoporosis, the investment will have paid for itself.

Suggested areas of improvement, for gender-equal public funding of sports

The survey points out a number of areas for further investigation in order to make the city's support for girls' and boys' athletics more equal.

- Adapt the construction and operation of city sports facilities to meet both girls' and boys' needs and preferences, in an economically equitable way.
- Make available a wider selection of facilities and activities to correspond to girls' and boys' needs and preferences in an equitable way.
- Distribute resources between girls and boys in an equitable way.
- Promote effective gender-equality work within sports clubs, to enable girls and boys to take part in sports on equal terms.
- Offer young people up to 26 years of age city grants for memberships in private gyms and health clubs.

Conclusions

Municipal funding goes primarily to organized sports, which are dominated by boys. This means that the city allocates significantly more grant money to boys' than girls' sports.

If the city were to allocate as much resources to girls' sports as to those of boys, and adapted its support to match girls' needs and preferences, the differences between the two genders in terms of level of activity and mental and physical health would presumably shrink, both in the current situation and in a life-course perspective.

Another aspect of the city's support for athletics concerns what sports halls and facilities that the city builds and operates, and who uses them.

These are questions that can be analysed in the ongoing work to achieve gender-equal distribution of resources in the city's Sports and Clubs Division.

The cost of boys failing in school in Borås

The municipality of Borås has developed three cases to use as a basis for gender budgeting.

The case presented here examines passing grades in the ninth (and final) year of compulsory school for boys and girls.

The case analyses the “life-event” of receiving one’s year-nine grades in a life-course perspective, with an emphasis on gender and economics. A life-course perspective involves everything from preschool to compulsory school, upper-secondary school and adult life. It is important to take the entire course of life into account because it has been established that dropping out of upper-secondary school is a major factor behind chronic unemployment.

More support for boys

A run-through of the municipality’s support for children and pupils with special needs shows a strong preponderance of boys.

In 2012, 126 boys and 87 girls failed to achieve passing ninth-year grades.

Pupils who do not get passing grades can attend a special introductory programme at Tullen upper-secondary school. Out of 197 pupils in the programme, 120 are boys and 77 girls.

Of 213 young people between 16 and 20 who neither are in school nor have a regular job, 136 are boys and 77 girls.

This pattern is established as early as preschool, and is recreated in compulsory school, with the differences between girls and boys increasing the older they get. It is not unique to Borås, and can be found throughout Sweden.

In their final report (SOU 2010:99), the Delegation for Gender Equality in Schools write that one of the principal reasons that boys receive more special support than girls is that boys act out to a greater extent, which

demands special measures, sometimes perhaps more for disciplinary reasons. One can further note that the majority of violence and crime in society is committed by men.

Borås's estimation model is based on two real persons, here called Nils and Petra. By constructing a timeline and giving the price of various societal actions, one can arrive at total costs for Nils's and Petra's social problems. This summary only presents the estimate for Nils.

Nils's history until today

Nils was good in school, but had increasing problems and was identified by teachers as a "gang leader" at an early age. At 15 he began selling drugs. He dropped out of his second year of upper-secondary school and settled into a criminal lifestyle.

His convictions include weapons possession, drug offences, robbery, violent crimes, and driving without a license. At the age of 19 he was sentenced to 20 months in prison.

He has not used drugs himself.

Today Nils is studying at adult school to complete his upper-secondary school education and will soon be finished. He meets with the social services once a month and also receives support from a youth programme run by the municipality.

When we add up the various municipal actions during the course of Nils's life, the costs for his social problems until the age of 24 amount to SEK 530,000. This includes special measures in connection with problems in school, livelihood support, youth programmes, and loss of tax revenues.

For the society as a whole, Nils's problems have generated expenses amounting to SEK 4.5 million. These cover police interventions, two months in detention, about 20 trials, and contact with a psychologist and a probation officer. But the largest expenses are Nils's prison stay, which cost almost SEK 1.5 million and loss of productivity for the five years that normally would have elapsed since he graduated from upper-secondary school.

In addition to these expenses are such "costs" as the worry, anxiety and anger that have affected people in Nils's surroundings.

| Type of action | Municipality | Rest of society | Total |
|------------------------------|----------------|------------------|------------------|
| Special measures in school | 105 000 | | |
| Livelihood support | 200 000 | | |
| Loss of tax revenues 5 years | 210 000 | | |
| Youth programme | 15 000 | | |
| Social worker | 40 000 | | |
| Police interventions | | 50 000 | |
| 2 months in custody | | 150 000 | |
| About 20 trials | | 300 000 | |
| Prison, 20 months | | 1 475 000 | |
| Psychologist | | 32 000 | |
| Probation officer | | 5 000 | |
| Loss of productivity 5 years | | 1 925 000 | |
| Total | 570 000 | 3 937 000 | 4 507 000 |

What kind of future awaits Nils?

Nils had only worked sporadically until his present age of 24, and then only outside of the legal economy.

He is currently taking upper-secondary level adult courses. If we assume that he completes his upper-secondary schooling and gets a job (subsidized at first) with a monthly salary of SEK 18,000, this will mean socio-economic revenues totalling SEK 2.7 million over the course of ten years, that is, until he turns 34.

The rate of recidivism is relatively high among offenders. If Nils returns to criminal activities his socio-economic costs will skyrocket. One year in a correctional facility costs society about SEK 1.1 million.

In the event that he does not find a job, but instead receives livelihood support, the municipality's cost for this will be approximately SEK 100,000 per year.

The economic bottom line is clear: given the enormous costs resulting from social problems, criminality, and chronic unemployment, early action can yield considerable dividends. Relatively large investments can be profitable for society in the long term.

Conclusions

Early actions to prevent youth criminality in a life-course perspective require cooperation and collaboration across all organizational and budgetary borders, and between many public authorities.

Initiating preventive measures is costly at the beginning. If the municipality invests in the schools, the so-called “profit” (costs avoided) may arise for the prison and probation service, the police, hospitals, and the public employment service, and not for the municipality’s own operations. There are many initial obstacles to overcome, and getting past them will be expensive.

Smart Economics

Calculating gender equality dividends – an overview

Summary of a sub-project within SALAR's Programme for Gender Mainstreaming – support for gender mainstreaming of activities within municipalities, counties, regions and private service providers.

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