

**Commission on the Status of Women
Fifty-second session
New York, 25 February – 7 March 2008**

INTERACTIVE EXPERT PANEL

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

Written statement*

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* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.

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.

Since 2000, women's organizations in Suriname have therefore called for the introduction of gender-responsive budgeting (GRB) as a means to address the problems women were facing. The lobby resulted in the choice for gender-responsive budgeting as a strategy in the Integral Gender Action Plan 2000-2005 of the Ministry of Home Affairs. However, notwithstanding its inclusion in consecutive multi-annual development plans, gender budgeting was not introduced in the government budget. Whenever the subject was brought up, it appeared that decision-makers were generally unaware of what gender responsive budgeting really is. In discussions and meetings on the subject, it became apparent that they thought of GRB as some strange policy being forced from abroad, and not suited to the Surinamese situation.

Meanwhile, the lobby for gender-responsive public policy continued. In the past decade, local and regional gender trainers conducted a variety of gender training courses for women's organizations, civil servants and government officials. The National Bureau for Gender Policy was established within the Ministry of Home Affairs, and gender focal points were appointed in most of the ministries. Although it was not entirely clear how everyone would contribute to the planned gender management system, it seemed that the Government was willing to act. But the management system being built soon turned out to be less effective than envisaged, as civil servants came and went, and people participating were not all trained to understand gender, and

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 to work and become dependent on others for an income, people tend to better understand inequalities.

If the examples are furthermore strengthened by pointing out how women's unpaid work is often not shared with others, and if the work is not compensated, or financed somehow, it means that women are in a backward, underprivileged position, gender inequalities are better understood. The next logical step in the explanations is how policy measures therefore need to be taken through a gender-responsive government budget, on the expenditure side or on the revenue side, to compensate for women's unpaid work and to strengthen their position in the economy.

If gender awareness among policy makers is a prerequisite for a gender-responsive government budget, it explains why several attempts in the world to introduce this instrument for attaining gender equality have failed. It is therefore necessary to structure public policy in such a way, that the same equality goals can be reached in different ways, for example through partnerships with women's organizations or other NGOs that are gender-sensitive. A good example presented itself recently, in a water and sanitation project of a major women's organization in Suriname, carried out in cooperation with the Ministry of Health and funded by an international donor organization. According to the Minister, this project was not a 'gender' project. However, it

² Stotsky, Janet. 2006. "Gender and Its Relevance to Macroeconomic Policy: A Survey." IMF Working Paper WP/06/233, International Monetary Fund, Washington, DC.

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 and women's rights will be taken into account during project implementation. At the same time the project may also be regarded as a form of social enterprise for the participating NGO, and as such will offer financial resources for other projects that encourage gender equality. The Government is happy, because the health and environmental goals will be attained in the interior, the donor organization knows that all the stakeholders will be involved in the project, and that it can be implemented efficiently and effectively. So the project is not only gender-responsive, it is also an example of good practice in the framework of public sector reform.

Engendering Public Sector Reform

Like other developing countries with an oversized government sector, Suriname has embarked on a public sector reform project. The Public Sector Reform (PSR) note mentions that the objectives of the project have linkages with many objectives mentioned in the MOP (Multi-Annual Development Plan) and contribute to the achievements of the Millennium Development Goals (MDGs), poverty reduction, education for all, gender equity, reduction of child mortality, reduction of maternal mortality, reduction of major diseases, environmental sustainability and partnerships for development.

Restructuring the public sector means that the provision of public goods will either have to be decentralized to local governments or transferred to the NGO sector, or to the private sector. In all these cases, strengthening of the respective sectors is required, and part of the available funds will have to be spent on human resource development. In Suriname, about 40% of the work force is employed as civil servants, and even though the wages and salaries are relatively low, the government budget is heavily burdened because of the large number of employees. Research has shown that the greater part of the lowest wage earners among the civil servants is female. And although the Government has expressed no intentions to lay off personnel, with well-prepared human resource management projects it should be possible to provide for their wages and healthcare for a certain period of time (if possible supplemented by the new employer), while the employees are (re)educated and (re)trained by NGOs or private sector enterprises for their new jobs. After the agreed period of time, the newly skilled employees will be able to fully enter the service of the NGO or business firm, which in the meantime also has had the opportunity to strengthen itself. With a smaller civil service, which has many female employees in the health and education sectors, better wages can be paid. This is just an example of public sector reform with better outcomes for all stakeholders.

Another aspect of public sector reform is the financial decentralization programme being carried out in Suriname in several (pilot) districts. The participative nature of designing local and district plans and the fact that great attention is being given to a gender balance in decision-making bodies, will enable women to be actively involved in building their communities in accordance with their own, special needs and those of their families. Cooperation with NGOs, which may be partly financed by external donor funds, offers the possibility to strengthen local communities through education and training programmes, including gender awareness-building projects.

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 implemented in close harmony with fiscal policy, because budget deficits leading to uncontrolled increases in the supply of money may lead to inflation. In case of a structural shortage of the supply of foreign exchange, so called “deficit spending” will also result in devaluation of the local currency and higher prices for imported goods and services. This is why the first objective of monetary policy is to guard the internal and external stability of the local currency by controlling the money supply.

Evaluating recent monetary policy in Suriname, a certain measure of “gender-friendliness” could be detected, which could be developed into gender-responsive monetary policy. A few years ago commercial banks were allowed to use the reserve requirements with the Central Bank of Suriname to issue loans to their clients for building, finishing and/or renovating their homes at the relatively low interest rate of 7% (the average rate at that time for such purposes was between 20 and 30%). This policy was aimed at the lower mid-income groups with a gross salary between approximately US\$ 430 and US\$ 500 per month. During the time these loans were being issued, the exchange rate of the Suriname dollar against the US-dollar remained stable, which means that no monetary imbalance was caused by this policy measure. Adequate housing is a major basic need of women, because without the security of a home it is difficult to raise children and fulfill the different roles women have. And even though the programme was not meant to be gender-responsive, the Governor of the Central Bank admitted that of the people whom he occasionally met and who had thanked him for this policy measure, all were working women. It would be interesting to find out how many women made use of this facility, and what the barriers were that they had to face to qualify for such loans.

Besides contributing to the solution of the housing problem, the main objectives of this housing project were, according to the Governor of the Central Bank, to stimulate employment outside the government and to exercise influence, in a market conform way, to lower the interest rates of the financial system. An institutional investor lowered the rate to 12% and commercial banks to rates in between 8-3/4 and 10%, which is considerable lower than the 20 and 30% of a few years ago. There are plans to expand this project in order to facilitate income groups below the US\$ 430 per month, especially to contribute to solving the housing problem. The requirement remains that the applicants for such housing loans own a piece of land, which calls for women who cannot buy land, to apply for a piece of land for housing purposes. It is also a challenge for the Government to accommodate citizens with land, either for building their own houses or for collective housing projects.

Gaps and Challenges

The main barrier for gender-responsive government policies is that policy makers are usually not gender-sensitive and thus do not regard gender inequality as an obstacle to development. If all

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.