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INTERACTIVE EXPERT PANEL

**Key policy initiatives on financing for gender equality
and the empowerment of women**

Gender-responsive budgeting requires the awareness among policy and decision makers that equal benefits for men and women will only exist, when women's social, economic, and political rights are duly reflected in the budget.

FINANCING FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

Although several efforts have been made around the world to introduce gender-responsive budgeting as a structural way to attain sustainable development and democracy for all, women seem to have gained little ground. Government budgets soon resumed their old “neutral” character, as if men and women can act the same as economic agents, and benefit equally from the provision of public goods. This is, however, not true.

The reproductive functions and tasks of women - if not financially covered in one way or another - will result in an unequal distribution of income between men and women, and like an overall unequal distribution of income is regarded as a “market failure”, so too should gender-related unequal income distribution. Government action is therefore required to ensure equal opportunities for women and men, so as to enable development of their individual capacities.

In Suriname, the structural adjustment program of the mid-nineties and unsound macroeconomic policy choices afterwards, caused a considerable devaluation of the local currency. Real income dropped drastically for everyone, but for women who are overrepresented in the lower income groups and for whom it is more difficult to find a permanent job, the negative results of devaluation of the national currency and of reduced employment opportunities are much greater. This is especially true for the female single parent.

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gender mainstreaming. Women's organizations, which had participated in drawing up two consecutive Integral Gender Action Plans (2000 – 2005 and 2006 – 2010) found that few projects were being carried out, and that they were not being convened anymore to meetings with the Government gender management system. Some lost heart, and many went their own way. The fact, however, that the system of gender focal points in line Ministries, being coordinated by a national gender bureau, has managed to survive throughout the years has been a positive sign and is now enabling Government to pick up where it had left off, and to continue with help from the international community and women's organizations.

Recently, in the framework of the project 'Partnership on Gender Equality for Development and Peace', a partnership between the European Commission (EC), the United Nations Development Fund for Women (UNIFEM), and the International Training Centre of the International Labour Organization (ITC-ILO), national consultations on gender and aid effectiveness were held in Suriname to assess capacity needs and field test indicators for tracking the impact of aid effectiveness on gender equality, and to build partnerships to strengthen gender equality in national development plans and budgets. The 2-day workshop, organized by the Ministry of Home Affairs in collaboration with UNIFEM, was attended by representatives from the Government, NGOs and donors. Important recommendations were made there with regard to the establishment of a gender management system (including a gender database) and donor coordination mechanisms. Key indicators were identified to monitor the effectiveness of new aid modalities in advancing gender equality and women's empowerment. And there was also a recommendation that in the next phase of the UNIFEM project in Suriname, a methodology for gender-responsive budgeting would be developed and a pilot project would be initiated in one or two sector ministries. The Ministry of Agriculture, which has included gender mainstreaming in its sector plan, is a logical choice, not in the least because many women are involved in small-scale agriculture. Everyone who lobbied for gender-responsive budgeting for such a long time, and all participants of the workshop are now looking forward to finally being able to address gender inequality in a structural manner.

The Principles of Gender-Responsive Budgeting (GRB)

An unequal distribution of income is regarded a barrier for economic development and a condition that cannot be solved by the "free market" mechanism. Therefore public policy is required for redistribution of income. Research done on "pro-poor growth and gender inequality" (Stephan Klasen, 2007) has shown that pro-poor growth can only be attained through high economic growth rates and an improved income distribution. So in order to solve the issue of poverty, the focus should be on high growth rates and increasing economic activity in sectors where unemployment and poverty prevail.¹ The same publication also indicates that gender inequality in education and employment has a negative impact on economic growth, and that gender inequality influences economic growth even more than an overall unequal distribution of income. Furthermore, gender inequality within the household will influence the economy

¹ Klasen, Stephan (2007). "Pro-Poor Growth and Gender Inequality: Insights from new research", published in *Poverty in Focus*, the International Poverty Centre (March 2007).

negatively, because women tend to spend a larger part of their income on first necessities of life, and in general on those expenditures that promote growth and development of their children.²

The approach of these researchers is to present economic arguments for the solution of gender problems. Yet public policies based on such arguments will promote gender equality only when they have been developed through a gender lens, and are carried out with due notice for women's social, economic and political rights. This is a requirement for any gender-responsive budget initiative, and should be taken into account when evaluating government policies and programs.

The lobby for introducing gender analysis into Suriname's budgetary system may not have been successful until recently, but the voices of women's organizations have not remained completely unheard. In several ministries, gender-related projects have been initiated, such as a special bureau in the Ministry of Justice to deal with legal problems of mothers and children; employment projects in the Ministry of Labour, aimed at increasing the access of women to the labour market by training them in non-traditional professions; and programmes for reproductive health in the Ministry of Health.

Most politicians and their advisers, however, are not gender-sensitive and sometimes they even hasten to say that they cannot include gender in their projects, because they have to treat men and women equally. It then has to be explained to them that, even though the budget is regarded as gender neutral, in fact it is not, since women play different roles in society compared to men, and women cannot benefit equally from the budget, when their different roles are not taken into regard.

When explanations include examples of the time that women spend to have children and take care of them, or when they look after the elderly and sick members of the family, and relate this to the fact that women are then often not able

certainly was, because water and sanitation are very important utilities, in particular for the target group, the women of the interior. And when a women's organization is responsible for designing and implementing the project, gender analysis will no doubt be included, and both gender issues

In the area of social security and social development, the public sector reform plan also includes an externally funded ongoing programme for “institutional strengthening of Suriname’s social safety net”, and the development of a capacity building plan. The establishment of a social safety net reform strategy, which is also part of the public sector reform plan, will give the opportunity to adequately include gender analysis and a gender-responsive social security system. This also goes for the strategy for the development and implementation of a reformed pension system.

External funding for public sector reform is not difficult to find. These funds can also contribute considerably to gender equality if they are spent with the intention to create both a strong public and a strong private sector. With new aid modalities, including donor coordination and harmonization, effectiveness may be improved and progress in gender equality measured on the basis of clearly defined gender equality indicators.

Gender-responsive tax policy

Development aid and other donor funds will always be a relatively small part of the government resources. Most recurrent expenses will have to be financed from taxes en non-tax receipts. Direct taxes are levied on sources of income (labour and capital) and are progressive by nature. They will affect higher incomes groups relatively more than lower income groups. Indirect taxes are levied on consumption (the use of income) and they affect lower income groups relatively more than higher income groups, because poor people spend their entire wage or salary and have nothing left to save.

The problem is that in economies with a large informal sector, it is more difficult to collect direct taxes, since businesses and workers are not registered. The larger the informal sector is the more governments tend to introduce or increase indirect taxes, like value added tax, turnover tax, import duties and other consumption taxes. These are the so-called broad-based taxes that are easy to collect compared to the direct taxes. Women are highly represented in the lower income groups and will therefore pay limited amounts of direct tax. Gender-responsive taxation should, therefore, look at the sphere of direct taxes.

Sometimes basic necessities, like certain foods, are not taxed or are only slightly taxed, so as not to impact the poor too much. But in fact this is against the principles of indirect taxes, which owe their efficiency to a broad base and flat rates for goods and services. By not taxing foods, for example, the tax base is made smaller and by levying different tax rates the system is made difficult, which is also against its principle. This is another reason why tax policy measures to promote gender equality should be in the direct taxes.

Imposing a different wage tax on women with children is seen as treating men and women differently and will not easily be accepted by tax policymakers, who are not gender-sensitive. They would prefer solutions on the expenditure side, like increases in child allowance. But with such general policies the vulnerable groups cannot be targeted properly. Child allowance is for everybody with children, also for those who are able to have their unpaid labour covered financially. Lowering the wage tax on women with children (so called “tax expenditures”) are a better way of targeting and (partially) accommodating women who have to carry the double burden of care taker and participant in the work force.

Making expenditures for child care deductible is another tax incentive to promote gender equity which eventually may lead to gender equality.

Gender-responsive monetary policy

Monetary policy is regarded as an area of macroeconomics that should be designed and

policy and decision makers could first be gender sensitized before gender-responsive policies were designed and implemented, it would take too much time, and probably would never happen. Therefore, it is essential that government policy is extended to the larger public sector, including NGOs and especially women's organizations, so that gender awareness is included in the process in which the Government and NGOs meet to develop national development objectives, and to monitor and evaluate progress of national development plans and programmes. If this is structurally embedded in public sector policies, gender-responsive budgeting will soon be reality. Engendering public sector reform will offer both financial and human resources to promote gender equality for sustainable development and democracy.