

United Nations  **Nations Unies**

**Commission on the Status of Women
Fifty-third session
New York, 2 – 13 March 2009**

INTERACTIVE EXPERT PANEL

**Emerging issue
The gender perspectives of the financial crisis**

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.

1. Overview

I am honoured to participate in this 53rd session of the Commission on the Status of Women focusing on the emerging issues, trends and new approaches to issues affecting the situation of women or equality between women and men. More specifically I wish to thank the Bureau of the Commission on the Status of Women, for inviting me to this meeting and indeed enabling me to participate in the interactive experts' panel, on gender perspectives of the financial and economic crisis. This meeting is crucial because solutions and energy are needed to empower women and minimise the impact of the financial and economic crisis and above all end feminized poverty.

The issues paper prepared for this interactive panel on the gender perspectives of the financial crisis has clearly pointed to the fact that this global “financial and economic crises not only involve monetary costs but also impact human rights”. It is also no surprise to us all that this has and will continue to have differential impact on women and men, on least developed countries and developed economies, to the poor African nations and to Latin America and to Asia. But most worrying to the African countries is the fact that most of our economies were just beginning to recover from economic depressions of the 1980s and 1990s, when the structural adjustment policies were administered, but caused great pain and enormous impacts to both women and men, with profound negative implications on the rights of women.

The financial and economic crises also come in the backdrop of increasing climate change crisis, hence compounding the negative impact of the crisis on women who due to their disadvantaged economic status have limited capacity to resist and recover from these shocks. With the increasing loss of formal jobs, reduced remittances from migrant workers, escalating food prices, women in Africa now take on more burden than ever before to sustain their families and the community as a whole. The fiscal and monetary policies in Africa are founded on conventional economics that currently has no regard to the non-market work, the care economy, subsistence production and above all the unpaid work performed by women. Experience with the structural adjustment policies and most recently the poverty reduction national programmes approach, has showed us that the conventional conceptual frameworks and statistics used to design macro-economic policy are gender-blind. They do not take into consideration the role women play in development, cushion the impact of the crisis, by taking on the unpaid work, subsidizing the family needs, taking on the care of the sick as a result of cuts in public spending in the social sector.

The starting point in solving a problem is to acknowledge our own failures, and in this case the policy prescriptions that have caused increased gender inequality, feminized poverty in poor nations of the world and indeed the current financial and economic crisis must be revisited as well as the international financial architecture. That's why it is so important that our discussion today examines the impact of the financial and economic crisis on the fiscal and monetary policies of poor nations and ultimately on women. It is only then that suitable solutions can be designed.

2. Impact of the current financial crisis on women and girls

The recent turmoil in global financial markets could thwart the ability of many African countries to promote gender equality and empower women, particularly because of its

negative impact on public finances, growth and employment across the continent. Along with its potential negative effect on foreign capital inflows, the recent financial crisis, if persistent, could reverse the recent positive trends in ODA. Furthermore, the crisis could spill over to reduce financing of the social sector. As the overall global economy contracts, the effects are most likely to be felt by the poorest worldwide.

Economic contraction in the developed world means fewer jobs in manufacturing in the developing world, which affects women. Here's how the crisis is likely to affect women:

- Africa's exports have jumped by about US\$240 billion since 2002 -- eight times the US\$28 billion Africa received in development aid, humanitarian assistance, and debt relief from wealthy countries last year, and 15 times the annual remittances from the 16 million Africans working abroad in Europe, the Persian Gulf, and the United States. Falling orders from retailers this Christmas season means these exports will start to fall. While it's still early, there's already some evidence that this has started to happen. Exports from Asia, for example, have begun to fall in the last two to three months.
- Many jobs in the developing world were created to take advantage of women's cheap labour, making these jobs particularly insecure. The example of the African textile industry illustrates this – the sector has provided for a great deal of new jobs for women in Africa - over 100,000 new jobs in the export apparel sector, including 45,000 jobs in Swaziland, 26,000 jobs in Lesotho, and 30,000 jobs in Kenya – 75 to 90 per cent of these jobs have gone to women living in the most dire poverty. These jobs are by no means sustainable in a crisis. During the Asian financial crisis, for example, the bulk of women worked in industries such as textiles, food processing, and electronics – industries that are sensitive to the export market and were easily undercut by the economic crisis.
- Women are mostly likely to have jobs in the informal sectors of the economy with virtually no job security: and are the first to get laid off. Even when they have jobs within the formal sector, women are disproportionately affected by global financial problems. They are more likely to be less skilled in comparison to their male counterparts in factories and are then more likely to be made redundant first.

Failure to meet the promises made at Gleneagles

When in 2005 G7 leaders met, the summit was dominated by giving Africa a helping hand. Now, G7 leaders are busy bailing out their own economies. Of course this sounds natural, as they think about survival. They look after their own people. They make hard choices when it comes to spending taxpayers' money. They have mobilised money, which could have financed the Millennium Development Goals many times over.

High commodity prices

As we all know, most developing economies in Africa are heavily dependant on commodities. However the uncertainty and instability in international financial, currency and commodity markets, coupled with doubts about the direction of monetary policy in

some major developed countries, are contributing to a gloomy outlook for the world economy and could present considerable risks for the developing world.

For the developing world, the rise in food prices as well as the spill-over effects from the financial instability and uncertainty in industrialized nations is having a compounding impact. High fuel costs, soaring commodity prices together with fears of global recession are worrying many developing country analysts.

Summarizing a United Nations Conference on Trade and Development report, the *Third World Network* notes the impacts the crisis could have around the world, especially on developing countries that are dependent on commodities for import or export:

“Commodity-dependent economies are exposed to considerable external shocks stemming from price booms and busts in international commodity markets. Market liberalization and privatization in the commodity sector have not resulted in greater stability of international commodity prices. There is widespread dissatisfaction with the outcomes of unregulated financial and commodity markets, which fail to transmit reliable price signals for commodity producers. In recent years, the global economic policy environment seems to have become more favourable to fresh thinking about the need for multilateral actions against the negative impacts of large commodity price fluctuations on development and macroeconomic stability in the world economy.” (Third World Network, 2008)

Women in Africa face the challenges of making sure food is on the table! They have to take on extra work in the informal sector, in order to feed their families.

Impact on foreign direct investment

The financial and economic crises have also recorded negative implications on foreign direct investment (FDI), as investors cut down on their investments in developing countries hence causing job losses.

As in other areas, there is little data on the contribution of FDI to gender equality and women’s empowerment goals in Africa. There needs to be a more explicit link at policy level, and in the priority areas for investment, most often investments are not intended to address the care economy, neither does it benefit women directly. The jobs created by FDI tend to increase resource outflows, out compete domestic investors and create more gender discrimination in the labour market.

Education

The first is that the education goal will be missed unless there is rapid action. Universal primary education is taken to mean six years of schooling, so meeting the 2015 deadline involves full enrollment by 2010 at the latest. This looks unattainable: UNESCO estimates there will be at least 29 million children out of school by 2015.

The quality of education will be affected as countries cut expenditure on education.

There is evidence that many of the children that start primary school drop out and those that graduate too often do so lacking basic skills. Surveys have shown that fewer than 60 per cent of the young women leaving school in Ghana and Zambia could read a simple sentence in their own language. The children of the poor are less likely to get access to schooling than the children of the rich. Since education has such a bearing on earning potential, this leads to still greater inequality.

In Mozambique, a child from the poorest 20 per cent of families has on average 1.9 years of primary education compared with five years for a child born into the richest 20 per cent of households. In India, where the development potential of the past decade has been blunted by ingrained inequality, the richest 20 per cent receive on average 6.7 years more schooling than the poorest 20 per cent.

According to the UNESCO study, the aid required for even the most basic primary education provision in poor countries is US\$11bn (£7.2bn) a year. In 2006, spending amounted to around \$4bn, leaving a funding gap of US\$7bn. To put that figure into context, it is around 10 per cent of what the United Kingdom spent this autumn recapitalising the banking system.

Access to credit and finance

Micro-credit in the last decade has made huge inroads in allowing the poorest women to have access to small loans, and several major banks had begun to provide these services also. It is too early to tell what the impact of the global credit freeze will be on the industry, but it's safe to assume that small unsecured loans will be under as much threat as other credit, if not more. Unlike other borrowers, women have few other sources of financing.

Remittances

Remittances from country nationals who are immigrants in developed nations are a major source of household income in many developing countries, especially in Latin America and Africa. One of the most likely indirect effects of the crisis on developing countries is the likely decline in remittances to African countries as unemployment rises in North America, Europe and other places. Remittances to Latin America have already slowed this year, according to the Inter-American Development Bank. This means women will have less money to run their households than before.

Exacerbating the food crisis

Most developing countries this year are still battling high inflation and high prices for basic foods, a story that was in the news earlier this year when there were food riots in some countries. Women, as the major producers of food and as providers for the household, are at the epicenter of this crisis. The economic slowdown will exacerbate this, and some experts worry it could delay large-scale agriculture and infrastructure projects which are needed as part of the long term solution to the problem. The crisis could also impact food aid, along with other forms of aid.

The typical African farmer is a woman - in sub-Saharan Africa, women produce up to 80 per cent of basic foodstuffs both for household consumption and for sale. This will have a huge impact as, according to the World Bank, “70 per cent of all Africans – and nearly 90 per cent of the poor – work primarily in agriculture”.

3. Suggested policy and strategic responses

Need for in-depth studies and contextual analysis of the impact

There have been other lessons from the turmoil in the markets. Problems can be hidden for a long time before they surface. What's more, when a crisis does break out, it is equally urgent to take stock and gain accurate information to inform our policymaking. It is advisable that gender analyses of the macroeconomic policy framework coupled with political will to address gender imbalances in the care economy are central to the solutions being made to address the financial and economic crisis. This however, will differ from one economy to the other. Developing countries will benefit from an analysis founded on the voices of women and girls.

Socio-economic empowerment

In the area of social empowerment, there has been commendable progress towards gender parity in school enrolment for basic education. However, there is a problem with retention; girls are dropping out at a higher rate than boys. With increasing work burden on the woman at the household level, girl children who are traditionally expected to help their mothers will continue to drop out of school, coupled with the reduced family resources to spare for children's education.

More in form of socio economic empowerment of women needs to be funded. Investment in labour saving technology, for example has had positive results in the past.

Maternal mortality remains unacceptably high

The 2008 Millennium Development Goals Report notes that:

“Across much of the developing countries maternal mortality remains unacceptably high. In 2005, more than 500,000 women died during pregnancy, childbirth or in the six weeks after delivery. Ninety-nine per cent of these deaths occurred in the developing world, with Sub-Saharan Africa and Southern Asia accounting for most of the deaths. In Sub-Saharan Africa, a woman's risk of dying from treatable or preventable complications of pregnancy and childbirth over the course of her lifetime is one in 22, compared to one in 7,300 in the developed world.” (United Nations, 2008)

Economic empowerment

There has also been modest progress in economic empowerment. The percentage of women in gainful employment outside the agricultural sector increased from 25 per cent in 1990 to 31 per cent in 2006. However; most women still work in the informal sector, especially in the more vulnerable low-paying jobs of the informal sector.

It is critical to take the economic empowerment of women to a higher level through provision of productive resources, in form of seeds, land, and technology and market information. Skills training for increased productivity should be an integral part of this package.

Investment in renewable energy technology programmes

The examples of projects that are introducing renewable energy technology, such as direct current solar lamps in India, and provide training to women to set up microenterprises that will manufacture and install these lamps, are a good example for investment in poor economies, as to assist in reducing the challenges of energy and increased workload to women. Such projects, which rely on the private sector and local delivery mechanisms, are expected to bring much-needed lighting to households that lie outside the reach of any electric power grid. It trains rural women to organize into group-owned microenterprises, helping them move away from domestic agricultural production to technology-based consumer production.

Adjustment lending

Adjustment lending has increased since the start of the East Asian financial crisis in 1997. Most adjustment loans are large and are often accompanied by policy reforms that may affect men and women differently. The Mali Economic Management Credit and the Rwanda Economic Recovery Credit have taken action to address gender issues and may provide some good lessons for addressing this crisis.

- The **Mali Economic Management Credit** supports the government's actions to address gender-based obstacles that limit women's access to land and financial services. Specifically, it has facilitated the preparation of an action plan that was included as part of the overall financial sector action plan approved in 1998. As a result, budget support has been provided for women's income-generating activities. The operation has also facilitated women's access to land in the *Office du Niger* region. There has been a significant improvement in the number of women who have gained access to land, and a heightened public awareness of women's legal rights and the benefits of women's participation in the development process.
- The **Rwanda Economic Recovery Credit** supports legislation to eliminate discrimination against women. It is designed to promote legal and institutional changes in the agricultural sector and labor market that will foster economic growth and reduce rural poverty. Amendments to the labor code will consolidate sectoral minimum wages into one national minimum wage and remove provisions that discriminate against women.

Gender –responsive budgets

Use of gender-responsive budgets can be used to systematically ensure adequate resources for gender equality and women's empowerment in the context of the financial crisis, as long as they are founded on a gender-sensitive macroeconomic policy framework. The gender budgeting initiatives have sometimes failed to meet this need in the past because they are being implemented outside the macroeconomic policy framework. The principles underpinning macroeconomic policy tend to conflict with the gender agenda leading to limited resource allocations. A sector-wide approach to gender budgeting is also recommended as it will enable more resources to be identified to fund the social sector, which benefits women and girls.

4. Roles of various players

There is no better way to end this discussion by saying that, all stakeholders must play their role in addressing the gender implications and impact of the financial and economic crisis on women and girls. Less we risk losing even the little gains we had begun to realise economic empowerment of women and above all in working towards realising the human rights of women.

Ending global poverty begins with women

Around the world, women are at the highest risk of being poor. Greater economic opportunity empowers women--and their families--to escape poverty.

When you teach a woman to fish, everybody eats

Women in poor countries are more likely to spend their income on food, education, and healthcare for their children, reducing poverty in the long-term

When women thrive, families and communities thrive

Imagine a world where all women are able to get a job, escape abuse, and feed their children. Imagine a world where women are free to thrive.

Government needs to regulate the market processes – We can not continue to have the private sector to decide what is possible because their interest is on profits, not human rights.

I wish to end this paper with by saying, "Women and girls in poverty are not asking for new rhetoric or promises. They want action that will bring them economic empowerment, respect for their rights and their role in development. And above all, women have to be part of the decisions that affect their lives."

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