

UN DESA Expert Group Meeting¹

Strategies for Eradicating Poverty to Achieve Sustainable Development for All

May 11

Given that eradicating poverty for all is the broad theme of this EGM, I will address the issue from the perspective of women's economic empowerment, since at its core, the economic empowerment of women – to succeed and advance economically and to make and act on economic decisions – depends fundamentally on the quantity and quality of paid employment. And the quality and quantity of employment is of course the single most powerful way out of poverty.

I will focus on three sets of issues:

- **evidence** on women's participation in labor markets and the terms/conditions of such participation
- **key lessons learnt** from over 30 years of development practice
- **policy priorities** moving forward to ensure that strategies for poverty eradication will indeed be for all people and leave no one behind.

The Evidence

Globally, in 2015, the rate of labor force participation for women aged over 15 years was around 50% with substantial variations across regions and countries. The lowest FLFPR are in the Middle East and North Africa (around 23%) and the highest are found in East Asia & the Pacific and Sub-Saharan Africa (over 60%)².

For men, the LFPR in 2015 was around 76% - so even as of 2015, there remains a substantial gender gap in labor force participation rates (of 26.6% in 2015).

The evidence also shows us that the terms and conditions of women's participation in the labor market is such that they remain at the bottom of the employment and income landscape: in almost every country, we find that horizontal and vertical occupational concentration persists and we find persistent gender wage gaps. In short, women tend to be overrepresented in lower paying sectors and lower paying jobs. For example, women in developed countries account for 64% of service workers, an occupation whose average pay is about 70% of the national average; the global gender wage gap averages around 16%.

According to the ILO, as of 2015, vulnerable employment (contributing family members and own-account workers) constitutes around 45% of total employment in emerging and developing economies. In sheer numbers, this represents 1.4 billion people worldwide. And a larger share of women find themselves in vulnerable employment – even here, there is a gender gap.

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² ILO (2015) Global Employment Trends

Indeed, informality is a striking characteristic of paid work for a great majority of women. Many of the 1 billion people living in poverty around the world are working informally with the majority being women. More than four in five employed women workers in the nonagricultural sector in South Asia are informally employed, and about three quarters in Sub-Saharan Africa.

And as we know well, average earnings tend to be low for workers in informal employment. But even here, we find gender gaps in earnings. Further, informal workers are constrained by the absence of labor legislation, social protection, and by a lack of voice, visibility, or validity.

Why is it that despite economic growth, and despite decades of gender mainstreaming in the context of national poverty reduction strategies, we find such persistent gender inequalities in the labor market?

What are the key structural drivers that account for persistent gender gaps in labor market opportunities and outcomes? In doing this, I will point to some of the key lessons learnt. I'd also like to note that many of these drivers have been addressed by the HLP of the SG on women's economic empowerment. The HLP points to a number of factors, including social and cultural norms, and legal and regulatory biases, that constrain women's economic empowerment. And it also points to other structural drivers such as how unpaid care work and biases in economic policy-making reinforce and perpetuate gender inequalities in labor market outcomes.

Specifically, I will focus on 2 issues:

- The disproportionate responsibility of women for unpaid care work
- Gender biases in economic policy-making, including macroeconomic and labor market policies.

Unpaid care work

By now, it is well established that large gender gaps in unpaid care work are a major driver of gender differences in economic opportunities – in labor force participation rates, in occupational choices, and in earnings. Even where women and men enter the labor force at similar rates, women are much more likely to switch to part-time work or to exit the paid labor market altogether once they have children.

According to the data, of the total global paid plus unpaid work hours, 41% is spent on unpaid care work, and women's share therein is as much as 76% vs. only 36% of total paid work time. On average women's unpaid weekly workload exceeds 3 times that of men (UNDP 2015; Charmes 2015).

Indeed, there is widespread consensus in research and policy evaluations of gender inequalities that women's disproportionate shouldering of unpaid care work constitutes a root cause of their economic disempowerment. Large gender gaps in unpaid work time translate into parallel gaps in paid work time and systematically generate gender inequalities in the form of a multitude of market outcomes, namely the gender employment gap, horizontal and vertical gender jobs segregation, gender earnings and wealth gap as well as gender gaps in political representation and decision-making (UN SGHPWEP 2016).

Recently, a business poll concluded that that the three most commonly cited barriers preventing women from advancing in the workplace were all related to balancing domestic and professional responsibilities. **And these constraints are especially severe for women from poor households**, who lack access to or cannot afford market substitutes for their unpaid labor. In a survey in Latin America, more than half of women aged 20-24 said their unpaid responsibilities at home were the main reason they could not look for paid work. Indeed, **women's unpaid work has the greatest impact on the**

poorest. This is a key lesson learnt. In Kenya, Nepal, Nigeria, and Uganda, women living in poverty carry heavier work-loads than men, across both rural and urban communities.

It should be noted that unpaid care work is critical from an economic perspective. Indeed, the care economy is commonly defined as production and consumption of goods and services necessary for the physical, social, mental and emotional wellbeing of care-dependent groups such as children, elderly, ill and people with disabilities as well as of healthy, prime-working age adults. Care related economic production activities are wide-ranging including both direct and indirect services and production of goods.

As such access to care is an essential component of a vibrant, sustainable economy with a productive labor force.³ Care economy ascertains short-run economic and social sustainability through reproduction of people and workers on a daily basis so that they contribute to their households, communities and the economy to the best of their productive capacity. Care economy also establishes the basis of long-run economic and social sustainability through reproduction of next generations of people and workers through the caring labor of current generations.

At a conservative estimate, women’s unpaid work contributes \$10 trillion a year globally or 13% of global GDP. So, even as this work subsidizes the monetized economy, it contributes to greater time burdens on women (time poverty) and substantially limits their participation in the economic sphere.

So, if women are to be economically empowered, if women are to exit poverty, then public policy must recognize, reduce, and redistribute unpaid care work. The unpaid care burden can be reduced and redistributed through an increase in public investments in social care and physical infrastructure and through legal reforms and labor market policies that facilitate the reconciliation of unpaid care work with employment and eliminate gender discrimination in the labor market.

Recent studies supported by UN Women, ILO, and ITUC indicate that public investments when directed at social care infrastructure not only go a long way towards reducing and redistributing unpaid care work, but that these types of investments also have strong multiplier effects in terms of gender-equitable employment creation and poverty alleviation. And importantly, these are also the type of public investment that can support growth that is truly inclusive.

Public policy also needs to prioritize gender-equitable legislative reforms for the reconciliation of unpaid care work and employment (such as parental leave and other care leave legislation, care insurance schemes, flexible workplace practices for work-life balance, decent work hours). Labor market reforms to eliminate gender discrimination in recruitment and pay, horizontal and vertical gender jobs segregation also need to be strengthened to enable equalizing of labor market incentives for women and men in the time allocation between unpaid work and employment.

³ UNDP Policy Brief October 2009, “Unpaid Care Work”; UNDP Human Development Report 2015; UN Women Policy Brief 2015 “Gender Equality, Child Development and Job Creation: How to Reap the Triple Dividend from Early Childhood Education and Care Services, UN Women Policy Brief 2016, “Redistributing Unpaid Care and Sustaining Quality Care Services: A Prerequisite for Gender Equality.

Gender Biases in Economic Planning and Policy-Making

I've just alluded to how fiscal policy can be designed in a way that can promote a gender-equitable, more inclusive pattern of growth. But all too often, economic policy has simply side-stepped the issue of gender. However, ignoring gender comes at a cost – it serves to perpetuate implicit gender biases and hence serves to underpin gender inequality. We know that during crises, and the adoption of fiscal austerity measures, cuts in public expenditure – in health, in social protection, in education, can adversely impact women's time poverty. How many women have been pulled out of employment or pushed into vulnerable employment to take care of their families during crises? How many women are impacted by terms of trade shocks because they are concentrated in export-oriented sectors or firms – typically at the bottom end of sectors and firms – and without social insurance?

This is why the first report of the High-Level Panel recommends that governments “must adopt macroeconomic policies to boost short-term and long-term inclusive economic growth.” In practice, this requires policies that recognize and prioritize the creation of productive and decent jobs and that support existing livelihoods in agriculture and the informal economy. It requires the provisioning of adequate, universal social protection over the life cycle, public investments in social and rural infrastructure, reductions of the burden of women's unpaid care and domestic work, and maximizing and optimizing fiscal space through a tax regime that redresses inequality and provides sufficient public resources.

Four key areas can be identified where macroeconomic policies currently constrain progress towards WEE. **This too is an important lesson learnt** which tells us we need to focus policy attention on these areas.

1) Narrow Definition of the Goals of Macroeconomic Policy and Insufficient Focus on Employment Creation

The goals of macroeconomic (fiscal and monetary) policy are narrowly defined focusing typically on the expansion of economic growth. However, economic growth by itself is an insufficient condition for promoting women's economic empowerment. Instead, the focus must be on the *pattern* of growth – ensuring it is inclusive and sustainable.

It is fair to say that over the past several decades, macroeconomic policies have insufficiently focused on employment creation or on enhancing existing livelihoods, and this has limited progress in addressing gender disparities in labor markets. Job-less growth and the downsizing of the public sector and privatization of public services have had negative impacts on women's employment outcomes reinforcing their concentration in informal employment, as self-employed street vendors, in low-end personal services, in labor-intensive manufacturing, often as sub-contracted industrial outworkers, as subsistence farmers, seasonal agricultural workers, and domestic workers. Women remain at the bottom of the employment landscape.

2) Gender Biases in Macroeconomic Analysis and Policy-Making

Gender biases in macroeconomic analysis means that policies can fail to address the structural disadvantages faced by women. Take for instance, the failure to recognize or value unpaid care and domestic work that is carried out predominantly by women. This work is not reflected, measured, or valued in any macroeconomic indicator even though it has direct policy consequences for WEE. For

example, fiscal austerity policies adopted in many countries have cut public funding on social services (health services, child-care) that has increased the demands on unpaid care and domestic work. Because these hidden costs are not recognized, it is also not acknowledged that costs are being transferred from the public sector usually onto women and girls. And when women cut back on their participation in employment or when girls dropout of school to respond to these demands, this does not advance women's economic empowerment. Excluding unpaid work from national accounting frameworks not only biases estimates of the total level of economic activity as captured by GDP downward, it also biases economic policy and planning.

3) *Failure to Maximize Fiscal Space for Women's Economic Empowerment*

Restrictive macroeconomic policy choices have meant limited fiscal space to sustainably finance labor market and social policies that support women's economic empowerment. In many countries, macroeconomic strategies (including tax policy, government expenditure, and debt-management) have artificially reduced fiscal space, limiting the scope for countries to mobilize resources needed to finance such investments.

Realizing gains in gender equality will require a substantial stepping-up of public investment. In the first instance, this will require maximizing fiscal space since current budgetary allocations are insufficient to generate such outcomes. Studies¹ have shown that in many countries the potential for expanding fiscal space is considerable and that fiscal expansions are more likely to be sustainable when the spending finances investment rather than consumption, since future government revenues are increased and borrowing can be repaid. Investing in child-care and health is now widely recognized as investment as it generates long-term economic benefits by for instance, increasing women's paid employment. These investments will generate tax revenue in the future.

How revenues are raised will have important implications for gender equality, especially when it comes to tax policy. For instance, increases in VAT disproportionately impact poorer women. Further, some tax policies contain explicit gender biases as when men are automatically granted deductions for dependents whereas women are only allowed these in special circumstances, or when work-related tax exemptions disproportionately benefit men who are more likely to be in formal employment. In addition, resources can be mobilized for gender equality by reprioritizing public spending and examining decisions regarding public expenditure from a gender perspective.

Finally, due to the macroeconomic vulnerability of countries to crises, governments have controlled budget deficits with cuts in public investment that disproportionately affect women. They have not allocated adequate resources needed to finance social protection for vulnerable groups, or promoted measures that enhance the stability of economic growth in the short-run and over the longer-term.

2) *Absence of Women's Collective Voice in Economic Decision-Making*

Women's agency, voice, and participation in the decision-making and implementation of macroeconomic policy require their presence in decision-making. Moreover, holding policy-makers to account require forms of collective action that can allow women to question current macroeconomic policies. However, women's voices and participation have largely been absent in economic decision-making circles.

Towards Gender-Responsive Macroeconomic Policy – Future Directions

Increasing women's opportunities for quality, paid employment - decent work – and enhancing women's existing livelihoods is key for promoting women's economic empowerment. Macroeconomic policy can play an important role in promoting an environment that encourages an improvement in the quality and quantity of jobs available, and in enhancing existing livelihoods of women working in the informal and agricultural sectors. Advancing WEE requires then that employment creation must include measures to promote decent work by ensuring that necessary regulations (including core labor standards) are in place and by investing in and directing resources to sectors that most provide decent work for women. Macroeconomic policies can play a key role in this context by promoting an improvement in the quality and quantity of jobs available, and an enabling environment for the self-employed. For instance, research by ITUC shows the value of investing in social infrastructure as a self-sustaining way of creating decent work for womenⁱⁱ and research by WIEGOⁱⁱⁱ shows the value of investing in basic infrastructure and transport services as a way to enhance the productivity of women's informal enterprises.

Further, monetary policy can stimulate growth in labor-intensive sectors in manufacturing, commercial agriculture, and services. Monetary policy influences the amount of credit created by the banking sector. How these resources are used and the degree to which they support improvements in women's economic empowerment depends on how the financial sector is organized and regulated. Central banks have a key role in determining how the financial sector channels and allocates these resources and can channel credit to uses that target women at the base of the economic pyramid. For instance, central banks can direct resources to promote priority areas or sectors where women predominate such as loans to small enterprises or to women-owned enterprises, self-employed workers or agriculture.

Gender biases in macroeconomic policy-making should be identified and removed, starting with a recognition of the central contribution of unpaid care and domestic work to the economy. Macroeconomic policies should be formulated recognizing the substantial and unrecognized knock-on effects for care-givers within households.

Expansion of fiscal space is a necessary condition for advancing women's economic empowerment. Public investments in universal social protection, enabling the transition to decent work, building of social infrastructure to address care work deficits, and the provision of basic infrastructure and transport services to the working poor are some of the key investments which are needed to close gender gaps in labor markets and to ensure the inclusivity of the growth process. Many countries can mobilize additional revenues, but how such revenues are raised will have important consequences for gender equality. In this context, gender audits of departments, gender assessments of policies, including those for the informal economy and gender-responsive budgeting initiatives and GENDER – RESPONSIVE fiscal policy are important tools.

Finally, democratizing macroeconomic decision-making by strengthening women's agency, voice, and participation and bringing the interests of the most vulnerable women into these political bodies will be key to achieving women's economic empowerment^{iv}. Some of the measures that can promote this include improving the transparency and accountability of institutions that develop and implement macroeconomic policy; ensuring that information regarding budgets, tax policy, monetary policy, and macro policy are readily available and accessible; and strengthening the capacity of civil society and

women's organizations to engage with macroeconomic policy through initiatives such as informal economy and gender-responsive budgeting.

ⁱ Roy, R. & A. Heuty, 2009, *Fiscal Space: Policy Options for Financing Human Development*, Earthscan: London.

ⁱⁱ ITUC, 2016, "Investing in the Care Economy: A Gender Analysis of Employment Stimulus in 7 OECD Countries", Brussels.

ⁱⁱⁱ Chen, M., 2014, "Home-Based Workers Sector Report: Informal Economy Monitoring Study, WIEGO: Cambridge.

^{iv} S. Batliwala, 2012, "What Does Transforming Economic Power Mean?" *Open Democracy*, No. 18.