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TOWARDS AN ENABLING MACROECONOMIC ENVIRONMENT

IN BRIEF

- Macroeconomic policies affect the availability of paid employment and of the resources needed to implement social policies. They are therefore critical for creating an enabling environment within which substantive equality for women can be advanced.
- Macroeconomic policies are typically assumed to be 'genderneutral'. In practice, they have distributive consequences that impact differently on women and men and influence gender dynamics more broadly.
- Current macroeconomic policies do not adequately consider the importance of unpaid care and domestic work and of non-market investments in human beings. They have also artificially constrained the resources available to governments to finance policies and programmes for gender equality.
- Macroeconomic and social policies need to work in tandem to ensure economic sustainability. The economic contribution of social policy and unpaid care and domestic work need to be recognized and incorporated into macroeconomic policy formulation.

- A rights-based approach provides an alternative framework for assessing and prioritizing economic policy choices. This can enhance the realization of rights over time, the mobilization of resources for gender equality, the reduction of discrimination and the democratization of economic governance.
- Improved global policy coordination and international economic governance, drawing on the Maastricht Principles, is essential to create a macroeconomic environment that is conducive to the realization of women's economic and social rights.

INTRODUCTION

Advances in substantive equality for women can be achieved through establishing core social protections and improving the quantity and quality of paid employment, as previous chapters of this Report have argued. Macroeconomic policies shape the overall economic environment for realizing women's economic and social rights through their impact on employment creation and fiscal space in particular. How macroeconomic policies are designed and implemented will thus have a direct impact on the likelihood that gender equality is achieved. Two broad categories of macroeconomic policies are fiscal policy and monetary policy. Fiscal policy involves the use of government expenditures, taxes and public borrowing to achieve economic and social goals. Monetary policy operates through financial markets and institutions to influence the money supply, interest rates, credit availability and exchange rates.

Despite its importance to a range of economic and social outcomes, macroeconomic management typically focuses on a narrow set of goals such as increasing gross domestic product (GDP) growth rates or reducing inflation to extremely low levels. Questions of inequality and distribution are absent or poorly addressed. It is often assumed that economic growth will provide solutions to persistent problems such as gender inequality, yet evidence shows that faster growth in itself will not achieve this. If economic and social policies are to support the realization of substantive equality, a rethinking of macroeconomic policies is essential.

Why does macroeconomic policy matter for gender equality?

Macroeconomic policies deal with economic aggregates, typically without any reference to gender equality. For example, macroeconomic policy targets, such as interest rates, do not consider distinct interest rates for women and men.

Because of this, such policies are often said to be gender-neutral. However, broad-based economic policies do have gender-specific effects because these policies interact with structural features of the economy, such as the distribution of unpaid work and the segregation of women and men into different types of employment, to produce distinctly gendered outcomes.

Box 4.1 provides an example of how apparently gender–neutral fiscal policy in the United Kingdom in response to the 2008 crisis had differentiated impacts for women and men.

Macroeconomic policies can limit or broaden the possibilities for **redressing women's socio-economic disadvantage** through several channels, directly and indirectly.

First, macroeconomic policies have a direct impact on both the quantity and quality of employment opportunities available to women and men. Moreover, because of widespread occupational segregation in the labour market, described in detail in Chapter 2, economic policies that have distinct effects on particular sectors, such as the service sector, will affect women and men's employment differently.

Second, macroeconomic policies affect the burden of unpaid care and domestic work via their impacts on employment, household incomes and living standards. Demands on unpaid work may intensify during times of economic stress, increasing the burden on women.

Third, macroeconomic policies have distributive consequences—for example, through taxation—that affect women and men differently and can either reinforce the extent of women's socioeconomic disadvantage or, potentially, promote a redistribution of resources towards women.

And fourth, macroeconomic policies influence the resources available to governments to finance social policies and social protection programmes that can be used to reduce women's socio-economic disadvantage, as shown in Chapter 3.

Macroeconomic management and financial regulation influence economic uncertainty and the likelihood of crises and system-wide risks, with women and men bearing different costs of negative shocks. Volatility at the macroeconomic level produces outcomes that both reflect and reinforce existing gender dynamics, although the outcomes will differ depending on the context. For example, during the four-year economic crisis in

Argentina, which began in 1998, women entered the labour force to compensate for dramatic drops in household income.³ In the Philippines, following the 1997 East Asian economic crisis, men's unemployment increased faster than women's, while women in paid employment experienced longer working hours.4 In contrast, women withdrew from the paid labour force following the 1997 crisis in the Republic of Korea.⁵ When women are 'pushed' into the labour market because of economic distress, they are often employed in precarious, informal and low-paid activities. When a crisis triggers women's withdrawal from paid employment, they return to dependent positions within the household with less autonomy and less access to incomes of their own.

BOX 4.1

Gender biases in budget and tax policy – the Women's Budget Group

The Women's Budget Group (WBG) in the United Kingdom has applied a gender perspective to the tax and government spending policies of the British Government in the wake of the 2008 crisis.⁶ It highlights that the strategy for rebalancing the budget since 2010 has relied primarily on spending cuts rather than increases in taxes. Women are more likely to be affected by cuts to government services and social protection while men, who earn more on average from paid employment, would be more directly affected by changes to tax policy.⁷ The WBG estimates that single mothers will be hardest hit by the cuts as well as by the changes to taxes that constitute the United Kingdom's fiscal consolidation policies. The estimated decline in income for this group is 15.6 per cent, while childless working age couples stand to lose only 4.1 per cent.⁸

The consequences of macroeconomic policies thus go beyond the economic sphere to impact on gender dynamics in the household and society. Particularly in times of crisis, the effects of macroeconomic policies on social hierarchies can become pronounced, which can intensify **stigma**, **stereotypes and violence**. Macroeconomic policies that aim at 'stabilization'—usually through reducing public spending or meeting very low inflation targets—tend to reduce employment opportunities

and living standards, as happened with the austerity programmes adopted by a wide range of countries in response to the 2008 global crisis. As jobs become scarce and household resources shrink, more powerful groups tend to assert their collective identities through more pronounced patriarchal, racist or nationalist practices. This can reinforce stereotypes, including on gender, lead to stigmatization and even trigger violence in ways that perpetuate patterns of inequality and social

hierarchy.¹⁰ Greece, for example, experienced an increase in racial and xenophobic violence as a result of economic downturn associated with the European sovereign debt crisis.¹¹

Feminist economists and women's rights advocates have developed frameworks, approaches and methodologies to support the integration of gender equality goals in macroeconomic policy and planning. A number of governments have adopted gender-responsive budgeting, for example, which has helped to prioritize the reallocation of existing resources to support gender equality. Effective implementation of such approaches requires better sex-disaggregated data and analysis on the impacts of policy on women and men. Crucially, it also requires strengthening women's agency, voice and participation in macroeconomic decision-making to increase the responsiveness and accountability of national and alobal institutions in charge of economic policy design and implementation.

Chapter overview

Macroeconomic policies cannot, on their own, bring about gender equality; progressive employment and social policies are also critical, as the earlier chapters have shown. But the macroeconomic framework within which other policies are implemented either enlarges or constrains their scope to advance substantive equality for women. This chapter begins by highlighting ways in which current approaches to macroeconomic policy reduce the possibilities for realizing women's economic and social rights. It discusses how lack of attention to social goals, failure to integrate unpaid care and domestic work and an insufficient focus on employment creation and resource mobilization severely limit the potential of these approaches to advance substantive equality. It then sets out the key components of a rights-based framework for macroeconomic policy that would support substantive equality. The chapter goes on to emphasize the need for new mechanisms of global economic governance to improve international coordination and realize economic and social rights. It concludes by underlining the need for macroeconomic policy that is accountable, incorporates issues of distribution, acknowledges the importance of investing in human beings and recognizes the role of unpaid care and domestic work in order to advance substantive equality.

WHAT'S WRONG WITH MACROECONOMIC POLICY?

In practice, macroeconomic policy rarely takes into account economic and social rights, distributive outcomes or gender equality.

Because of this, macroeconomic strategies may make progress towards substantive equality more difficult or actually work against realizing women's rights.

There are three key areas where macroeconomic policies currently constrain progress towards substantive equality. First, the narrow goals of macroeconomic policy and gender biases in macroeconomic analysis mean that policies often fail to address the structural disadvantages faced by women. Second, an insufficient focus

of macroeconomic policy on employment creation means that progress in redressing women's socio-economic disadvantage in the labour market is limited. And third, restrictive macroeconomic policy choices mean that there are insufficient resources to sustainably finance social policies that support gender equality or to ensure that the ways in which spending and taxation are conducted have positive, rather than negative, distributive consequences. The next sections explore each of these issues in detail.

GENDER ISSUES IN MACROECONOMIC POLICY AND ITS GOALS

Macroeconomic policy typically focuses on raising the level of GDP as its primary policy goal, with the expansion of GDP (growth) used as a measure of economic progress. However, broader economic and social outcomes may be more important to improving the lives that women and men are able to lead, including through enabling good health, access to education, decent employment opportunities, freedom from violence and a secure place to live. Alternative frameworks for evaluating progress such as human rights or human development emphasize what people are able to do or become in the course of their lives. Increases in GDP are important only as a means to better social outcomes, including greater gender equality.

Does gender equality contribute to growth?

Researchers and policy makers have started to pay greater attention to the relationship between gender equality and economic growth.¹² For example, recent evidence on the relationship between gender inequality in education and GDP levels and growth suggests that more equality in schooling is positively associated with GDP, at least for lower- and middle-income countries.¹³ Reducing inequalities in schooling and raising the average level of women's education appears to support better economic performance, as measured by GDP per capita, and enhance individual productive capacities.

Figure 4.1 graphs the ratio of female-tomale secondary school enrolment against per capita income, illustrating the positive relationship between the level of GDP and gaps in educational attainment.¹⁴ The ratio increases with average income, but as it approaches parity the relationship flattens out. This indicates that the relationship between the secondary school enrolment ratio and per capita income is different for low-income and high-income countries. As a general rule, greater equality in education is associated with higher levels of GDP. However, at lower income levels there is also considerable variation in the female-tomale ratio of secondary school enrolment among countries with similar incomes, suggesting that factors other than average GDP are important. For example, Burkina Faso (US\$1,435) and Rwanda (\$1,312) had similar levels of per capita income in 2011, but the ratio was significantly higher in Rwanda than Burkina Faso: 1.02 compared to 0.78. This shows that even at lower levels of GDP it is possible to attain gender parity in education.

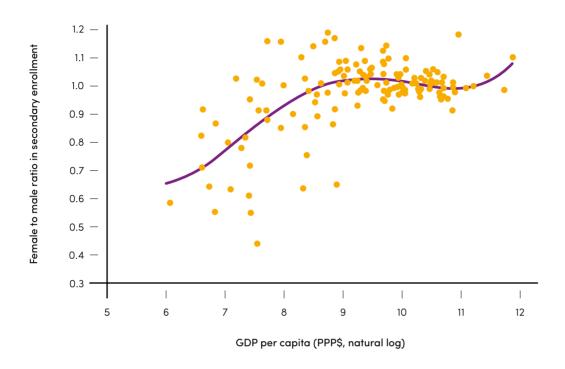
The figure does not tell us whether it is economic growth that raises the enrolment ratio or whether it is greater gender equality in secondary education that supports higher incomes. And focusing on the female-to-male enrolment ratio gives an incomplete picture in terms of substantive equality, because it does not control for the quality of education that young women and men receive or differences in retention and attainment.

Similarly, an increase in the female share of labour force participation, or a reduction in the gap between women's and men's labour force participation, has been shown to result in faster growth. Women's labour force participation rates are typically lower than men's—in some cases significantly so—and women working in paid employment are often concentrated in low-productivity activities in which earnings are low (see Chapter 2). These patterns of segregation indicate an inefficient allocation of labour in which women are prevented from participating in

Figure 4.1

Female to male secondary school enrolment ratio and per capita GDP, 2011

—> Greater equality in education is associated with higher GDP



Source: World Bank 2015d.

activities in which they may be more productive. 16 Therefore, relaxing gender constraints in labour markets can be expected to raise average incomes and growth rates.

Gender equality may also contribute to growth through its long-term impact on human development. Evidence shows that a mother's education and health status have a positive impact on the health of her children. This can contribute to future economic growth.¹⁷

However, the reverse can also be true: when other indicators are used, gender inequality (rather than equality) seems to contribute to economic growth and macroeconomic performance, at least in the

short term. Women frequently earn less than men and gender wage gaps can help lower average labour costs. Research on emerging market economies in Asia, Europe and Latin America suggests that higher wage gaps boost competitiveness when women are disproportionately employed in labour-intensive export-oriented activities.¹⁸ Gender inequalities in wages can thus contribute to the success of exportoriented growth and improve a country's position with respect to its trade balance in the short term. Because it is premised on inequality, however, such growth cannot be considered inclusive; and in the long term, gender equality may be more beneficial to growth through its impact on women's human development, such as improvements in educational attainment, discussed above.

The unequal gender division of labour, in which women perform a disproportionate share of unpaid care and domestic work, can also support GDP growth as currently measured. Many benefit from women's unpaid labour, including care for others, performed in households. Firms, for example, rely on the human resources that are produced and sustained through such work. The unequal distribution of the costs of care therefore supports economic growth, since those who benefit from these investments in the next generation do not pay the associated costs.

Overall, the evidence on the relationship between economic growth and gender equality or inequality is mixed and the causal relationship can be unclear.²⁰ Does gender equality contribute to higher rates of growth? The World Bank has examined this relationship and concluded that improving gender equality is 'smart economics', that is, it contributes to growth and economic development.21 In fact, whether greater gender equality or greater gender inequality is associated with economic growth depends on the specific indicator used. Measurements of equality that emphasize women's productive activity or attributes such as narrowing of the gaps in labour force participation and educational attainment—are generally associated with faster growth. In contrast, when the indicators are based on the returns to women's productive activity, such as wage rates, gender inequality can contribute to growth.22

Conversely, it is often assumed that economic growth will lead to greater gender equality. But growth that is predicated on enhancing global competitiveness by reducing costs can actually reinforce gender inequalities by lowering labour costs or transferring the costs of unpaid care and domestic work to women.²³ In addition the benefits of growth may be distributed in such a way as to reinforce the existing patterns of economic power, gender hierarchies in

employment and patriarchal norms. For example, the welfare arrangements under the Republic of Korea's development strategy from the 1960s to the early 1990s, a period of rapid growth, depended on households and families to provide care services rather than on government programmes financed by taxation, reinforcing a highly unequal gender division of labour.²⁴

Gender equality is an important goal in its own right that cannot be seen as purely instrumental to economic growth.²⁵ For macroeconomic policies to advance substantive equality, they need to look beyond economic growth and include a broader set of goals and targets, as discussed later in the chapter.

Uncounted and unrecognized: unpaid work in macroeconomic policy and statistics

International definitions from the System of National Accounts (SNA) define GDP as the market value of final goods and services produced within a country over a particular period. Much of the unpaid work carried out predominantly by women is not incorporated into the calculation of GDP or reflected in other macroeconomic indicators. In particular, the production of non-market services in the household through unpaid care and domestic work is excluded (see Box 2.5). Because macroeconomic policies do not account for the disproportionate costs to women of unpaid labour, they reinforce the undervaluation and marginalization of women's work.²⁶

Unpaid care and domestic work comprise different types of activity including housework (such as preparing meals and cleaning), care of people (children, the sick, people with disabilities and the frail elderly), collecting water and fuel and voluntary work in the community.²⁷ Figure 4.2 breaks down estimates of time spent in selected categories of unpaid care and domestic work per day for six countries: Argentina, India, Nicaragua, the Republic of Korea, South Africa

and the United Republic of Tanzania. In all cases women perform more total unpaid care and domestic work than do men.

Time spent in unpaid work has real economic value, but this value is not recognized in current macroeconomic concepts and accounting systems. In the United States, for example, the total value of unpaid childcare services in 2012 was estimated to be \$3.2 trillion, or approximately 20 per cent of the total value of GDP (valued at \$16.2 trillion that year).²⁸ For

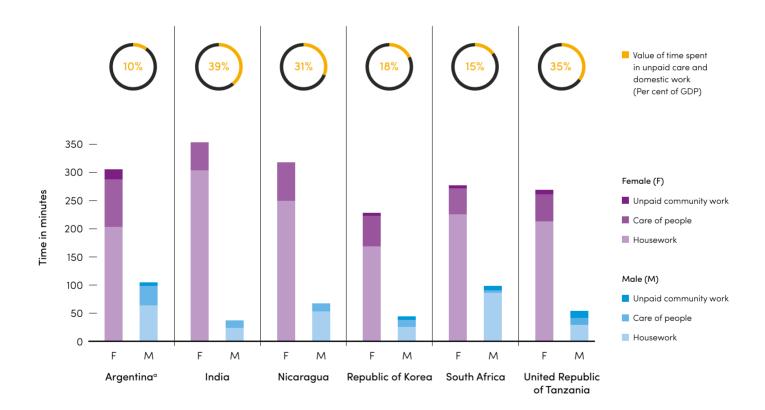
the countries featured in Figure 4.2, the total value of unpaid care and domestic work is estimated to be between 10 and 39 per cent of GDP.²⁹

The economic value of unpaid care and domestic work is comparable to, or greater, than that of key economic sectors. Analysis for Mexico, shown in Figure 4.3, estimates the value of unpaid care and domestic work at 21 per cent of GDP, higher than manufacturing, commerce, real estate, mining, construction and transportation and storage.

Figure 4.2

Time spent per day on unpaid care and domestic work, by sex and total value as a percentage of GDP

—> Women spend more time on unpaid care and domestic work than men do



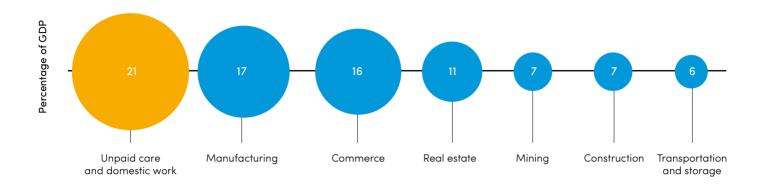
Source: Budlender 2008. Based on time-use surveys in each country: Argentina (2005, Buenos Aires only), India (1998/1999), Nicaragua (1998), Republic of Korea (2004), South Africa (2000) and United Republic of Tanzania (2006).

Note: ^a Buenos Aires only. The value of unpaid care work is based on the wages of people employed in occupations with work similar to housework, whether performed in homes or institutions. See Budlender 2008 for estimates based on other categories of wages. Cross-country comparison should be made with caution as reference population and data collection methodology differ by country.

Figure 4.3

Economic value of unpaid care and domestic work and select areas of economic activity as a percentage of GDP, 2013

—> In Mexico, the economic value of unpaid care and domestic work is greater than mining, construction, and transportation and storage combined



Source: INEGI 2014

Note: Unpaid care and domestic work includes care and support, cleaning and household maintenance, cleaning and care of clothing and shoes, food preparation, shopping and household management, help to other households and volunteer work. See Box 2.5 for definitions.

Exclusion of unpaid work biases economic planning

Not all unpaid work involves the care of others. In many countries, time spent gathering fuel or carrying water constitutes a sizeable time burden for women (see Box 2.5).³⁰ Public investments in basic infrastructure, such as accessible water taps, could greatly reduce the amount of time spent in these activities (see Chapters 2 and 3). This, in turn, can have a positive impact on women's labour force participation, their earnings from paid employment and their economic empowerment—yet these benefits of improved infrastructure are rarely considered.³¹

The exclusion of the value of unpaid work from the national accounts biases estimates of the total level of economic activity as captured by GDP downward (as indicated in Figure 4.2). At the same time, the exclusion of non-market activities is thought to bias estimates of the growth of economic activities upward.³² This is because the value of unpaid household production grows more slowly over time than the market value of those goods and services that are included in standard GDP calculations. Similar biases affect the accounting for women's labour in GDP and growth

statistics. When women enter the labour force in increased numbers, GDP goes up by definition, while any reduction in the value of unpaid work in household production that ensues is not accounted for and so is 'hidden'.³³

These gender issues in economic accounting have direct policy consequences—for example, when the efficiency of budget allocations is evaluated. 'Savings' made from cutting back on government funding of public services often increase demands on unpaid care and domestic work. Because these hidden costs are not recognized in economic planning, this can create the illusion of efficiency gains when in fact costs are being transferred from the public sector to the private sphere.³⁴ In the health sector, for example, efficiency may seem to increase when the time that patients spend in the hospital decreases and as a result the cost of providing treatment per patient appears to drop. But cuts to public health expenditure can have substantial and unrecognized knock-on effects for caregivers in households, who may be forced to take time off paid work to care for a sick family member. This is likely to have disproportionate impacts on women as the primary caregivers.

In order to adequately recognize and value unpaid care and domestic work, it must be measured. Data from time-use surveys is essential for capturing the amount of time women and men spend in different activities, yet reliable time-use information is lacking for many countries around the world. There is a need for more regular timeuse surveys, with data disaggregated by sex, income level, geographical location and other relevant categories such as race and ethnicity. This information can be used by policy makers to make better decisions about macroeconomic policy that reflect a more complete picture of the activities that keep an economy going and of the consequences of the choices made for improving substantive equality.

The development of human potential as investment

Other macroeconomic measurements are subject to similar conceptual problems, with potentially important consequences for policy. For example, household spending on children is currently classified as consumption expenditure. However, a strong case can be made that these expenditures represent an investment in future human capacities and should thus be accounted for separately from other consumption expenditure.³⁵ Non-market and unpaid childcare activities represent a similar investment, yet these are not counted at all in macroeconomic statistics. whether as consumption or investment. It can thus be argued that total investment is underestimated in current economic statistics because the investment of both time and money in human potential is excluded.

The same issue applies to budget expenditures. For example, spending on the operation of services for children in early childhood is classified as public consumption (current expenditure), although the construction of new nurseries and clinics is classified as public investment (capital expenditure). Borrowing to finance public investments is seen as acceptable, but borrowing to support the operations of these public facilities is not. Conventional definitions and statistics do not understand the development of human

capacities as a form of investment that yields future benefits. The consequent misclassification of this spending biases policy decisions against public investment in the development of human capacities. Insufficient investment in such public facilities effectively reinforces societies' reliance on the unpaid care and domestic work that parents, especially mothers, do in order to fill the gap.

MACROECONOMIC POLICY, EMPLOYMENT AND GENDER EQUALITY

Increasing women's opportunities for quality, paid employment is key to redressing their socio-economic disadvantage and to achieving substantive equality, as Chapter 2 has shown. Macroeconomic policy can create an environment that encourages an improvement in the quality and quantity of jobs available. However, although prior to the 1980s, when neoliberal thinking began to dominate the policy landscape, macroeconomic strategies in many parts of the world tried to address a lack of employment opportunities, they currently often limit both the quantity and quality of the employment opportunities available.

Jobless growth

Policies to support better employment outcomes have two components: increasing the demand for paid labour in the economy; and increasing the mobility of workers so that people can take advantage of employment opportunities when they are created. Macroeconomic policies can be particularly important in influencing the overall demand for labour in the economy.

Although dominant policy approaches now recognize the value of social protection and the need for labour market regulation to improve employment outcomes, when it comes to macroeconomic policy there has been relatively limited change since the 1980s. It is common to assume that employment creation is an automatic by-product of economic growth. In reality, growth does not automatically translate into new and better jobs. Studies have documented a reduction in the number of new jobs generated when

production expands in many countries.³⁶ Some countries have experienced bouts of 'jobless growth'. In India, for example, over a 25-year period beginning in 1981, the manufacturing sector's output as a whole expanded with little or no change in employment due to increases in the capital intensity of production.³⁷

One explanation for this sluggish growth in labour demand is that the rates of investment that could support employment creation have declined significantly in many parts of the world, specifically beginning in the 1980s.³⁸ Slower growth of productive investment translates into slower growth in labour demand.

Macroeconomic policies affect employment through a number of other channels in addition to affecting the rate of private investment. Reductions in government spending discussed above have led to the downsizing of public sectors and the privatization of public services and enterprises. This has reduced the relative contribution of government institutions and agencies to formal employment: during the 1990s, government employment either declined faster or grew more slowly than private employment in most countries.³⁹ The reduction in the share of public sector employment has been particularly noticeable in the transition economies of Eastern Europe and Central Asia. As Chapter 2 has shown, public employment is an important source of good quality jobs for women and this downsizing is likely to disproportionately impact on women's employment outcomes.

Monetary policy and employment opportunities

Monetary policies can also affect employment outcomes. In the majority of countries, monetary policies are focused almost exclusively on meeting very low inflation targets, attained by raising interest rates to keep prices from increasing more rapidly.⁴⁰ High interest rates slow economic activity by making credit more expensive and less accessible, thus reducing consumer purchases and raising the cost of financing productive investments. In addition, high interest rates

make financial investments more attractive than investments in productive activities. All of these factors lower demand for labour.

Monetary policy can also have gender-specific impacts on employment, though these impacts vary across countries and depend on structural factors. Recent research has shown that women's employment has declined faster than men's in a range of developing countries—including Brazil, Colombia, Costa Rica, the Philippines and the Republic of Korea—that are experiencing reductions in inflation associated with restrictive monetary policy. In countries that maintain a less restrictive monetary environment, such gender inequalities are less evident. Differences in the dynamics of women's and men's employment also appear to be less pronounced when exchange rates are kept at a competitive level.

In Organisation for Economic Co-operation and Development (OECD) countries, one study of monetary policy found no evidence of different effects on women's and men's unemployment rates. ⁴² However, research focused on specific high income countries has revealed different effects of monetary policy on men and women: for example, research on Federal Reserve policy in the United States found evidence that higher interest rates raised women's unemployment rates relative to white men's, but this relationship varies from state to state and changes with the racial composition of the population. ⁴³

Higher real interest rates that raise the return on financial investments also attract short-term inflows of capital from other countries, which are potentially destabilizing since such flows can leave as easily as they come, as seen in the East Asian crisis in 1997. Inflows of capital can also lead to an appreciation of the exchange rate, which in turn reduces the competitiveness of—and lowers investment in—export-producing industries and those sectors that compete with imported products. An overvalued exchange rate has a disproportionate effect on women's employment when women are concentrated in export-producing sectors or sectors competing with imported goods and services.

Overall, since the 1980s macroeconomic policies have failed to support labour demand in the face of growing labour supply. When demand for labour grows slowly relative to supply, levels of open unemployment increase, informal employment expands and other atypical and non-standard forms of work—such as part-time work, short-term hires and day labour markets proliferate. At the same time, bargaining power shifts in favour of employers and the owners of firms. A reduced share of public sector jobs in overall employment reinforces this trend. The result is a downward pressure on wages and conditions of employment. As Chapter 2 showed. this has happened at a time when, in many parts of the world, women's labour force participation has been increasing, so that the lack of availability of decent job opportunities specifically constrains women's employment options and the prospects for redressing the socio-economic disadvantage they experience.

MACROECONOMIC POLICY, SOCIAL POLICY AND GENDER EQUALITY

The resources available to governments for implementing the kinds of policies to advance gender equality outlined in Chapters 2 and 3 are not fixed. They are determined, in part, by macroeconomic policies, including tax policies, decisions over deficit spending and the management of debt.⁴⁶ Neoliberal policy regimes have tended to reduce tax revenues relative to the size of the economy, such that fewer public resources are available to finance public expenditures. Faced with reductions in government revenues, efforts to control budget deficits have emphasized reductions in spending, with cuts often disproportionately affecting women. The 2008 global financial crisis triggered a sovereign debt crisis in Europe, leading to severe cuts in social spending in some countries (see Box 4.2). These cutbacks have had important negative consequences for achieving substantive equality.

BOX 4.2

Crisis, austerity and retrogression in women's economic and social rights

Although the 2008 global financial crisis originated in the private sector, one of its long-term impacts has been on public budgets. In many developed countries, governments used public funds to bail out the financial sector, moving bad debt and liabilities from the banks onto government balance sheets. Despite rising debt levels and declines in GDP, the initial policy response to the crisis was stimulus spending. However, this expansionary phase was short lived.

By 2010 the combination of financial rescue packages and stimulus spending, along with falling revenues from taxation due to economic slowdown, had set the stage for a sovereign debt crisis in Europe. As a result, there have been drastic cuts in social transfers and public services in some countries, triggering a retrogression in economic and social rights for women, as well as men, and a setback for gender equality. Expenditure on benefits for families with children, for example, which had peaked in 2009, fell back to below 2008 levels in 14 out of 23 European countries for which data were available in 2011.⁴⁷

Developing countries have also witnessed volatility in budget revenues resulting from the 2008 crisis. As public debt has mounted so too has pressure for spending cuts, threatening the subsidization

of food, fuel, electricity and transport as well as the expansion of emerging social protection programmes (described in Chapter 3). At the time of writing this report, research into policy responses showed that, despite an initial expansionary response to the crisis, a growing number of developing countries were projected to significantly cut government spending, particularly in Latin America. The International Monetary Fund (IMF) expected that 92 of 133 countries would pursue contractionary fiscal policies in 2014 and would reform old-age pensions and the health sector as part of a further targeting of social benefits.⁴⁸

Women are likely to feel the impact of these cuts most acutely because they are over-represented among front-line service delivery workers in the public sector. Women also depend more than men on public transfers and services to meet their own needs. As unpaid care providers for family and friends, when public support is reduced, the burden of providing care falls disproportionately on women.

Fiscal policy and the resources for realizing women's economic and social rights

Since the 1980s, there has been a reduction in the scope for many countries to mobilize resources needed to fund government expenditures, often referred to as a narrowing of 'fiscal space'.49 Countries in receipt of loans from the IMF were expected to simplify the tax structure and broaden the tax base through a variety of measures, such as reducing income and corporate tax rates, cutting trade taxes as part of wider liberalization measures and extending value-added taxes (VAT) on consumer goods and services.⁵⁰ As a result, many low-income countries reduced trade taxes, causing a significant fall in revenues that was not compensated for by increases in revenues from other taxes.⁵¹ This in turn has led to an overall reduction in government tax revenues as a share of GDP.52

Government revenues as a share of GDP tend to increase with per capita income, as illustrated for 168 countries in Figure 4.4.⁵³ Low-income countries typically have a larger share of agriculture and informal activities that under-contribute to tax revenues. The tax base of poorer countries is also lower due to high poverty rates and less overall wealth, and the capacity of public institutions that collect taxes is also frequently underdeveloped.

Where there are cutbacks to government spending, these may further reduce administrative capacity, making it even more difficult to mobilize resources through taxation.

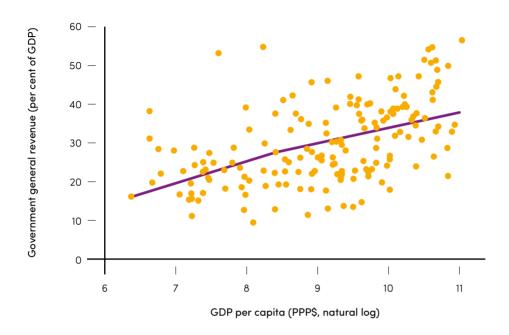
Figure 4.4 also shows, however, that economies at similar levels of development (per capita GDP) exhibit very different capacities to mobilize public resources.54 This suggests that despite low incomes, many countries could mobilize additional resources through appropriate policy and institutional changes. In 2005, the United Nations Millennium Project estimated that the governments of five developing countries— Bangladesh, Cambodia, Ghana, Uganda and the United Republic of Tanzania—should be able to generate up to an additional 4 per cent of GDP in tax revenue within a decade.55 The IMF, in its Fiscal Monitor 2013, recognizes that in low- and middle-income countries 'the potential for raising revenue is often substantial'.56 This suggests that 'fiscal space' is significantly larger than the current level of government revenues would suggest. How a number of countries have expanded their fiscal space is discussed in a later section (A rights-based macroeconomic policy agenda).

Social policies can also be financed through borrowing. The sustainability of any fiscal

Figure 4.4

Government general revenues (as a percentage of GDP) and GDP per capita, 2013

→ Richer countries tend to have higher government revenues, but capacities to mobilize public resources vary widely among countries at similar income levels



Source: IMF 2015 and World Bank 2015d.

Note: Government revenue refers to general revenue and includes grants. Revenue statistics are not regularly reported, are often incomplete and are not comparable across countries. Interpretation of the data should therefore be made with caution. GDP per capita correspond to 2013 figures at constant 2011 prices.

expansion—that is, an increase in spending depends critically on how government resources are used.⁵⁷ A fiscal expansion is more likely to be sustainable when the spending finances investment rather than consumption. For governments that wish to pursue the kinds of social policies highlighted in Chapter 3 through fiscal expansion, it is important to recognize that investing in childcare, health or education generates long-term economic benefits. These investments are more likely to be self-sustaining since they have the potential to raise government revenues in the future to repay borrowing or finance future investments.⁵⁸ A rethinking of the relationship between social policy and fiscal sustainability has the potential to change the approach to policy in ways that contribute to greater gender equality over time.

The distributive consequences of taxation policies

There are many strategies for financing the provision of social protection and social services, from private contributions to public taxation.⁵⁹ As Figure 4.5 shows, how revenues are raised has important implications for social solidarity as well as gender equality. Services such as childcare for example, may be provided entirely by the household, in which case the costs are born by household members. This can be considered a form of implicit taxation (called a 'time-burden tax'), with a regressive and disproportionate impact on women.⁶⁰ Unpaid care and domestic work generates benefits for the economy and, in some cases, substitutes for public expenditures on social services. In effect, it represents a transfer of

resources from women to others in the economy. If women did not provide this service, institutions—such as the state—would need to step in to prevent the care economy from collapsing.

When services are provided through state or market institutions—for example, school places or health care—individuals may be charged user fees. As Chapter 3 has shown, user fees at the point of service delivery can be particularly burdensome for women. Private insurance schemes allow people to pay in advance in order to access services when they need them, but such schemes are rarely affordable for low-income households. Public social insurance can be more redistributive because it pools risks and resources, including state subsidies for low-income households.⁶¹

Finally, social services may be funded entirely out of general government revenues that are generated through indirect taxes, such as VAT, or direct taxes, such as an income tax. Funding social services out of general government revenues tends to create the greatest scope for redistribution and substantive equality, but even here some taxes are more progressive than others. For example, indirect taxes such as VAT can be regressive, depending on their design, because low-income households spend more of their income on basic consumption goods than higher-income households.

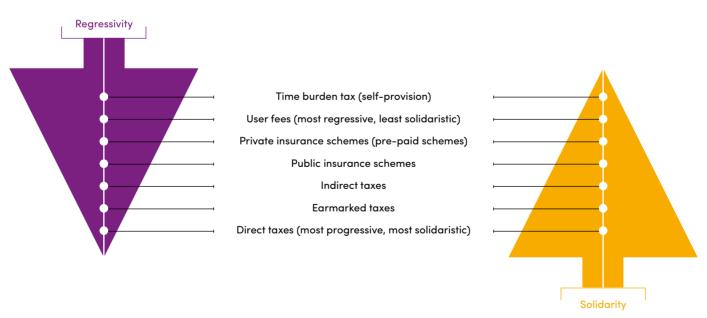
In addition, some tax policies contain explicit gender biases, treating women and men differently. In some tax systems, for example, men are automatically granted deductions for dependents whereas women are only allowed these in special circumstances.⁶²

More often unequal treatment is implicit, when seemingly gender-neutral provisions have different effects on women and men due to structural sources of gender inequality. For example, work-related tax exemptions may disproportionally go to men, who are more likely than women to be in

Figure 4.5

Types of revenue, their regressivity and their impact on social relations

—> Direct taxes are the most progressive and encourage the greatest social solidarity



Source: Based on Delamonica and Mehrotra 2009

formal employment that benefits from these types of tax breaks. Women may face a larger burden of VAT when they are responsible for purchasing consumer goods needed in the household. Progressive income taxes may effectively tax women's income at a higher rate than men's when household income is pooled to calculate the taxes owed and women's income is seen as supplemental to that of a male breadwinner.⁶³ These distributional consequences are often not considered when setting tax policies.

Dominant macroeconomic strategies have artificially reduced the fiscal space available to governments, limiting the resources to finance social policies and programmes that can help improve gender equality. More generally, fiscal policy has been formulated with little attention to its impact on inequality and the social costs of cutbacks to government spending. There is the potential to mobilize additional resources to support the realization of economic and social rights. This requires a different approach to macroeconomic policy, as the next section will describe.

The interconnectedness of macroeconomic and social policies

Current policy frameworks and processes tend to artificially separate macroeconomic and social policies. The role of the former is seen primarily as maintaining price stability and promoting growth. When they are formulated, the impact of social policies on the macroeconomic environment and future trajectory of the economy are not considered. While social policies are recognized as important, they are to be implemented only once broad macroeconomic parameters have been set. In particular, how unpaid care and domestic work shapes the macroeconomic environment is not taken into account.

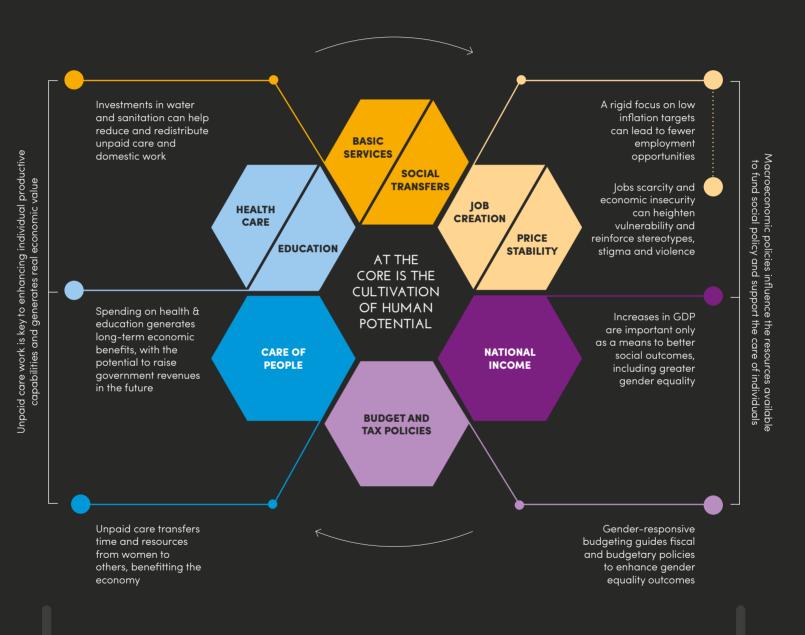
Social services, whether provided through the government, private providers or unpaid care and domestic work, have macroeconomic implications. Child development, education, health and social care policies, which were examined in detail in Chapter 3, have direct implications for productivity, growth and economic performance. Similarly, policies to support youth in the transition to young adulthood and into the labour market, discussed in Chapter 2, have implications for the performance of the economy as a whole. The artificial division between macroeconomic policies and these other policy areas means that too little attention is paid to employment, unpaid work and social issues in the formulation of macroeconomic strategies.

Figure 4.6 illustrates the interconnectedness of economic and social policies, and shows what a rights-based approach to macroeconomic policy might look like.

A RIGHTS-BASED MACROECONOMIC POLICY AGENDA

Many of the problems with macroeconomic policies discussed above are well known. Yet, in practice, policy alternatives are rarely adopted and, in most cases, the approach to macroeconomic policy as actually implemented has not changed much since the 1980s. There are alternatives to neoliberal

The divisions between economic and social policy are artificial; connecting the two is key to the realization of rights



END GOAL

The full realization of economic and social rights for all

approaches to macroeconomics, however, including various forms of Keynesian and structuralist macroeconomics. These alternatives emphasize that markets do not always function well; unregulated markets can result in financial crises, too little employment, an inadequate supply of public goods and services and environmental deterioration; distribution matters; and inequality affects economic stability and performance. They call for action by governments to regulate markets and to improve economic outcomes through employment and social policies.

Feminist macroeconomists have enriched and developed these alternative frameworks with a deeper understanding of the distributive outcomes of macroeconomic choices and by incorporating a consideration of unpaid labour, showing that these are critical to understanding how economies function.⁶⁴ In addition, a human rights-based approach to economics provides a clear framework for assessing macroeconomic policy choices, drawing on key treaties and bodies in the international human rights system that are relevant to the achievement of women's economic and social rights, particularly the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).65 Applying their principles to the conduct of macroeconomic policy has potentially transformative

implications. Specifically, a human rights framework for macroeconomic policy:

- Provides alternatives to GDP growth and low inflation as the primary goals of economic policies
- Provides a set of ethical principles for formulating and evaluating economic policies that are derived from international agreements
- Clarifies the duties and obligations of States and links to a set of national and international procedures to hold States to account
- Incorporates a democratic and participatory approach to economic governance as, from the perspective of human rights, the process of macroeconomic policy-making is important as well as its outcomes.

The human rights framework has important implications for fiscal policy, monetary policy, policies to enhance macroeconomic stability, investments in human beings and the process whereby macroeconomic policy choices are made. Box 4.3 summarizes the human rights principles and obligations, introduced in Chapter 1 (Box 1.3), relevant to developing an alternative, rights-based approach to macroeconomics.

BOX 4.3

Key principles for a human rights-based macroeconomic policy

A number of human rights principles and obligations are particularly relevant for assessing and evaluating macroeconomic policy from a human rights perspective.

Non-discrimination and equality: For rights-based macroeconomic policies, this means that consideration of distributive outcomes is essential. Macroeconomic policies need to be evaluated in terms of biased or unequal outcomes with regard to the enjoyment of rights. This is an immediate obligation of governments.

Minimum essential levels: Macroeconomic policies need to be formulated such that minimum essential levels of economic and social rights are met. For example, individuals should not be deprived of essential food, basic shelter or education. This is also an immediate obligation.

Progressive realization and non-retrogression: Economic and social progress is measured in terms of the progressive realization of rights over time, not growth as captured by gross domestic product. Macroeconomic policy choices should guard against eroding those rights over time (i.e., against retrogression).

Maximum available resources: Macroeconomic policies—including government spending, taxation, debt financing and monetary policy—influence the resources available for realizing rights. Governments have an obligation to take steps, to the maximum of their available resources, to realize economic and social rights over time.

Accountability, transparency and participation: There should be democratic participation in macroeconomic policy-making including budget processes and monetary policy. Meaningful participation requires access to information (transparency) and the ability to hold governments to account (accountability).

Extraterritorial obligations: Within the human rights framework, extraterritorial obligations refer to acts and omissions of a government that affect the enjoyment of rights outside of the State's own territory. ⁶⁶ At the global level, a coordinated approach to macroeconomic policy is necessary if rights are to be realized to the greatest extent possible.

MAXIMIZING RESOURCES FOR SUBSTANTIVE EQUALITY

Domestic resource mobilization is critical to the realization of rights and greater gender equality. Governments should take steps, to the maximum of their available resources, to realize economic and social rights over time (see Box 4.3). Macroeconomic policies-including tax policy, government expenditures and debt management—directly affect the resources that can be used to realize rights. Although tax cuts and reductions in public spending have reduced fiscal space, many countries do have the ability to generate additional public resources. This section focuses on how additional resources can be mobilized by improving the efficiency of revenue collection, broadening the range of taxes used to generate revenues and borrowing to finance

investments with significant social returns. The international dimensions of resource mobilization are discussed later in the chapter.

Raising revenues by improving the efficiency of tax collection

Tax revenues can be increased by improving the efficiency of tax collection through addressing institutional and capacity constraints or by introducing new taxes. This is particularly important in low-income countries, where problems with tax administration are often acute. A more efficient tax system also generates wider benefits by lowering the time and effort it takes to comply with tax laws and allowing countries to adopt more diverse forms of taxation.⁶⁷

Many countries in sub-Saharan Africa have generated additional public revenues by

improving the way in which taxes are collected.68 Reforms undertaken include organizing tax collection on a functional rather than geographic basis (e.g., business taxes, income taxes, VAT); creating independent collection agencies; issuing certificates of good tax compliance to businesses that pay their fair share; and improving tax education and services to assist taxpayers. 69 Reforms by the Rwanda Revenue Authority (RRA), for example, have resulted in a 60 per cent increase in government revenues as a share of GDP between 1998 and 2005-from 9 per cent to 14.7 per cent. At the same time, the costs of collection have been lowered. The reforms include strengthening the RRA's internal organizational structures and establishing greater accountability with other parts of government and the taxpayers.⁷⁰

As a result of trade liberalization, some countries have lost revenues from trade taxes and have not adequately replaced them with other revenue sources. A study of eight countries—Côte d'Ivoire, Egypt, Jordan, Kenya, Malawi, Senegal, Sri Lanka and Uganda—compared countries that were able to recover lost trade tax revenues with those that

had not succeeded in doing so and found that domestic tax reform, including an expansion of consumption and income taxes, was essential to protecting government revenues. Thore generally, macroeconomic policy should aim at expanding the mix of revenue sources in order to expand fiscal space and maximize potential revenue generation. The appropriate mix of taxes will vary from country to country depending on resource endowments, administrative capacity and the structure of the economy. However, all countries should be able to review the existing tax structure and tax base and identify reforms that would increase public resources.

Mobilizing tax revenues to fund social protection

The Plurinational State of Bolivia and Botswana have used revenues generated from natural resource extraction to finance their social protection systems, including health-care programmes, income support for vulnerable populations and old-age pensions. ⁷² Along similar lines, Papua New Guinea is considering using revenues from gas production to set up a sovereign wealth fund that could fund social policies (see Box 4.4).

BOX 4.4

Creation of a sovereign wealth fund in Papua New Guinea

In May 2014, Papua New Guinea started exporting liquefied natural gas to Asia under the LNG Project, and Government revenues are expected to increase substantially as a result. In order to manage the economic consequences of this resource boom, the Government has been considering the establishment of a Papua New Guinea Sovereign Wealth Fund (PNG SWF). It is hoped the SWF will address financial management challenges—including poor accountability, weak governance and lack of independence of fund managers—that have undermined budgetary and fiscal processes in the past and also allow the Government to better manage the macroeconomic consequences of a significant increase in financial flows into the country. The establishment of the SWF therefore has the potential of dramatically increasing fiscal space without compromising macroeconomic stability. The resources generated can be used to implement and expand social policies that address the challenges faced by women.⁷³

Brazil introduced a tax on financial transactions in 1997 to expand fiscal space and used most of the revenue to fund social policies and services such as access to health care and social protection, including the *Bolsa Família* cash transfer programme. In 2008, the financial transaction tax was eliminated, and tax revenues are now raised from other sources such as an increase in the social security contribution of financial institutions and a tax on credit operations and currency transactions.⁷⁴ For many countries, expanding contributions to the social security system has proven to be an effective means of enlarging fiscal space.⁷⁵

Tax systems can be used to redistribute income and to redress socio-economic disadvantage by ensuring that women and marginalized groups are not disproportionately burdened and that they share equally in the benefits and services these revenues finance. For example, for value-added and sales taxes, expenditures on basic needs items should be exempted or zero-rated since such spending absorbs a large share of poorer people's and specifically women's income. Meanwhile, tax exemptions and allowances that primarily benefit wealthier groups can be minimized or removed.

Resources can also be mobilized by reprioritizing spending to ensure better outcomes with regard to gender equality. Budget allocations should be moved from areas that have low social returns or fail to mitigate existing inequalities to areas that have higher returns and contribute to better distributive outcomes. The Governments of Cambodia, Costa Rica, Mauritius and Sri Lanka, for example, have reduced defence and security expenditures in order to support increased social spending.⁷⁶ Similarly, Thailand expanded the resources available for universal health coverage, discussed in Chapter 3, through budget reprioritization.⁷⁷ Subsidies that support specific interest groups, such as large-scale bailouts of financial sectors, represent a poor use of scarce fiscal resources.⁷⁸ These should be reduced or eliminated to finance strategic social and public investments.

Public borrowing and debt restructuring

An additional way of financing social expenditures to support the realization of rights is through public borrowing. However, borrowing creates a claim on future budgets since debt has to be serviced and repaid. Moreover, external debt carries additional risks since a depreciation of the exchange rate can increase the burden of servicing it. In deciding whether deficit financing can contribute to the sustainable realization of rights over time, it is critical to consider whether the government is using the debt in ways that support the fulfilment of rights without compromising future streams of revenue—which would violate the principle of maximum available resources if future generations are considered.

Borrowing to finance social investments can raise productivity and encourage greater private investment, leading to higher rates of growth. Faster growth generates additional economic resources that can support higher tax revenues and allow governments to pay back the debt.⁷⁹ For example, debt-financed fiscal expansions are more likely to be sustainable when the additional spending is concentrated in productivity-enhancing areas such as education.⁸⁰

At the same time, large debt burdens can reduce the resources available to finance social investments when debt-servicing costs crowd out other areas of spending. In these cases, reducing debt burdens or restructuring the national debt can free up financial resources. For example, Thailand was able to reduce its debt servicing costs, partly by reducing its reliance on external debt, and one third of the resources freed went to fund social programmes.⁸¹

The trade-offs associated with debt-financed government expenditures need to be taken into account. Government borrowing usually takes place in the context of unequal power relations. The threat of withholding access to credit and the ability to demand repayment on specified terms, for example, give lenders considerable power over borrowers. Debt becomes a disciplinary device that can be used to shape government

policy and reinforce global dependencies. The imposition of structural adjustment programmes during the Latin American debt crisis in the 1980s is just one example of these dynamics. The austerity programmes adopted as a result of the European sovereign debt crisis following the 2008 global financial crisis reflect similar power relations 82

Towards gender-responsive public spending

If economic policies are to support the achievement of substantive equality, they must be non-discriminatory in both design and effect. To comply with principles of non-discrimination, public spending should not be allocated in ways that reinforce existing inequalities or fail to deliver benefits to vulnerable and marginalized populations.⁸³ This requires an auditing of budgets in terms of their distributive consequences in addition to specific areas of spending. Resources can be mobilized for gender equality by re-prioritizing spending to ensure better outcomes in this regard.

Gender-responsive budgeting is a widely applied approach that aims to guide the formulation of fiscal and budgetary policies to enhance gender equality outcomes. It can also be used to assess compliance with human rights obligations such as those found in CEDAW.84 Gender-responsive budgeting involves analysis of the gender-specific impacts of the allocation of public spending, taxation and public service delivery using sex-disaggregated data on the beneficiaries of different categories of spending or service provision and on the incidence of taxation.85 It has also been used to assess Official Development Assistance (ODA).86 A gender analysis of national budgets should also, ideally, examine fiscal policy at the aggregate level: total spending, total revenues and deficit financing. Given the key role of paid employment in improving gender equality, it is important not to limit budget analysis to social expenditures such as health, education and social security but to also include consideration of public investments in economic sectors such as infrastructure.

For example, the Government of Nepal introduced gender-responsive budgeting in fiscal year 2007/2008 by integrating a gender perspective into the country's development policy framework. Specific measures included gender audits of line ministries, gender assessments, awareness-raising and the establishment of a Gender Responsive Budget Committee. The Ministry of Finance developed a budget tracking system to measure the gender responsiveness of public spending and donor aid. As a result of these changes, gender-responsive budget allocations in Nepal increased steadily from 11 per cent in 2007 to almost 22 per cent in 2014. This has contributed to better public services for women and girls. The Government has now committed to conducting a comprehensive impact evaluation to assess how and to what extent the increase in allocations has contributed to changes in the lives of women.87

Recommendations

Making women's rights real requires raising sufficient resources and allocating them in ways that honour the principles of non-discrimination and equality. In designing and implementing fiscal policies governments should:

- Improve the efficiency of tax collection through addressing institutional and capacity constraints, which can mobilize additional resources even if the tax mix and tax rates do not change
- Increase tax revenues by introducing new taxes and tax policies that generate resources from under-taxed areas, such as the financial sector or natural resource exports
- Reprioritize expenditures towards areas that advance gender equality and support the realization of rights
- Design tax systems to redistribute income and to redress socio-economic disadvantage by ensuring that women and marginalized groups are not disproportionately burdened

- Use borrowing where appropriate to mobilize resources to improve substantive equality, particularly when those resources are used to finance investments, including investments in human capacities, with significant long-term social returns
- Assess additional borrowing to ensure that it is sustainable and that growing debt servicing costs do not compromise the realization of rights in the future
- Use gender-responsive budgeting to guide revenue mobilization and spending decisions.

MAKING MONETARY POLICY WORK FOR HUMAN RIGHTS

The human rights principles of non-discrimination and equality, the use of the maximum of available resources and accountability, transparency and participation have important implications for the conduct of monetary policy. Monetary policy directly affects the resources available for the realization of economic and social rights, especially the right to work, by influencing interest rates, exchange rates and the amount of credit available in the economy. However, central banks are rarely held accountable for human rights obligations.

Conventional monetary policy typically has one target—inflation—and a narrow set of policy tools for achieving this goal: interest rates or the growth rate of the money supply. Central banks typically are expected to keep inflation as low as possible in line with policies of price stability. The trade-offs between maintaining inflation targets, the realization of rights and gender equality are rarely considered. Although managing inflation is an important goal of monetary policy, the benefits of maintaining very low rates of inflation are not always clear, particularly when trade-offs exist.⁸⁸

An alternative approach would be to incorporate other targets into the formulation of monetary policy, such as real economic activity, employment or incomes.⁸⁹ Monetary policy committees could be mandated to consider the distributive consequences

of their policy choices, including the impact of inflation and interest rates on gender equality and other distributive outcomes.

In the wake of the 2008 crisis, many central banks altered their approach to monetary policy by focusing on stimulating real economic activity rather than exclusively on inflation. In Brazil, for example, the central bank (Banco Central do Brasil) lowered interest rates significantly in reaction to an initial sharp decline in real GDP.90 The Federal Reserve in the United States pursued a policy of quantitative easing—buying financial assets to directly increase the supply of money in the economy—in response to historically high levels of unemployment and the need to insure adequate liquidity for the financial sector.91 Although quantitative easing may help to address unemployment and stabilize the economy, the wealthy appear to have disproportionately benefited in countries where this policy was adopted.92 It may also have spill-over effects on other economies by increasing capital flows, raising asset prices and affecting exchange rate.93 These cross-border issues are explored in greater detail in the section (Global economic governance and gender equality).

Monetary policy influences the amount of credit created by the banking sector. How these resources are used—and the extent to which they support social objectives, including improvements in gender equality—depends on how the financial sector is organized and regulated. ⁹⁴ Central banks have a key regulatory role, setting out the rules and incentives and determining how the financial sector channels and allocates its resources. By changing these rules, central banks can channel credit to uses that support the realization of rights and promote gender equality.

For example, central banks could strengthen the regulatory requirements on commercial banks that fail to extend a certain amount of credit to areas associated with the realization of economic and social rights, including housing, job-creating investments or loans to self-employed women. Public development banks could direct resources to priority areas when social goals and private

incentives diverge. Credit allocation policies extend the toolkit available to pursue a range of objectives and should be considered as part of an alternative approach to macroeconomic management.

Due to the increased mobility of capital and finance across borders, however, governments may have restricted scope when it comes to implementing alternative monetary policies. Many countries cannot implement independent exchange rate and interest rate policies, limiting their ability to pursue monetary alternatives. This raises important issues of policy space, state sovereignty and global economic governance, which are explored in greater depth later in this chapter.

Recommendations

In order to help realize economic and social rights and contribute to substantive equality for women, monetary policy should:

- Incorporate additional targets beyond a narrow focus on reducing inflation, such as real productive activity, employment or incomes with links to the realization of rights over time
- Consider distributive consequences, via monetary policy committees, including the impact of inflation and interest rates on gender equality
- Adopt central bank policies and regulations that encourage commercial lending to support the realization of economic and social rights, through investments in housing and sectors with high potential for job-creation or loans to small enterprises and self-employed workers
- Consider introducing requirements and incentives that encourage commercial banks to extend additional credit to areas of social concern such as housing, job-creating investments or credit to agricultural and smallscale businesses; development banks could also direct resources to these priority areas
- Increase accountability, participation and transparency in the formulation of central bank

policy, including through strengthening the voices of women's rights organizations.

GUARDING AGAINST RETROGRESSION OF ECONOMIC AND SOCIAL RIGHTS

Financial globalization has brought with it a threat of destabilizing financial flows and periodic economic crises that can result in a rollback in the realization of rights. As part of their obligations in the international human rights system, States should take steps to guard against retrogression in the enjoyment of rights, such as a reduction in labour rights, an increase in demands on women's unpaid labour or increases in violence against women.

Macroeconomic policy should therefore aim to reduce vulnerabilities by minimizing systemic risks. A range of experiences discussed in this Report highlight the gender-differentiated outcomes of the response to a negative economic shock that affect women's labour force participation, demands on their unpaid labour and the distribution of income and power within the household. Macroeconomic policy can address instability by ensuring that adequate resources are available to finance social protection for vulnerable groups and populations to cope with adverse shock (as described in Chapter 3). Social protection policies also have macroeconomic implications. For example, countries with externally oriented economies are highly susceptible to shocks in the global economy. Social protection policies operate as automatic stabilizers in the face of such volatility, thereby contributing to the country's economic development (see Box 4.5).

Macroeconomic policy has a fundamental role to play in decreasing the likelihood of a devastating economic setback, such as the 2008 global financial crisis, that can lead to retrogressive outcomes with regard to human rights. One of the contributing factors to the crisis was a lack of adequate regulation in countries with major financial centres—specifically United States financial markets.⁹⁵ These kinds of financial crisis can be reduced, and their negative consequences contained, through prudential financial regulation.

BOX 4.5

Social protection and gender equality in Costa Rica

Costa Rica's economy is heavily reliant on exports, including electronics and agricultural products, and tourism. Because of its outward orientation, the country is exposed to intense competitive pressures and the ups and downs of the global economy. To manage these risks, it has adopted inclusive social policies, including universal health and education services and broad-based social protection measures. Investments in infrastructure and education help support the country's competitive position internationally. Not only does Costa Rica's approach to social policy contribute to economic stability but there is also evidence that these policies support greater gender equality as well. Specifically, the social protection system allows women to choose alternatives to traditional household structures, including heading up households of their own.⁹⁶

Within the human rights framework, States have an obligation to protect rights from actions taken by third parties that threaten or undermine those rights. This includes maintaining an adequate system of regulation to restrict the kinds of investor behaviour that contribute to financial and economic crises. Stabilizing the macroeconomic environment can thus be seen as an aspect of complying with the human rights obligation to protect.

Various measures can be adopted to promote this economic stability. Capital controls can reduce the chance that a country will experience a massive outflow of short-term financial resources that can trigger a crisis. 97 Many countries, including Brazil, Chile, China, Colombia, India and Malaysia, have used these kinds of policies to reduce volatility and retain a stronger influence over domestic policy.98 At the national level, macro-prudential policies can prevent the financial system from becoming dangerously fragile.99 Examples of macroprudential regulations include making the capital requirements of banks dependent on economic conditions, so that capital requirements increase when credit expands too rapidly; requiring that the assets of financial institutions be linked to their equity; and limiting debt-financed acquisition of financial assets. These interventions expand the scope for macroeconomic policy to supporting broader social objectives.

Recommendations

Macroeconomic and social policies need to work in tandem to improve economic stability, allowing individuals and households to cope with economic shocks that can lead to retrogression in economic and social rights and exacerbate gender inequalities. To facilitate policy synergies, governments should:

- Put in place social protection policies that act as 'stabilizers' to reduce macroeconomic volatility while also contributing to substantive equality
- Introduce financial regulations that lessen the likelihood of macroeconomic volatility that can trigger an economic crisis
- Consider the implementation of capital controls and macro-prudential policies, which reduce the risk that a country will experience a massive outflow of short-term capital, in order to prevent the financial system from becoming dangerously fragile.

PREVENTING THE ACCUMULATION OF SOCIO-ECONOMIC DISADVANTAGE

The human rights framework stresses the progressive realization of rights over time. Realizing rights requires investments in human beings through a range of policies, including social protection and

social services (see Chapter 3). There are key stages in the life cycle when the impact of investing in human beings is particularly significant for realizing their potential. Early childhood and the transition from youth to adulthood are stages of heightened vulnerability, when the failure to adequately invest in human capacities can have long-term consequences for the realization of rights. Moreover, investments in human beings are essential for the sustainable functioning of the economy within which human rights are realized. Yet the macroeconomic implications of these investments are rarely recognized.

An alternative approach to macroeconomics would make explicit these connections between social investments and economic outcomes and prioritize social policies and care work as key areas of investment for the long-term realization of rights. This would introduce the possibility of using fiscal expansion to mobilize resources for gender equality and enhance the scope for financing economic and social investments and supporting care work to reduce women's socio-economic disadvantage.

Investing in early childhood development

Investments in early childhood development have long-term macroeconomic implications but are typically ignored in macroeconomic policy-making. Such investments affect cognitive development, subsequent educational achievement and health outcomes, with important consequences for overall economic performance.¹⁰⁰ In other words, they affect the realization of certain economic and social rights over time. The quality of investments made in children, however, is correlated with households' socio-economic status, providing a channel for the transmission of poverty and inequality across generations.¹⁰¹ In order to prevent social inequality deepening over time and to equalize real opportunities, macroeconomic policies need to support adequate investment in the childhood development of low-income households in particular.

Unpaid care and domestic work is central to this investment in early childhood development. Direct interactions between children and caregivers—

including speech, gestures, facial expressions, physical contact and body movements—provide the stimulation necessary for children's cognitive development. This direct care represents a critical component of the unpaid labour necessary to keep an economy going, and which, because of its long-term consequences, needs to be recognized in macroeconomic policy.

This raises a fundamental challenge for macroeconomic policy. Care work is necessary to the investment in human beings required to support a viable macroeconomic environment. But the current distribution of unpaid care and domestic work between women and men is highly unequal, as shown in Chapter 2, and so it entrenches women's socio-economic disadvantage and perpetuates the undervaluation of this work. To redress this disadvantage and advance substantive equality, public investments in basic infrastructure and social services can be made to reduce and redistribute unpaid care and domestic work through, for example, investments in basic social infrastructure and childcare services (see Chapter 3).

Investing in youth and the demographic transition

As Chapter 2 highlighted, the transition from adolescence into young adulthood is a period of heightened vulnerability for young women and men—with long-term consequences for the enjoyment of rights over the course of their lives. Studies suggest, for example, that conditions experienced before the age of 18 explain approximately 50 per cent of the variation in lifelong earnings. 103 Youth transitions are therefore not only critical for employment policies but also have far-reaching implications for macroeconomic performance and human development.

The overall demographic structure of an economy has an important influence on economic development and living standards. In many lower-income countries in South Asia and sub-Saharan Africa, the youth share of the population is sizeable. Young people represent

a critical resource that has the potential to positively support future economic development and structural transformations through what is known as the 'demographic dividend'. As the youth population enters the labour force, productive activity increases and contributes to growth. At the same time, the number of dependents (young children and older adults who are no longer economically active) falls relative to the working age population, helping to raise average living standards.

This transition can be observed, for example, in the Republic of Korea, which had a very young population in 1950 but where today the demographic distribution has changed and simultaneously living standards have risen very significantly.¹⁰⁴ Two conditions are necessary for this demographic dividend to be realized: fertility rates must fall as youth enter the labour force; and youth must be productively employed.¹⁰⁵ The realization of the demographic dividend therefore depends on young women's and men's reproductive choices and labour market opportunities.

Changes in fertility rates are linked to improving educational and economic opportunities for young women. Girls who stay in school longer tend to both marry and have children later in life. Not only does this affect average fertility rates, it also decreases the risk of maternal and child mortality. Over time, increasing girls' and young women's reproductive choices has the potential as well to increase their autonomy, their ability to make independent decisions and their enjoyment of rights. Research in Bangladesh, for example, indicates that delaying marriage for young women raises educational attainment, improves literacy and increases the use of preventative health services.

By contrast, girls who bear children at a young age face critical challenges to their human development. In Latin America, young women who give birth before the age of 16 are three to four times more likely to die in childbirth than women in their 20s; worldwide, complications during pregnancy and childbearing are leading causes

of death among adolescent girls between 15 and 19 years old. 108 Access to health services is essential to securing women's reproductive rights and protecting their bodily autonomy (see Chapter 3).

Young men face a distinct set of vulnerabilities reflected in their disproportionate representation in deaths from violence, homicide and suicide. 109 In many circumstances, they face enormous pressures to demonstrate their ability to take on traditional male roles as the primary breadwinners and the source of support for their families, often including their parents. 110 A failure to live up to these expectations can lead to intense emotional stress with dramatic implications for the lives of young men, manifesting itself as violence, depression or a propensity towards risky behaviour. 111

The right to education is a critical factor determining the labour market risks that youth face and is a major path to better economic opportunities in the future.¹¹² Access to education is unequally distributed among youth, however, and the quality of schooling varies with socio-economic status, with poorer youth having worse educational outcomes on average.¹¹³ As Chapter 2 highlighted, young women face more challenging labour market transitions than young men and gender gaps frequently widen in adolescence and young adulthood.¹¹⁴ Expectations that young women will assist older women with unpaid care and domestic work limit their choices with regard to education, labour force participation and the types of employment accessible to them.

In a rights-based approach to macroeconomic policy, investments in human beings should not be judged solely with regard to their effects on productivity or per capita income. Social policies that support care for the elderly, discussed in Chapter 3, or that enhance the lives of those with severe disabilities, for example, are also critical to the realization of rights even when they have little direct impact on economic growth.

Recommendations

Investments in human beings, particularly during the critical stages of early childhood and

youth, can prevent the accumulation of socioeconomic disadvantage and its transmission across generations and improve long-term macroeconomic performance. Governments should:

- Support investments in early childhood development while reducing inequalities arising from the unequal burden of unpaid care and domestic work on women (see Chapter 3)
- Address the vulnerabilities that youth face by investing in education, implementing employment policies to create economic opportunities for youth and reducing inequalities between young women and men (see Chapter 2)
- Strengthen reproductive rights, sex education and access to reproductive health services, especially for adolescent girls and young women, so that they have a broader range of choices with regard to childbearing and marriage
- Administer regular time-use surveys in order to monitor the true costs of investing in human beings and the impact social policies, such as early childhood development initiatives, have on the distribution of unpaid work.

DEMOCRATIZING MACROECONOMICS BY STRENGTHENING WOMEN'S AGENCY, VOICE AND PARTICIPATION

A human rights-based approach to macroeconomic policy requires that there is meaningful democratic participation, that policy processes are transparent and that governments are accountable for their policy decisions. Strengthening women's agency, voice and participation is crucial to the achievement of substantive equality, as this Report has shown, and must be extended to macroeconomic policy-making.

Macroeconomic policy formulation is typically seen as a technocratic process, carried out with little or no direct participation by the different social groups affected, including women's organizations. Strengthening women's voice in the development of macroeconomic policy partly involves increasing their presence in decision–making in general. In addition, women's organizations and associations need to hold

policy makers to account regardless of whether those making the decisions are women or men. Different forms of collective action can allow women to question current macroeconomic policies and, when needed, press for alternatives.

The degree of participation in policy-making varies depending on the specific area. Take the example of monetary policy, where women's voice is particularly silent in deliberations. Since central banks in most cases function independently from government, possibilities for participation and accountability through the state are often limited. As of July 2014, women were in the top leadership positions (e.g., they were the governor or equivalent) in just a handful of countries, including Botswana, Honduras, Israel, Lesotho, Malaysia, Russian Federation and the United States.¹¹⁵ Women are also grossly underrepresented on the decision-making bodies of central banks. There is only one woman on the sixmember executive board of the European Central Bank and two women on the 24-member governing council, for example.¹¹⁶ Women's representation in key macroeconomic decision-making bodies must increase if improvements in women's voice are to be realized (see also Figure 4.8). Nevertheless, better representation alone is not sufficient. Women's interests, especially the interests of the most vulnerable women, must be brought into these organizations and political bodies.

Participation in macroeconomic decision-making and the ability to hold governments to account require information. Governments vary in the degree of transparency associated with their policy-making processes. Consider the example of fiscal policy. Budget processes vary widely in terms of the level of transparency, illustrated by the variation in score between countries on the Open Budget Index (OBI).¹¹⁷

The OBI 2012 was calculated for a total of 100 countries, with scores between 93 and zero. Figure 4.7 shows the scores, which range from 93 (New Zealand) to 0 (Equatorial Guinea, Myanmar and Qatar). Some countries, such as New Zealand, South Africa and the United Kingdom, have achieved high levels of transparency. However, the wide variation in scores underlines that, for others, there is considerable room for improving the openness of the

budget process. The index focuses primarily on the availability of budget information. Other dimensions of democratic macroeconomic management—such as public accountability and participation—are not fully reflected in these numbers.¹¹⁹

Women's groups have engaged directly with policy makers on fiscal policies, focusing on gender inequalities in budget and tax policies. Part of this engagement has involved gender-responsive budgeting, discussed above. The Women's Budget Group in the United Kingdom has generated research and analysis tracking inequalities between women and men in the implementation of the United Kingdom's austerity programme following the 2008 global economic crisis. ¹²⁰ Similarly, in the United Republic of Tanzania, TGNP Mtandao has engaged in gender budget analysis, training and lobbying to push for greater gender equality in economic policymaking (see Box 4.6). ¹²¹

BOX 4.6

Campaigning for gender equality in budget policy in the United Republic of Tanzania

TGNP Mtandao (formerly the Tanzania Gender Networking Programme) began the Gender Budget Initiative in 1996 as a response to the falling quality of public social services following structural adjustment policies in the 1980s. The broad aim of the Initiative is to make decision-making processes on policies, budgets, taxes and debts more democratic, participatory and responsive to the needs and demands of marginalized women and their communities.

TGNP Mtandao works closely with officials in the Ministries of Finance and Planning and provides inputs into the budget guidelines for sectoral ministries, as well as regional and local governments. Budget planners in priority sectors, as well as members of Parliament, are sensitized regarding the importance of gender-responsive resource allocation. MPs use the information provided by TGNP Mtandao to raise questions on gender equality issues during committee and plenary debates at the Parliament. In addition, TGSP Mtandao organizes local and regional courses on gender budgeting and macroeconomic policy for policy makers, practitioners and civil society activists. Media campaigns and publications are used to keep the public informed about the main issues of the gender budget review process.

As a result of these efforts, the Government has endorsed gender budgeting and included it in the budget guidelines. A growing number of other civil society organizations now engage with the broader budget process or focus on particular sectors such as health, education, water and agriculture. Government reports and budgets include more sex-disaggregated data and gender analysis. Unpaid care and domestic work is also being measured as part of the official Labour Force Survey.

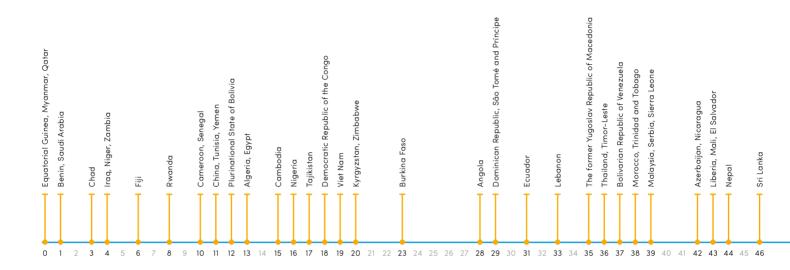
A number of concrete policy changes have followed. Primary school fees were abolished, again, and farm input subsidies reintroduced, in part due to public pressure supported by the campaign. Gender budgeting initiatives elsewhere in Africa have drawn heavily on the Tanzanian experience as a model.

A major and lasting achievement, overall, has been increased awareness among grassroots activists of the importance of budget processes and the strengthening of their capacity to hold elected representatives to account. Local government leaders at village, ward and district levels have responded positively, in many cases, by removing incompetent or corrupt practitioners or providing more resources to support the priorities of communities.¹²²

Figure 4.7

Open Budget Index, 2012

→ There is large variation in the transparency of governments' budget-making processes



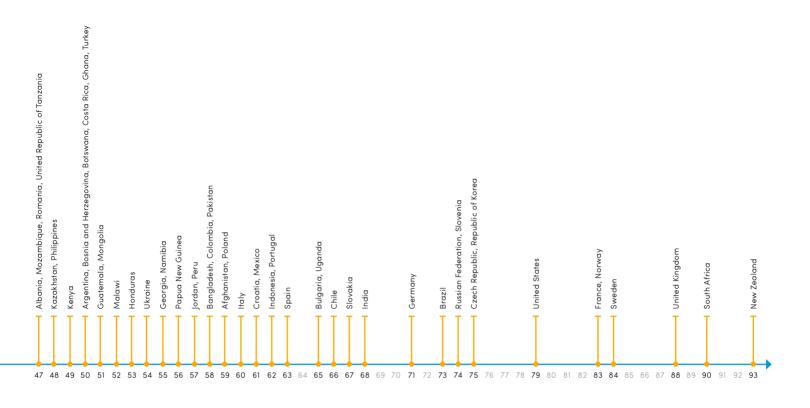
Source: IBP 2014

Note: The Open Budget Index is a survey that evaluates the transparency of governments' policy making processes, through assessing: the extent to which they give public access to budget information—including the pre-budget statement, budget proposal, enacted budget, audit reports, etc.—and whether citizens are given the opportunity to participate in the budget process at the national level. The analysis also assesses the capacity and independence of formal oversight institutions. Countries are ranked based on a score between 0 and 100 (with 100 being the most transparent).

Recommendations

In order to contribute to substantive equality, civil society—including women rights activists—must be able to voice their concerns and priorities in the discussion, decision-making and implementation of macroeconomic policy. Key measures to strengthen women's agency, voice and participation in these processes are:

- Improve the transparency, degree of participation and accountability of the institutions that develop and implement macroeconomic policy
- Ensure that information regarding budgets, tax policy, monetary policy and other aspects of macroeconomic policy is readily available, accessible and presented in a form that can be used by the public
- Strengthen the capacity of civil society and women's organizations to engage with macroeconomic policy through initiatives such as gender-responsive budgeting.



GLOBAL ECONOMIC GOVERNANCE AND GENDER EQUALITY

Although macroeconomic policies are still primarily formulated at the national level, the economies of the world have become increasingly interconnected. Financial flows and productive resources are mobile across national boundaries and shift in response to changing economic conditions. Production processes are fragmented in global value chains. Corporations operate in many countries simultaneously and move operations and resources across their affiliates.

The growing integration of the world's economies means that actions taken by one government affect the realization of rights elsewhere. Moreover, the proliferation of agreements to liberalize trade and financial flows between countries limits the policies that individual governments can adopt. Increasingly, this disjuncture between national policy processes and global integration compromises economic management.

Article 2.1 of the ICESCR states the need for 'international assistance and co-operation', suggesting that a coordinated approach to macroeconomic policy is necessary if rights are to be realized. However, international coordination of macroeconomic policies to support the realization of rights is rudimentary, at best. This lack of effective global governance places significant constraints on the ability of many governments to implement policies that would support the achievement of substantive equality for women.

GLOBAL ECONOMIC INTEGRATION AND POLICY SPACE

Global economic integration constrains the ability of governments, to varying degrees, to use macroeconomic policy to create an enabling environment for the realization of economic and social rights.

The free flow of finance, for example, has the potential to destabilize national economies. A rapid inflow of capital, in the form of short-term investments, can easily reverse itself, leading to the depreciation of a country's currency and a more general financial crisis—as was the case with the East Asian financial crisis and similar subsequent crises.¹²³ The United States financial crisis, which affected countries around the world, was due in part to inadequate regulatory safeguards. Innovative financial products are often poorly regulated and contribute to systemic risks that, in the event of a meltdown, generate enormous human costs extending beyond national borders.¹²⁴ Monetary policy is constrained by unhindered capital flows. A central bank may not lower interest rates below those in other countries in an effort to keep capital from leaving. Yet, high interest rates make

debt servicing more costly and may increase overall macroeconomic fragility, threatening the sustainability of employment and social policies.¹²⁵

Not all countries are equal in terms of their ability to implement independent macroeconomic policies in a globally integrated world. Larger, more systemically influential economies have a wider range of policy options available when responding to economic shocks compared to smaller, more dependent economies.¹²⁶ For example, China and the United States were able to respond to the 2008 crisis by implementing counter-cyclical stimulus policies in an effort to offset the negative consequences of the financial shock.¹²⁷ Less well-positioned economies, however, experienced different effects of the crisis, including capital outflows as financial investors sought out safe havens.¹²⁸ These economies often implement pro-cyclical policies such as higher interest rates and cuts to government spending in an effort to stem financial outflows, often under the influence of global institutions such as the IMF.¹²⁹ For example, the austerity programmes implemented in countries such as Greece due to the sovereign debt crisis represent a type of pro-cyclical policy drastically cutting spending after a country has already received a substantial negative shock.

As a result, national capacities to respond to global crises are highly uneven. Countries that are able to implement independent macroeconomic policies can take steps to mitigate backsliding on economic and social rights due to economic shocks. Meanwhile, other countries are obliged to adopt macroeconomic policies that contribute to, rather than alleviate, such retrogression. The options for conducting independent macroeconomic policy are particularly constrained in post-conflict countries (see Box 4.7).

BOX 4.7

Constraints on macroeconomic policy in post-conflict settings

Conflicts undermine the normal functioning of economies and destroy the institutional infrastructure needed to implement macroeconomic policies. Effective macroeconomic management requires that certain key institutions are in place, but in post-conflict situations those institutions have often been damaged or destroyed. Macroeconomic strategies for post-conflict countries must therefore rebuild many of the institutions that are often taken for granted elsewhere.

Consider Liberia, which emerged from over a decade of violent civil war in 2003. The macroeconomic toolkit had been severely depleted, and a huge gap existed between the need for social spending and the government revenues that could be generated. Resources for government spending predominantly came from donor countries, with a very small role for policies to support domestic resource mobilization. The Government was required by the donors to meet a balanced budget requirement that drastically narrowed the scope for implementing fiscal policy—for example, using deficit financing to increase public spending when the 2008 financial crisis negatively impacted the economy through rapidly falling commodity prices. One instrument of monetary policy involves the buying and selling of government bonds to influence the money supply, but a well-functioning bond market did not exist. This not only restricted the ability of the Government to borrow domestically, it also limited the scope of monetary policy. Monetary policy was further constrained by the use of the US dollar as the currency for many transactions.

Part of the reconstruction effort in post-conflict situations must involve institutional development to allow countries to pursue independent macroeconomic policies—such as creating a functioning bond market or setting up an effective system for administering tax policies. Donors should also relax conditionalities that bar a country from implementing its own macroeconomic policies. This kind of institutional development should explicitly incorporate gender equality as a goal and women's participation as an essential part of efforts to rehabilitate macroeconomic policy-making.¹³⁰

The lack of global coordination also affects the ability of governments to mobilize the maximum of available resources. Countries that act as tax havens, maintaining low tax rates, facilitate tax avoidance and evasion. Multinational corporations use a variety of accounting techniques, including 'transfer pricing', to suggest that their profits are accruing in tax havens and thereby to lower their overall contribution.¹³¹ Estimates of the annual tax revenue lost to developing countries due to trade mispricing put it at between \$98 and \$106 billion, nearly \$20 billion more than the annual capital costs needed to achieve universal water and sanitation coverage by 2015.¹³²

Trade agreements limit policy space

Policy space is further limited by a growing number of multilateral and bilateral trade agreements, which increasingly incorporate provisions involving foreign investment and services that protect the rights of transnational business in ways that make it more difficult to realize the rights of individuals. Since the mid-1990s, over 200 regional trade agreements (RTAs) have been signed, with provisions covering trade in services and foreign investment that typically set limits on regulatory actions by governments and create barriers to the expansion of public services. These agreements sometimes involve sales of state assets and greater economic deregulation, based on the assumption that the private sector is more efficient and better for growth. Many such

agreements require commercial interests to be compensated when public services are expanded into new areas or when privatization is reversed.

The liberalization of trade in services promoted by such trade agreements has particularly negative implications for unpaid work.¹³³ As services such as water, health care or public transportation come to rely on market-based user fees, an unequal structure of access emerges with poor households marginalized or excluded. This leads to women and girls spending more time on daily livelihood activities such as fetching clean water, cooking and caring for the ill, young or frail elderly.

Trade agreements have led to challenges to national health policies by private investors in, for example, Poland and Slovakia.¹³⁴ Elsewhere, as in the Plurinational State of Bolivia, governments have resisted attempts by private investors to sue them under the rules of trade agreements following contract cancellations. In 1999, the Government of the Plurinational State of Bolivia privatized the municipal water system in Cochabamba, granting a 40-year contract to Bechtel, a multinational based in the United States. It subsequently cancelled the contract in the face of widespread protest due to the company's failure to supply adequate water, especially to poor communities. Bechtel then sued for compensation under a bilateral investment

treaty between the Plurinational State of Bolivia and the Netherlands. Finally, in 2006, Bechtel settled for a token amount in the wake of an international campaign against the company.¹³⁵

In their responses to the 2008 financial crisis, European and North American government measures such as massive financial bailouts and subsidies to automakers transgressed the terms of trade agreements, underlining the limits that agreements place on policy space.¹³⁶

A RIGHTS-BASED FRAMEWORK FOR GLOBAL ECONOMIC GOVERNANCE

From a human rights perspective, international cooperation is essential for supporting individual States' ability to meet their obligations to protect, respect and fulfil rights. The ICESCR recognizes that a country has obligations with regard to the realization of economic and social rights beyond its borders. However, it does not define how this obligation is to be interpreted or applied and, as a result, international assistance' is often interpreted narrowly as the obligation of high-income countries to provide ODA to poor countries. 138

To be sure, ODA can be an important source of budget support for low- and middle-income countries and represents one channel through which international assistance and co-operation can contribute to mobilizing resources for improving gender equality and realizing economic and social rights. However, whether ODA contributes to the realization of rights varies depending on how it is used. It may be restricted to specific uses or by-pass governments altogether; it may be tied to imports of goods and services from donor countries that limit its effect on the domestic economy; and significant amounts of donor funds could serve as a disincentive for governments to increase the effectiveness of their tax systems for mobilizing domestic resources.¹³⁹

While ODA remains a potentially effective means through which resources can be mobilized at the global level, international law implies a broader commitment to international cooperation, although the extent of this cooperation with regard to economic and social rights has not been clearly spelled out.¹⁴⁰

Global economic governance describes the set of institutions and relationships that structure

the actions of states and private agents across international borders. Current institutions of global economic governance are characterized by unequal power relationships that determine the space within which national governments can act, and not all players have an equal voice.¹⁴¹ Indeed, most existing institutions of global governance—for instance, the IMF, the World Bank, the G20, the United Nations and the World Trade Organization—exhibit clear power dynamics.¹⁴² Women's representation in the top decisionmaking bodies of these governance institutions is at best low and in some cases negligible (see Figure 4.8). Representation of women is, of course, no guarantee that issues of gender equality will be taken up in policy discussions and decision-making processes. However, a lack of representation itself reveals a serious source of gender inequality and reduces the likelihood that other gender inequalities in global macroeconomic policy will be corrected.

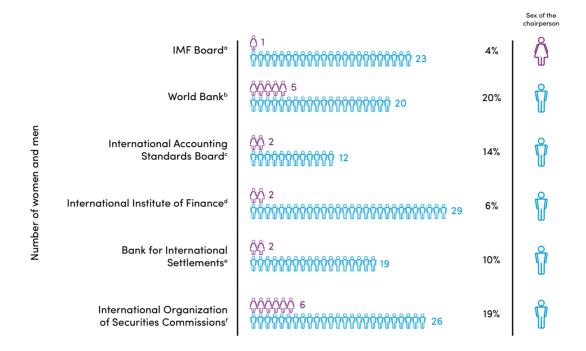
The current system of global governance exacerbates, rather than mitigates, the problems with macroeconomic policy, reinforcing the divide between 'social policy' and 'economic policy' and the lack of attention to distributive outcomes, including persistent gender inequalities. Due to their links with international economic institutions, state agencies such as central banks and ministries of finance have gained in influence in recent years relative to those associated with social, rather than economic, policies.¹⁴³ This 'internationalization of the state, whereby state institutions are increasingly attuned to global economic relationships rather than domestic policy concerns, exacerbates the biases towards and within macroeconomic policy.¹⁴⁴ Investment in human development, social policy, unpaid care and domestic work and gender equality are considered domestic policy issues and are therefore not prioritized in global economic policy forums such as the G20.145

Global cooperation for the realization of economic and social rights could be achieved through the universal acceptance of extraterritorial obligations of governments with regard to the realization of rights beyond their own borders, as outlined in the Maastricht Principles (see Box 4.8), which include consideration of the roles of transnational corporations, non-government al organizations and intergovernmental institutions.

Figure 4.8

Sex composition of board of directors for select intergovernmental and private financial and regulatory institutions, 2014

→ Women are under-represented in key institutions of global economic governance



Source: a. IMF Board of Directors as of April 2014. b. World Bank's Public Information Centre. c. IAS Plus 2015. d. IIF 2015. e. BIS 2015. f. IOSCO 2015.

BOX 4.8

Maastricht Principles, extraterritorial obligations and global economic governance

In 2011, a group of experts on international law and human rights developed a core set of principles on extraterritorial obligations in the area of economic, social and cultural rights. The result was the Maastricht Principles, which recognize that the policies adopted by governments affect the realization of rights beyond their own borders. The preamble to the Principles states:

'The human rights of individuals, groups and peoples are affected by and dependent on the extraterritorial acts and omissions of States. The advent of economic globalization in particular, has meant that States and other global actors exert considerable influence on the realization of economic, social and cultural rights across the world.'

The Maastricht Principles reaffirm the existing framework for economic, social and cultural rights—as reflected in the Universal Declaration of Human Rights, the ICESCR and other international

agreements—but they go further by elaborating the concept of extraterritorial obligations with regard to jurisdiction, government responsibilities and human rights obligations. They are not currently binding for governments but represent a careful interpretation of the extraterritorial human rights obligations of States based on existing international law.¹⁴⁷

The Principles lay out the extraterritorial dimensions of the obligations to respect, protect and fulfil rights.

The obligation to respect: A government may not interfere with the enjoyment of economic and social rights outside of the State's territory (principles 20 and 21). Direct interference refers to conduct by the government itself that impairs the realization of rights. Indirect interference refers to actions by one government that undermine the ability of another government to comply with human rights obligations. This can happen, for instance, if the policies of one government affect the choices available to another government in ways that undermine the realization of rights.

The obligation to protect: The obligation to protect includes the obligation to establish a regulatory environment that prevents international organizations, transnational corporations and individuals from taking actions that undermine the realization of rights beyond a State's borders. These extraterritorial obligations include omissions by the State, such as one State's failure to adequately regulate the actions of third parties in ways that have negative consequences for rights elsewhere (principle 20). The failure to adequately regulate financial markets in the United States, which contributed to the 2008 global economic crisis, is an example of this kind of omission.

The obligation to fulfil: Governments should create an environment conducive to realizing rights through their own policy choices and through international cooperation in a range of areas: international trade, investment, finance, taxation, environmental protection and development cooperation (principle 29). International coordination includes actions within international organizations—such as the United Nations, the World Bank, the IMF and the World Trade Organization—that contribute to the fulfilment of rights within and beyond each State's territory.

Recommendations

Transforming macroeconomic policy for the achievement of substantive equality requires more and better global coordination and changes to global governance institutions. Grounded in international law, the Maastricht Principles provide a foundation on which to build a rights-based system of global governance that would allow for a coordinated approach to macroeconomic policies. To move forward, countries should:

 Formally adopt a common approach to extraterritorial obligations and global cooperation, based on the Maastricht Principles, to improve global governance for the realization of economic and social rights

- Proceed to concretize the mechanisms for the effective application of these extraterritorial obligations, based on the Maastricht Principles
- Adopt a coordinated approach to tax policy to eliminate tax havens and to reduce tax avoidance and evasion
- Ensure that international trade and investment agreements do not curtail policy space in a way that undermines substantive equality and the realization of rights
- Improve women's representation in leadership positions of global economic governance institutions.

CONCLUSIONS

Improving substantive equality for women and realizing their human rights require a rethinking of macroeconomics. Changes at the macroeconomic level affect women's socio-economic disadvantage and the stigma, stereotypes and violence women face. Moreover, macroeconomic policy-making typically excludes women's voice. At the same time, although macroeconomic policy can create a favourable environment for substantive equality and relax constraints on other policy efforts, it is important to recognize that it cannot achieve these goals by itself. It must be coordinated with the other policy areas highlighted in this Report, in particular employment, social protection and social services.

If macroeconomic policy is to support substantive equality, it should comply with human rights obligations, both nationally and internationally, paying particular regard to the immediate obligations for non-discrimination and equality and ensuring that everyone enjoys the minimum essential level of economic and social rights. It must support, rather than undermine, efforts to redress women's socio-economic disadvantage through employment policies, social protections and social services. This involves considering a broader set of goals and indicators—for example, considering potential trade-offs between maintaining very low rates of inflation and employment outcomes. It also requires ensuring that sufficient resources are available to support the realization of human rights. Governments should pursue strategies for expanding fiscal space by improving the efficiency of tax collection, enlarging the range of tax instruments and reprioritizing government expenditures. Debtfinanced fiscal expansions can be sustainable when used to finance employment programmes and social investments with long-term economic returns.

Macroeconomic policy processes and institutions at the national and international levels should be opened up and made more transparent, participatory and accountable on an equal basis to women and men. Governments should adopt measures to increase women's presence in macroeconomic decision-making bodies, including central banks and ministries of finance. Information on budgets and monetary policy decisions must be publicly available and readily accessible. Meaningful participation requires that channels be created to enable dialogue with civil society organizations, women's groups and non-governmental organizations.

As part of the commitment to non-discrimination and equality, macroeconomic policy-making should incorporate distributive impact analyses. This a would allow macroeconomic policies to be evaluated in terms of their impacts on women's socio-economic disadvantage. Specifically, there is a need to analyse the effects that public spending, tax policy and monetary policy have on gender equality. When gender inequalities are uncovered, such as in the case of an unequal impact of tax policies, governments must take steps to correct these imbalances.

Finally, the development of human potential and the need to redistribute the burden of unpaid work should be at the heart of macroeconomic policy. Resources, both public and private, dedicated to developing human potential represent a form of investment with long-term returns. The macroeconomic contributions of social policy and unpaid care work need to be explicitly recognized and incorporated into macroeconomic measurement and concepts, policy formulation and the assessment of outcomes with regard to gender equality and the realization of human rights.





COUNTING WOMEN IN

Putting gender equality at the heart of governance in Morocco

When Mohamed Chafiki, a senior official in the Moroccan finance ministry, speaks about gender equality, the passion in his voice is unmistakable. Ensuring every government decision is assessed for its gender impact has been a defining feature of his career. And by working hand-in-hand with key partner organizations from the world of gender and human rights, he has helped Morocco become one of the leading lights in the region.

"I have always thought that gender equality was at the heart of democracy, both for my country and around the world," he says from his office in Rabat. "I don't think we can have balance in life, or achieve happiness if there is not equality between the sexes."

Gender responsive budgeting - or GRB - can have a profound effect on women's lives and a country's development, explains Mohamed. "Morocco, like many countries in the region, suffers from widespread inequality," he says. "And in each instance it is women who pay the biggest price - in terms of poverty, exclusion and marginalization. Addressing these inequalities is also absolutely central to questions of democracy and human rights."

Mohamed Chafiki, of Morocco's Ministry of Economy and Finance

Photo: UN Women/Hassane Ouazzani Chahdi



First grade student at an elementary school in a Moroccan village Photo: World Bank

"You can't have an effective budget, and effective use of the public purse if you do not identify targets and consider the gender impact from the moment of policy conception"

In Morocco the gender impact of any policy is not an afterthought – it is considered right from the word go. Which means that when it comes to crucial policies such as universal education, targets are set for both sexes and the barriers which could prevent girls going to school are factored into the budgeting process. For example when a school is planned, money is put aside to ensure that there are adequate toilets that can be used by girls. Not only that, but in its efforts to improve access to running water, the government also collects information on the number of girls who have to collect water in rural areas, a burden that can prevent them from attending school.

"You can't have an effective budget, and an effective use of the public purse if you do not identify targets and consider the gender impact from the moment of policy conception," says Mohamed.

The road to becoming fully gender responsive has been long. Morocco began looking at the impact of gender in budgets in 2002, outlining a strategy, training public servants and creating technical tools. Since 2005 Morocco has produced a gender report providing a vital tool to ensure accountability and in 2007 the Prime Minister of Morocco sent a letter to all departments urging them to take up GRB. Currently, a total of 27 departments, accounting for more than 80 per cent of the government's budget, have adopted the tool.

A new landmark was reached in 2014, with the passing of a new finance law, which legally obliges the government to consider gender throughout the budget process.

"Since 2002 we have seen a pragmatic move forward – there have been constraints, there have been those who have attempted to take us backwards, but whereas GRB was informal before, now it is enshrined in law," says Mohamed.

From a legal perspective, huge progress in women's rights has also been made. A major advance was achieved in 2004 with the passing of a new family law which guaranteed equality of the sexes in marriage. In the same year, Morocco's new labour code spelt out women's rights to maternity leave. Meanwhile, the confederation of Moroccan businesses (CGEM) has produced guidance to its members to make crèches available in workplaces to support working mothers.

"We have to reflect on every serious measure to make sure women can access work, while at the same time making sure there is a balance between family and professional life." Mohamed said.

In 2011, the country passed a new constitution guaranteeing gender equality in civil, political, economic, social, cultural and environmental rights. In the same year, Morocco removed several of its reservations to CEDAW, in relation to women's rights to nationality and to rights within marriage and the family.

Mohamed is quick to point out that this progress is not down to the work of government technocrats, but women's rights campaigners who have been a formidable force. "Everything I personally did, and we achieved in government was a homage to the groups fighting for women's rights."

Rabéa Naciri, former president of the *Association Démocratique du Femmes du Maroc* (ADFM), explains that women's rights groups were central to introducing the concept of GRB.

"Women's groups have been behind practically every reform made in Morocco. We didn't just demand - we came up with solutions - and after, we mobilized in order to get reforms," she says.

Rabéa urges other women's groups around the world to focus on GRB as a tool for promoting gender equality. "Budgeting is not technical - it is political," she says. "People make you think it's too complicated - that's not true. It's a mechanism for holding governments to account - so it is incredibly important."

The next frontier for Morocco is to measure how time is spent in each household, so women's unpaid work can be taken into account in policymaking. "It's a fundamental problem that part of society is working and yet not being paid," says Mohamed.

In Morocco women form only 27 per cent of the labour force. "That's not to say they don't work, but their work

is not recognized. How can we hope to catch up with developed nations? Only by unleashing the earning and economic potential of those women."

"Budgeting is not technical – it is political."



Photo: UN Women/Hassane Ouazzani Chahdi

Story: Alexandra Topping. For more information on Gender responsive budgeting in Morocco see UN Women 2014c.

MOVING FORWARD: AN AGENDA FOR PUBLIC ACTION

Across a sweeping range of issues, women's movements, working with other key actors, have succeeded in bringing about significant change in the recognition of women's equal rights in laws as well as in policies. In a majority of countries today, there are no legal barriers to prevent women from getting a job or pursuing a trade or profession in the same way as men, from owning and inheriting land and housing in their own name, from receiving a pension or from having access to a wide range of services, including education and health care.

And yet, it is hard to think of a country where income, property ownership, social security entitlements, paid and unpaid work, leisure and power are equally distributed between women and men.

What this Report has shown is that these inequalities are not random outcomes of an otherwise benign and gender-neutral economy and society. Rather, they are wired into the ways in which economic, social and political structures work. To achieve substantive equality, so that women can enjoy their rights in practice, it is not enough to do away with direct discrimination. There is a need to go much further to eliminate indirect forms of discrimination and the structural barriers that have the effect, if not always the intention, of producing unequal outcomes.

This more profound task is a necessity for the 21st century because gender equality is a human rights

obligation that remains vastly unfulfilled. It is also a development imperative: the growing inequalities between social groups, and between rich and poor women, undermine development by wasting human capabilities and talents, hindering economic dynamism and threatening social cohesion.

Substantive equality for women is within reach: the experience of numerous countries, documented in this Report, shows that the right mix of economic and social policies—working in tandem and developed with the participation of different social groups—can significantly reduce gender disparities and support strong economies and societies more broadly.

As this Report goes to press, momentum is building in the intergovernmental negotiations on financing for sustainable development for the post-2015 era. The Open Working Group of the General Assembly (OWG) on Sustainable Development Goals (SDGs) has articulated a vision of a world that is 'just, equitable and inclusive',' making clear that gender equality and women's and girls' empowerment are central to this urgent endeavour.

Human rights standards—set out in various international treaties that almost all governments have signed—are an enormous resource in helping the global community move forward. In particular they provide a substantive understanding of gender

equality, emphasizing women's practical enjoyment of their rights. Human rights principles also underline the duty of governments to raise sufficient resources, allocate them in ways that meet the obligations of non-discrimination and equality, and ensure transparency and democratic participation in the deliberation of budget processes.

The framework for advancing substantive equality for women set out in this report draws on existing human rights standards and is intended to help governments and other policy makers shape concrete measures needed to address the specific challenges of gender inequality. Action is required along three dimensions: redressing women's socioeconomic disadvantage; addressing stereotyping, stigma and violence; and strengthening women's agency, voice and participation. Together, progress on these three dimensions can transform existing structures and institutions and, in turn, the lives of women and girls around the world.

Progress towards substantive equality should be measured against how inclusive it is of the rights of all women and girls, especially those from marginalized groups. When the most disadvantaged are able to share both paid and unpaid work with men and boys in their families and communities and enjoy an adequate standard of living; when they can live a life that is free from stereotyping, stigma and violence; and when they are able to participate meaningfully in the decisions that affect their lives, then it is possible to speak of lasting transformation towards substantive equality.

TRANSFORMING ECONOMIES, REALIZING RIGHTS: 10 PRIORITIES FOR PUBLIC ACTION

Ten priorities for public action are set out below. They span the imperatives to create decent work, to implement gender-responsive social policies, and to adopt a rights-based macroeconomic policy framework. They highlight the need for resource mobilization, an enabling global environment, support for women's organizing and an expanded evidence base on women's economic and social rights, in order to achieve substantive equality. These are priorities primarily for governments, as

the arbiters of economic and social rights, but they are also relevant for international organizations, the private sector, employers, donors, civil society organizations, such as trade unions, and women's organizations.

Not every recommendation is appropriate for all countries, and the capacity of States to advance substantive equality for women differs according to their size and level of development. The 'starting points' are also very different, with some regions having advanced significantly towards gender equality in a number of areas while others are lagging behind. Human rights treaties make it clear that there are core obligations that States must realize immediately, including non-discrimination and equality in the enjoyment of rights, as well as meeting minimum essential levels of rights, particularly in relation to food, education, health and housing. States must also ensure that rights are realized progressively over time and guard against their erosion. But, within this framework, there is scope for countries to identify their own paths and policy choices for achieving substantive equality for women.

Low-income, primarily agrarian economies with serious deficits in basic social services might choose to focus on expanding access to safe drinking water, sanitation and accessible public health services, particularly in rural areas. Where women are predominantly self-employed, governments might prioritize investments in infrastructure, institutional credit and marketing facilities, as well as the extension of social protection, to support the viability of their enterprises and the sustainability of their livelihoods. Middle- and high-income countries, on the other hand, might place greater emphasis on work-family conciliation policies, including parental leave and child and elderly care services, and use real minimum wage increases to reduce income inequality and gender wage gaps at the bottom of the income hierarchy. In the current context of austerity it is critical for all States, regardless of their income level, to safeguard social protection and the services that are essential to women's enjoyment of their rights.

The following 10 policy priorities should be deliberated and fine-tuned through open dialogue involving the active participation of civil society organizations representing the interests of women and girls, especially the most disadvantaged.

1. Create more and better jobs for women

Income from work is a foundation for people's livelihoods and life chances. However, at global level, women's labour force participation has stalled. In addition, economic policies have failed to create enough decent jobs, making it difficult for people to work their way out of poverty. This is particularly true for women, who are overrepresented among those in precarious, informal and low-wage employment. A number of concrete measures are needed to create more and better jobs for women:

- Designing macroeconomic policies that stimulate economic activity and increase demand for labour, rather than focusing on an overly narrow set of targets such as maintaining inflation at very low levels
- Investing in public services to create decent jobs in health, education, child and elderly care, public administration and agricultural extension services
- Increasing the viability of, and returns to, selfemployment by investing in transport and other infrastructure, access to markets, training and subsidized credit
- Involving women informal workers in urban planning and decision-making to ensure that city environments are conducive to their work and provide decent and safe working conditions
- Promoting joint land titling, extension services, input subsidies and measures to increase access to markets for women small-scale farmers.

2. Reduce occupational segregation and gender pay gaps

Gender-based occupational segregation is pervasive across all regions and a key factor in perpetuating gender pay gaps. Without redressing women's socio-economic disadvantage resulting from occupational segregation and unequal earnings, substantive equality will remain out of reach. Public action must address the root causes of occupational segregation, including differences in education, training and experience as well as deeply ingrained stereotypes about women and men's roles in society by:

- Properly valuing female-dominated occupations, including care occupations, so that levels of remuneration are commensurate to workers' skills and the contribution of their work to well-functioning economies and societies more broadly
- Promoting education, including basic literacy for adult women, on-the-job training, including in non-traditional skills, and mentoring to enable women to move up the occupational ladder
- Providing career advice for young women and encouragement to study science, technology, engineering and mathematics (STEM) and other male-dominated subjects, as well as access to technical and vocational education and training, complete with support for unpaid care responsibilities
- Addressing pervasive sexual harassment and violence in the workplace through specific laws, training for staff, adequate grievance procedures and support for women to take their cases through the justice system
- Using targets and quotas to increase women's representation in male-dominated occupations, including in decision-making roles in the public sector.

3. Strengthen women's income security throughout the life cycle

Due to their unequal employment opportunities and predominance in low-paid occupations, women are particularly vulnerable to economic insecurity and financial dependence. Household surveys show that women of prime working age are more likely than men to live in a poor household, in 41 out of 75 countries with data. Properly designed fiscal, wage and social protection policies—including minimum wages, family and child allowances and old-age pensions—can be powerful tools to reduce poverty, redress women's socio-economic disadvantage and guarantee their right to an adequate standard of living. These are particularly important in the context of changing demographic, family and household structures and in the face of economic shocks. Concrete steps can be taken to strengthen women's income security by:

- Providing access to unemployment protection, including through public works programmes, and putting a floor under wages through welldesigned minimum wage policies, which are also shown to reduce gender pay gaps
- Providing child allowances to support families with the costs of raising children as well as non-contributory pensions to ensure women's income security in old age
- Making social transfers unconditional and universal where possible to avoid stigma and stereotyping
- Ensuring cash transfer programmes have women's rights at their heart by involving gender equality advocates in their design and by using them as a mechanism for providing skills training and access to services that enable women's empowerment
- Reforming contributory pension systems to reduce gender gaps in access and benefit levels, including through the introduction of

- care credits to compensate for contributions 'lost' during periods out of the labour force looking after dependents
- Ensuring that all benefit levels are regularly adjusted to increases in the cost of living.

4. Recognize, reduce and redistribute unpaid care and domestic work

Unpaid care and domestic work contribute to economic development and human well-being through nurturing people who are fit, productive and capable of learning and creativity. But the burden of doing this work is unequally distributed. In the absence of adequate support for care services, women's disproportionate responsibility for unpaid care and domestic work reinforces their socio-economic disadvantage by constraining their access to education, health care and paid work as well as their participation in political and cultural life. In order to achieve substantive equality for women, unpaid care and domestic work need to be recognized, reduced and redistributed by:

- Scaling up investments in basic infrastructure, including water and sanitation facilities that are accessible, affordable and meet quality standards
- Strengthening basic social services, such as education and health, that complement unpaid caregiving and are an important source of employment for women
- Providing support to unpaid care givers, ensuring that they have a voice in health policy-making and recognizing them as part of, but not a substitute for, strong public care systems
- Providing accessible, affordable and quality child and elderly care that is responsive to the needs of working parents and other unpaid caregivers

 Working towards a comprehensive paid leave system, including maternity, paternity and parental leave, available to all workers, including those in informal employment, with special incentives for fathers to take up their share.

5. Invest in gender-responsive social services

Social services are essential for the realization of women's rights and the achievement of substantive equality in many areas. Without adequate health services, for example, women and girls struggle to realize their sexual and reproductive rights. And without affordable childcare options, women's right to work is constrained. Investment in public services must to be scaled up and their delivery transformed to respond to women's rights. Concrete steps include:

- Substantially increasing investments in public services, including health, water and sanitation and care services, and ensuring their affordability by replacing user fees with collective forms of financing—for example, through social security or general taxation
- Working towards universal access to affordable health care through national health systems or the effective combination of insurance contributions and public funding
- Bringing essential health-care services closer to women through community health workers and mobile clinics
- Providing integrated services to address violence against women as well as comprehensive sexual and reproductive health services., including family planning, information and education
- Scaling up the reach and quality of care services for children and dependent adults, including people with disabilities and the frail elderly
- Promoting positive relations between those using care services and service-providers by

creating awareness about women's rights among staff, providing incentives for them to respect women's rights and ensuring the adequacy of their pay and conditions of work.

6. Maximize resources for the achievement of substantive equality

Progress towards substantive equality requires sufficient resources to be raised and allocated to the realization of women's rights. Studies show that basic levels of social protection are affordable even for low-income countries: government revenues vary widely among countries with similar levels of gross domestic product (GDP), which shows that all countries can raise resources. But funding a comprehensive policy agenda for substantive equality will require further resource mobilization as well as making sure that funds are raised and allocated to the benefit of women and girls. Concrete measures for governments include:

- Reprioritizing expenditure, for example by redirecting military spending to genderresponsive public services
- Raising additional revenue through general taxation by enforcing existing tax obligations and expanding the overall tax base, being attentive to the distributive consequences.
 Income and property taxes, and taxes on luxury items, are generally more progressive than indirect taxes, such as value-added tax (VAT), which can also be made less regressive by exempting basic goods and services.
- Borrowing at domestic and international level for investments in education, health and care services which strengthen human capacities.
 Just like investments in infrastructure, social investments generate future pay-offs, including a skilled and healthy workforce
- Ensuring revenue is raised from the utilization of natural resources, through measures such as royalties, and earmarking funds to spend on social protection and social services

 Implementing gender-responsive approaches to budgeting to ensure that policies for mobilizing resources and allocating expenditure are fair in their impact on income distribution and supportive of women's rights.

7. Support women's organizations to claim rights and shape policy agendas at all levels

Women's collective action is key to the achievement of substantive equality. It is most effective when women's rights advocates in grassroots and civil society organizations, think tanks and university departments can build strategic alliances with actors in political parties, state bureaucracies and regional and global institutions. This work demands judgment, skill, agility and persistence on the part of advocates, as well as access to information, policy debates and decision–making processes. Women's agency, voice and participation in these processes can be strengthened by:

- Ensuring a conducive legal framework for women's organizing, including measures to protect space for civil society advocacy on women's rights and the right to form and join trade unions
- Scaling up funding for women's organizations
 to engage in policy advocacy with their
 governments, including an increase in core and
 multi-year funding—an area where private
 and bilateral donors, as well as international
 organizations, have an important part to play
- Ensuring that women are equally represented in leadership positions in trade unions and other social movements, and that women's rights issues are prioritized in collective bargaining processes
- Supporting the creation of feminist knowledge on key policy issues—such as monetary policy, pension system design or health sector reform that are fundamentally important to women's lives but often require a specialized technical understanding of the field

- Facilitating capacity building among women's organization to advocate for policy change by, for example, funding training on the gender implications of economic and social policies
- Creating feedback loops from policy implementation through social audits by women's organizations and service users to improve the performance and gender responsiveness of government regulation, social protection and social services.

8. Create an enabling global environment for the realization of women's rights

Global economic integration has constrained the ability of governments, to varying degrees, to use macroeconomic policy to create an enabling environment for the realization of economic and social rights. For example, it is difficult for developing countries to mobilize resources when other countries act as tax havens or maintain very low tax regimes. The current system of global governance reinforces the divide between economic and social policy and the lack of attention to distributive outcomes, including gender inequalities. Investment in human development and gender equality are considered domestic policy issues and are therefore not prioritized in global economic policy forums. Concrete measures to create an enabling global environment for the achievement of substantive equality for women include:

- Promoting economic stability and preventing shocks and crises, which always hit the poorest hardest through macro-prudential policies, which aim to mitigate economic volatility and the risk of financial crisis, as well as capital controls and better regulation of international financial markets
- Improving global coordination to eliminate tax havens and to reduce tax avoidance and tax competition in order to enable countries to mobilize resources more effectively in a globalized context

- Ensuring that international trade and investment agreements do not curtail policy space in a way that undermines the realization of women's rights by, for example, creating barriers to the expansion of public health services or public transportation
- Increasing the accountability of global economic and financial institutions for the distributive impacts of their actions, including on gender equality
- Formally adopting a common approach, based on the Maastricht Principles, to extraterritorial obligations of States, transnational corporations and international institutions
- Democratizing the institutions of global economic governance by amplifying the voices of poorer countries and civil society organizations in decisions that affect them.

9. Use human rights standards to shape policies and catalyse change

This report underlineds the imperative of bridging the gap between global human rights standards, on the one hand, and policies to advance women's rights, on the other. By defining substantive equality, the international human rights system has underscored that equality should be understood in relation to outcomes as well as to opportunities, pointing to the structural causes of inequality and setting out the obligations of States to address them.

The human rights system including the Human Rights Council, treaty bodies, special rapporteurs, and national and regional human rights bodies can further support governments to formulate and monitor policies to meet their obligations and realize substantive equality for women by:

 Providing guidance on how the recognition, reduction and redistribution of unpaid care and domestic work can be advanced through economic and social policies

- Providing clarification and guidance on how macroeconomic policies can support, rather than constrain, women's enjoyment of their rights
- Proposing concrete steps as to how the implementation of social protection floors at the national level can ensure that women are able to enjoy their right to social security on an equal basis with men.

10. Generate evidence to assess progress on women's economic and social rights

Data gaps on women's economic and social rights remain very large. In view of the monitoring requirements for the post-2015 development agenda, there have been calls for a 'data revolution'. This 'data revolution' needs to be engendered, to enable the production of more and better evidence, disaggregated by sex, socioeconomic status, geographical location, race and ethnicity, to capture the multiple and intersecting inequalities that women face.

There is a need for coordinated support and funding from donors and governments to national statistical offices, especially those in low-income countries, to ensure the consistent and timely production of gender statistics in a wide range of areas. Priorities include:

- Complementing global poverty statistics with measures of women's access to personal income from labour market earnings or social protection as a proxy for their economic autonomy
- Regularly conducting time-use surveys and ensuring their comparability across countries and over time to assess the impact of public policies, economic shocks and environmental disasters on women's work burdens
- Increasing the number of countries that regularly collect sex-disaggregated statistics on informal employment

- Developing standards for the collection and analysis of statistics on gender pay gaps, including methodologies to capture gender inequalities in earnings from self-employment
- Supporting the ongoing development of new methodologies for the measurement of women's asset ownership and entrepreneurship
- Producing comparable, disaggregated statistics on the benefit levels of child and family allowances, unemployment benefits and old-age pensions
- Developing standards and methods for assessing the quality of social services, including their responsiveness to the rights of women and girls

- Conducting regular surveys on violence against women and girls based on globally agreed standards
- Investing in civil registration and vital systems to ensure that births and deaths are accurately recorded, in order to improve the quality and availability of data on maternal and child mortality
- Developing and funding other sources of evidence, including qualitative research, to capture dimensions of inequality that are not easily measurable but crucially shape women's and girls' enjoyment of rights, including stigma and deprivation of agency.