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**GENDER-SENSITIVE ECONOMIC POLICIES IN THE CONTEXT OF THE
ECONOMIC AND FINANCIAL CRISIS**

Note by the secretariat*

Summary

The Executive Committee of the Economic Commission for Europe (ECE) at its meeting on 24 September 2008 supported the organization of the Beijing +15 regional review meeting in the ECE region with a focus on economic aspects of gender. One of these aspects is the promotion of gender-sensitive economic policies in the context of the economic and financial crisis which is discussed under this agenda item.

The note focuses on the interlinkages between gender equality and economic policies. It reveals the implicit gender bias of these policies as usually designed, and demonstrates that engendering them makes economic sense from the perspective of innovation, employment and growth. Subsequently it reviews a number of key areas for gender equality, analyses the gender impact of the economic and financial crisis, and finally indicates major directions to be taken for making economic policies, both short and longer term, truly gender sensitive.

* This document has been submitted late due to lack of sufficient resources.

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INTRODUCTION

1. Gender equality is a basic human right and is as such a part of the social policy framework. At the same time, it is a multi-faceted concept with its cultural, social, legal, political and economic dimensions and interrelations. The prevalent practice in most countries illustrates that traditionally, economics and gender equality have been considered as two distinct policy areas that are independently shaped and carried out by different authorities. However, this approach fails to acknowledge the numerous interlinkages between both areas.
2. Indeed, it is in the interest of both advocates of gender equality and economic policymakers to closely cooperate. On the one hand, economic policies have an effect on gender equality through their potential to rebalance economic opportunities for both men and women; on the other hand, gender equality has an impact on the economy, for example through changes in labour force participation and the full use of human capital.
3. The note highlights these links between economics and gender equality, both structurally and in the context of the current economic crisis. It is primarily directed to national decision-makers but also to international organizations, particularly financial institutions which influence national decision-making in the economic field.
4. Section I presents mechanisms through which gender equality impacts positively on innovation, productivity and growth, and thus makes economic sense. Section II illustrates how economic policies usually considered as gender neutral de facto affect gender equality negatively. Section III highlights the active role that economic policymakers can take in promoting gender equality. Section IV identifies the risks and opportunities for gender equality induced by the current economic and financial crisis. The conclusions take up and summarize a number of major policy directions which have been suggested throughout the paper.

I. THE IMPACT OF GENDER EQUALITY ON ECONOMIC OUTCOMES

5. Rectifying gender imbalances is not only an obligation under the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other international instruments. It is in the very interest of policymakers as gender equality has a multiplier effect on productivity, efficiency and sustained economic growth. Women's economic empowerment is central to achieving the Millennium Development Goals and to eradicating poverty. This impact on macroeconomic performance and well-being can be traced through labour markets, decision-making and intergenerational effects.

A. Through the labour market

6. Gender equality in the labour market has important repercussions for the sustainability of social security systems. Western countries in particular are currently experiencing significant demographic changes with rising old-age dependency ratios and a resulting pressure on welfare systems. Policy responses include measures aiming at increasing the fertility rate (which have an effect only in the long-term) and immigration (which have important social implications). However in the short-term, the activation of the economically inactive population is considered more feasible.

7. Apart from the older population, the main source of new labour supply and social security contributions are women. So far, women's high educational attainment levels have not yet entirely translated into their position in the labour market. As a consequence, there is a high readily-available potential that is currently under-used. It would be more efficient both for the women themselves and for society as a whole if the investment in higher education paid off better.
8. Another beneficial effect of more gender equality in the labour market is the greater efficiency in the allocation of labour: choosing from a larger pool of human resources and doing so without being influenced by stereotypes generally leads to a better matching of employees and vacancies and thereby to productivity gains. Moreover, diversity in the workforce is a driver of innovation as women bring in new ideas and preferences in the development of products and services. This provides a basis for more growth-oriented entrepreneurial activity.
9. Productivity gains for businesses also arise from reduced absenteeism and staff turnover as well as increased motivation and satisfaction among employees as a consequence of measures aiming at improving the reconciliation of paid work with family responsibilities.¹
10. Finally, improving women's access to and position in the labour market leads to their economic empowerment and is therefore a powerful tool to combat poverty by raising income in working age and increasing old-age pension entitlements.

B. Through decision-making

11. Achieving gender equality in decision-making is not only a matter of "breaking the glass-ceiling", i.e. dealing with vertical gender segregation of the labour market. A higher incidence of women as decision-makers may influence decision-making itself.
12. Indeed, while still debated, some research suggests that women take decisions differently than men, and that they have – partly due to their specific roles and situations – other ideas and preferences and therefore may give weight to other policy issues than men.² As a consequence, with women's participation new considerations and perspectives are introduced in the decision-making process, leading to new conclusions and policy or business solutions.
13. More specifically, for businesses this means that involving women in all stages of the production of goods and services allows better tailoring of these to the tastes and preferences of female customers who have an increasing purchasing power. In the political sphere, having a better representation of women means that government policies in general, and economic policies in particular, better meet the needs of society as a whole and do not reflect only the

¹ See ECE/AC.28/2009/6 for a more detailed discussion of the business case for gender equality.

² See e.g. Peresie (2005) and Songer and Crews-Meyer (2000) on decision-making in courts, Krogstrup and Wälti (2007) on women and budget deficits and Fehr-Duda et al. (2006) on gender and risk averseness.

experience and preferences of only part of the population.³ This makes policymaking both more democratic and more efficient.

C. Through intergenerational effects

14. Parents in general and mothers in particular face a strong trade-off between paid work and family duties. However, given the economic need of many families to have two incomes combined with the fact that income and pursuing a profession have important implications for status in society and the satisfaction and self-fulfilment of individuals, the question for some women today is less whether to have a career or not but rather whether to have a family or not.

15. Put differently, the difficulty of balancing employment and family duties may not only lead to a reduction in the time spent on paid work but often rather to a reduction in family duties, by postponing having children, having fewer children or none at all. Thus, policy measures aimed at enhancing the possibility of reconciling family responsibilities with paid work, encouraging men to participate more in family duties, or a better recognition and valuation of unpaid work, have important effects on the fertility rate.⁴

16. In addition to sustaining or even increasing the future labour supply, gender equality may also have a positive effect on its productivity. Research has shown that higher income of mothers (more than of fathers) is strongly correlated with improved health and education of children.⁵ Moreover, better education of mothers is shown to enhance children's intellectual achievement (intergenerational benefit of schooling).⁶

17. Finally, work-family reconciliation measures and increased involvement of fathers in childcare combined with a better provision of public childcare services may mitigate the rising problem of neglected children who tend to be more vulnerable to school drop-out, drug abuse, and criminal behaviour. This in turn has potentially important repercussions for sustaining social peace and cohesion.

18. In sum, countries face economic, demographic and social pressure to use women's potential in order to compensate for the shrinking labour force, to maintain fiscal stability, and to increase efficiency, competitiveness, innovation and growth. Therefore, gender equality makes economic sense. In reaching the full potential of women's contribution to the economy, economic policymakers have an active role to play, as shown in the following.

³ Anecdotal evidence for this claim is for example put forward in Corner (1997): "An Australian woman politician recently pointed out that it was only when women entered the Australian parliament in significant numbers that issues such as childcare, violence against women and the valuation of unpaid labour were even considered by policy makers."

⁴ Furthermore, these measures have implications for the sustainability of public health systems: families have always been an important provider of care for their older members. Less time for care-giving activities within the family leads thus to a significant care gap, amplified by population ageing. Filling this gap with care institutions has potentially strong consequences for public health costs.

⁵ World Bank (2001), p. 160/161

⁶ World Bank (2001), p. 84

II. IMPLICIT GENDER BIASES IN ECONOMIC POLICIES

19. Economic policies provide the framework within which economic players interact. They influence economic opportunities and the optimal behaviour of individuals by determining the costs and benefits of economic activity and thus the decisions on whether and how to be economically active. As a consequence, economic policies that contain no explicit gender bias and thus appear gender-neutral may in fact give gender-biased incentives, as illustrated by selected examples below.⁷

A. Budgetary policy

20. There are important gender implications of both government spending and revenue collection. On the expenditure side, gender implications arise among others from public investment, sectoral policies and income transfers.

21. Public goods and services. Spending decisions regarding the provision of public goods and services have gender-differentiated effects if these services are used and demanded differently by women and men. A prominent example is the provision of affordable care facilities and services for children and dependent adults, which represent an alternative to care at home and lower the opportunity cost of joining (or increasing their participation in) economic activity for care-giving adults. As these are mostly women, such measures tend to enhance women's employability more than men's.

22. This has to be taken into account in particular when discussing privatization because often, privatized public services (such as in the community, care or basic health services) are at least partly substituted by unpaid labour, mainly supplied by women.⁸ As a consequence, if the gender dimension is not taken into consideration, the cost of privatization may be borne disproportionately by women.

23. Public investment spending. Similarly, there is a gender dimension to other public investment spending such as on infrastructure (men are more likely to be car owners and women tend to be more dependent on public transport e.g. for job seeking and commuting to work), or research. When funding medical research, for example, the fact that women suffer from different illnesses than men, and that symptoms of illnesses and medication may be gender-sensitive is rarely taken into consideration, which may lead to a disproportionate focus on men's health problems in research.

24. Sectoral policies. With respect to spending directed towards particular industries and sectors, the gender bias arises as a consequence of the occupational gender segregation of labour markets. As an example, employment creation or protection programmes as well as subsidies and

⁷ At the same time, policies that appear gender-biased since they contain provisions explicitly favouring women – such as some of measures presented in Section III – may in fact address existing gender imbalances in the economy.

⁸ This is a process that is sometimes referred to as familialization of welfare responsibilities.

public demand for goods from specific sectors may benefit male more than female employment if the sector to which the funds are allocated is male-dominated.⁹

25. Income transfers. Income transfers may affect parents' incentives with respect to pursuing paid work. Where family benefits are means-tested, they may at the margin discourage the non-breadwinner, typically the mother, from taking up employment if this means that family income will rise above the eligibility threshold for benefits. Economic activity for the potential second earner thus becomes a choice between two extremes: it is only worthwhile if it is relatively well paid and less attractive if the alternatives for staying at home are lower-paid or part-time jobs.

26. Tax policies. On the revenue side, an example of implicit gender biases in tax policies are provisions in progressive tax systems for taxing the family income as a whole. This results in a higher marginal tax rate for the income of the "secondary" earner, that is – given the persistent gender pay gap in most countries – typically the woman ("marriage penalty"). Similarly to income transfers, this may discourage women from participating in the labour market since the marginal benefits of joining the workforce, notably the higher (family) income, may not outweigh its cost, such as for example the forgone time for the provision of household services, the loss of eligibility for certain state benefits due to higher family income and, especially for families with children, the shift of childcare from the unpaid and therefore "cheaper" provision at home to an outside institution (a cost that is often alleviated only marginally by income tax credits for the cost of childcare).

B. Labour market legislation

27. Legislation regulating the labour market affects gender equality through the prevailing different work patterns of women and men: since women are currently the main providers of unpaid work, legislation focusing primarily on the traditional full-time jobs may neglect the needs of a large part of the (potential) female labour force. Where part-time and flexible work are not sufficiently institutionalized and care services are not available to match full-time working hours, many women with care responsibilities are forced to leave employment. Moreover, where atypical types of employment exist, these are often not included in social security schemes with strong repercussions on women's income security.¹⁰

28. While the protection of pregnant women and new mothers is highly important, provisions granting generous maternity leave to women often influence the hiring behaviour and the wage policy of employers since female employees may be perceived as more costly than their male colleagues. Innovative policies are therefore needed in order to minimize the gender-biased incentives given by parental leave legislation.

29. Finally, migration policies for mitigating temporary pressure on the labour market can have gender-differentiated effects through the formalization of migrant labour in specific sectors (especially care services and domestic work that are often provided by women) and their impact on the incidence of trafficking (to which women are more vulnerable).

⁹ The same holds true for any policies favouring specific sectors, including trade policies.

¹⁰ See also section II.C below.

C. The design of social security systems

30. The design of social security systems has potentially strong effects on gender equality as the example of pension systems shows. Pension benefits are increasingly based on life-time earnings with unpaid work, in particular care activities (both for children and elderly), rarely being taken into account. With generally lower wages, higher unemployment and more frequent breaks in formal employment, women accrue fewer pension entitlements and consequently face a higher risk of old-age poverty than men.

31. The selected examples above illustrate that apart from being unjust *per se*, implicit gender biases in economic policies may alter economic opportunities as well as the optimal behaviour of individuals and families with respect to labour supply, time allocation between paid and unpaid work, household production, and family planning (fertility), and may exacerbate existing gender roles by favouring the male-breadwinner-female-caregiver model. Hence, economic policies can be in contradiction to gender equality strategies and goals. They can however also play a supporting role as shown below.

III. GENDER-SENSITIVE ECONOMIC POLICIES IN PRACTICE

32. As the previous sections have demonstrated, there is a need for integrating a gender perspective in economic policies, both for reasons of sustainability and equity. To facilitate gender-mainstreaming in economic policies, a wide array of tools and measures are available, including measures facilitating the identification and correction of implicit gender biases of policies, and affirmative action to enhance women's economic opportunities. Selected examples are presented below.

A. Gender-responsive budgeting

33. Gender-responsive budgeting is one of the most important and powerful tools for economic policymakers to contribute to gender equality. Following the definition of the Council of Europe, gender budgeting “*means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality.*”¹¹

34. In practice, gender-responsive budgeting comprises a gender impact assessment of public expenditure and revenues (including direct and indirect taxation, revenues from privatization and user fees of public services) in order to both avoid implicit gender biases of policies and promote gender equality. A crucial variable for the incidence analysis of budgets is unpaid labour which needs to be accurately quantified and accounted for.¹²

¹¹ Council of Europe (2005)

¹² For more detailed information about gender-responsive budgeting in practice, see among others Council of Europe (2009), IOM (2008c), Budlender and Hewitt (2003) and UNFPA and UNIFEM (2006).

35. A prerequisite for an effective gender-mainstreaming of public budgets are gender statistics.¹³ A gender-disaggregated incidence analysis of the provision of public services, for example, is not possible without reliable statistics on the use of these services by women and men. Similarly, time-use statistics are indispensable for assessing the impact of national budgets on the distribution of paid and unpaid work.

36. Another essential ingredient for the success of gender-responsive budgeting is training. On the one hand economic policymakers should be trained in order to increase awareness on gender issues in general and on the tools for gender budgeting in particular. On the other hand gender advocates need to be trained in order to gain expertise in budgeting and thereby to be able to give valuable support to gender-responsive budgeting initiatives.

37. So far, a significant number of countries both in the Western and Eastern part of the ECE region have taken steps to introduce gender-responsive budgeting at the national or local level.¹⁴ However, most initiatives are still in their infancy and limited in scope and time.

B. Promoting gender equality in the labour market: affirmative action for women's employability

38. Allowing for flexible work arrangements. Given that women are currently the main providers of unpaid labour, including childcare, ensuring women's access to employment requires labour market legislation that provides for the possibility of and encourages flexible and part-time work. An example could be the legislation in the Netherlands where employees have the legal right to request a shortening or lengthening of their normal working hours, giving them the possibility to reduce working time when children are young and to increase it once they have left home.

39. Supporting female entrepreneurship and self-employment. Entrepreneurship in general and women's entrepreneurship in particular is considered important for both poverty reduction and competitiveness.¹⁵ For women in particular self-employment provides an alternative to unemployment or economic inactivity.¹⁶ Affirmative action supporting women's entrepreneurship could include microcredit schemes and gender-awareness training for bankers in order to facilitate access to finance, simplification of and consultancy services for administrative procedures, and special training for women entrepreneurs.

40. Adjusting parental leave legislation. In order to both mitigate the adverse effects of parental leave legislation on women's employability and encourage fathers to take over more family responsibilities, increased attention should be paid to policies giving an incentive to

¹³ For an in-depth discussion of statistical indicators on gender and the economy see a recent ECE report on measuring gender equality in the economy (to be made available on <http://www.unece.org/gender> in October 2009).

¹⁴ For examples, see ECE/AC.28/2009/3 and the national responses to the United Nations questionnaire on the Implementation of the 1995 Beijing Declaration and Platform for Action and of the Outcome of the Twenty-Third Special Session of the General Assembly in 2000 (available on <http://www.unece.org/gender>).

¹⁵ See ECE/AC.28/2009/3.

¹⁶ See Elias in ECE (forthcoming).

fathers to take paternity leave. Possible measures include imposing paternity leave around the day of birth (like in Portugal), and financial incentives to split parental leave.¹⁷

41. Enhancing training of women re-entering the labour market. A major obstacle to the employability of women re-entering the labour market after significant career breaks is the lack of practice and employment experience, and the insufficient match of their skills with the available jobs. Therefore, training and life-long learning programmes, including on information and communication technologies, specifically tailored to women re-entering the labour market should be introduced or strengthened.

C. Promoting gender equality in social security systems and through income support

42. Recognizing unpaid care in pension systems. Gender differences in old-age pensions and the resulting higher incidence of old-age poverty among women are directly linked to women's disproportionate share in the provision of unpaid work. Recognizing the value of unpaid work for society, policymakers should therefore design pension systems in such a way that this work is taken into account in the calculation of basic pension benefits.

43. Integrating atypical work arrangements in social security schemes. Of particular importance – given women's over-representation in temporary, part-time and flexible employment – is the integration of atypical work arrangements in social security schemes. Similar provisions as for full-time work should apply notably with respect to unemployment benefits and the accrual of pension entitlements but also for minimum pay.

44. Paying special attention to the most vulnerable women. Special attention should be paid to the most disadvantaged women, such as women from ethnic minorities, migrant women, women from rural areas and single mothers. For these women, the above-mentioned measures to enhance women's employability, notably support to female entrepreneurship and training of women re-entering the labour market, are not sufficient. In addition there is a need to adopt specific income support measures and to improve their access to social security systems.

D. The way ahead

45. Although it is one of the most pertinent social differentiations among agents in any economy, gender has only recently been recognized as part and parcel of the economic policy process. This recognition is spreading throughout more countries and institutions, but to date most examples of gender-sensitive economic policies, such as gender-responsive budget initiatives, are ad hoc measures applying to just a limited policy area and only few countries have holistic gender-mainstreaming strategies for economic policies. As a consequence, much more effort is needed to make gender-sensitive economic policies work in practice, in particular in the most vulnerable economies and for the most vulnerable groups.

46. These policy directions are of a structural nature and need to be promoted and effectively implemented regardless of the prevailing economic conditions. However, the current economic and financial crisis may have an impact on these longer-term policies. Therefore, while they should continue to receive attention, there is a need to introduce a gender perspective into policy

¹⁷ For more details on paternity leave legislation in the ECE region see ECE/AC.28/2009/6.

responses to the crisis. In this respect, the current economic downturn contains both risks and opportunities for gender equality.

IV. THE GLOBAL ECONOMIC AND FINANCIAL CRISIS: RISKS AND OPPORTUNITIES FOR GENDER EQUALITY

A. The impact of the global and economic crisis on the ECE region

47. The ECE region entered in 2008 its worst economic downturn since the Second World War. Each of the ECE subregions is experiencing negative growth in 2009. The decline in growth has been accompanied by rising unemployment, and especially large declines in international trade, capital flows, and remittances. Credit markets have tightened in many countries and fiscal budgets are being put under pressure as social needs have increased in addition to measures to boost domestic economies.

48. East European and Central Asian economies experienced a large shock which was of a different nature than that in the advanced economies. The reversal of capital flows into the European emerging markets caused a crisis at the stock and foreign exchange markets in many of them. Rapid and persistent declines in commodity prices, in particular for oil, gas and metals, from their historic highs in the summer of 2008 added to the downward pressure in the energy exporting countries of Eastern Europe, the Caucasus and Central Asia (EECCA). In addition, weakening activity in the advanced economies prompted a reduction in other exports from countries with transition economies as well as a dramatic fall in remittances.^{18 19} As a result, growth in Eastern Europe and Central Asia is expected to experience the largest decline (15 per cent) among all developing regions in 2009.

49. Among them, only those who have accumulated large oil revenues in Stabilization Funds during the years of high oil prices have been able to implement counter-cyclical macroeconomic policies. In addition the emerging economies had weaker social safety nets than the advanced economies and had a larger percentage of their populations nearer subsistence levels. As a result the economic slowdown and most importantly the related social consequences in these countries as a group were more pronounced than in the advanced economies.

B. Channels of transmission of the impact of the crisis on gender equality

50. Several important channels of transmission of the impact of the global crisis on gender equality stand out: (1) employment, (2) remittances and migration flows, (3) social spending, and (4) tight credit conditions.

¹⁸ The World Bank forecasts for 2009 a fall between 7 and 10 per cent of remittances in the world, for the ECE region this is expected to be between 12 and 15 per cent.

¹⁹ In 2006, Tajikistan and the Republic of Moldova received the highest levels of remittances in the world (as a percentage of GDP), with Kyrgyzstan in fourth place (World Bank 2008)

1. Employment

51. Unemployment. Aggregate demand has shrunk at a differing pace across industries and sectors leading to differences in the impact of the crisis on male and female employment caused by the sectoral distribution of employment by sex.

52. In the United States, Canada and European Union (EU27) men have clearly been affected more than women by the current crisis in the labour market. Sectors such as construction, the financial sector and the automotive industry have been hit hard, thereby affecting predominantly men.²⁰

53. In the EU the unemployment rate was around 1.3 percentage points higher for women than for men between the end of 2002 and early 2007. However in the last two years, both rates have converged. Between the first quarters of 2008 and 2009, the male unemployment rate increased more than the female rate in all EU member States except Malta, Poland and Romania.²¹

54. In the EECCA countries women are strongly represented in the fields likely to remain largely in the public sector – health care, education and social work – and in agriculture. Previous evidence on the transition crisis would imply that a shortfall in government revenues might lead to far-reaching cuts in social spending and civil servant wages or even employment.²² The scant evidence available at present would point to a more mixed picture. In the Russian Federation the initial layoffs were mostly reported in industry, metallurgy and financial services, severely affecting men's unemployment rates. However, in the first quarter of 2009 the share of the services sector, trade, hotel and restaurants and public administration (all sectors with a high female employee population) in dismissed employees registered as unemployed increased. Female unemployment is thus expected to rise faster in the second half of the year.²³ For the poorest – non oil-exporting – EECCA countries for which agriculture is still one of the most important sectors (notably cotton), it is expected that the unemployment burden will be higher for women.

55. Vulnerable employment. Although the economic activity of women is relatively high in most ECE countries, especially in the EECCA subregion, a significant proportion of them are informally employed (for example as unregistered workers in family businesses). Women continue to be disproportionately represented in lower quality jobs, characterized by low pay, poor working conditions and lack of social protection.²⁴

56. Financial and economic downturns often result in an expansion of informal and atypical employment, particularly affecting women. More workers enter informal labour markets due to decreased employment opportunities in the formal sector and cutbacks in average income. Furthermore, employers in the formal economy may change existing working arrangements by hiring workers on a part-time, contractual or casual basis. These atypical working arrangements

²⁰ ILO (2009b)

²¹ EUROSTAT (2009)

²² ILO (2008)

²³ World Bank (2009b)

²⁴ ILO (2008)

lead to less job security, lower pay and fewer benefits. According to estimates of the International Labour Organization (ILO), over the 1998 Russian crisis, the share of vulnerable employment for women in the EECCA countries increased much more than for men.²⁵

57. Decreased real wages. The same processes which lead to an increase of vulnerable employment also negatively affect real wages. In response to the crisis, many enterprises reduce the nominal wages and/or retrench workers. Lack of income generation opportunities in the formal sector and oversupply of workers in the informal economy implies working arrangements with lower wages and no or few benefits. Women tend to be more affected by wage reductions as they were generally paid less than men before the crisis. There are concerns that the existing gender pay gap might increase during the crisis since women's salaries often decline at a higher rate than men's.²⁶

Evidence from the 1998 Russian crisis

The drastic change in the functioning of the Russian labour market linked to the transition has substantially reduced female labour participation and altered sectoral employment as well as the factors governing the determination of wages.

After stabilization in 1994-1997, the situation has been further aggravated by the 1998 financial crisis. Empirical evidence based on the Russian Longitudinal Monitoring Survey found that the average gender wage gap widened following this crisis, female employees at lower income levels being the most hurt. The effect of the crisis among women was very heterogeneous: less educated women aged between 18 and 34 were subject to a higher gender pay gap compared to the average and proved to be distinctly more vulnerable to the negative economic shocks. (Gerry C, B-Y Kim, and A Li C. 2004)

2. Migration/Remittances

58. Migration in the ECE region is large by international standards and unique in that the region is both a major receiver and sender of migrants. The world's three biggest immigration countries are in the ECE region (United States, Russia Federation and Germany). While in the world the percentage of women migrants is roughly half of the total, in the ECE region most of the migrants are women.²⁷

59. Migrations in the European Asian area have been growing in the last years moving in a largely bipolar pattern. Much of the emigration in Central Europe is directed towards Western Europe, while much emigration from the EECCA countries remains within the EECCA, mostly concentrated in the Russian Federation and Kazakhstan.

²⁵ See also Zoya Khotkina on the effect of 1998 crisis: "*The Economic Crisis Hurts Women and Families First*", report from the round-table discussion "Women's Labour in Crisis" organized by the non-governmental organizations in Moscow, "The Russia Journal", 8-14 March 1998,

<http://www.russiajournal.com/printer/weekly1166.html>.

²⁶ Tutnjevic (2002)

²⁷ In the European and Central Asia area 57.2 per cent of immigrants are women (World Bank 2008).

60. In EECCA there is also a gender difference in the destination: while women prefer to migrate towards Western Europe and work in the care industry, men still migrate towards the Russian Federation to work in the construction or metallurgic sectors.²⁸

61. Restrictive policies in receiving countries result in a growing population of undocumented migrants. Illegal migrants provide a cheap and flexible workforce, vulnerable and easily dismissed during economic downturns. It seems likely that migration to advanced economies will decrease in response to the current financial crisis, and that some migrants will return home. In the United Kingdom immigration from Poland for the summer of 2008 was at its lowest level since 2004 – down 36 per cent from 2007 – reflecting an overall decline in immigration to the United Kingdom. Also when returning home, women may find themselves in a vulnerable position facing difficulties to find employment and to reintegrate into their communities of origin.

62. Migrants from countries in Eastern Europe and Central Asia have been affected by the deepening recession and a rise in anti-immigration sentiment in developed economies. The impact of the worsening employment situation in the Russian Federation has severe implications for countries such as Tajikistan, the Republic of Moldova and Kyrgyzstan that receive a large share of remittances from the Russian Federation, and where remittances are a large share of GDP. Massive lay-offs in developed countries have surrounded specific sectors of employment such as the construction industry which employs mostly male migrant workers. According to Cholewinski (2008) health workers and domestic workers (mostly women) will be less affected by the current financial crisis because of the necessity of their work.

63. In the Central Asian countries where most of the emigrants are male, the impact on women will be mostly felt on lack of remittances and the related fall in consumption.

The feminization of migrants in Uzbekistan

From the outset of economic transition, women in Uzbekistan became actively involved in external labour migration processes. The first form of such migration was shuttle trade, which was very popular in the beginning of the 1990s.²⁹ Women not only participated in shuttle trade but also often organized it, bearing full responsibility for possible risks and losses. Since 2000 the number of female migrants working in the service sector has been increasing. The number of women among labour migrants to neighbouring countries, especially Kazakhstan, is on the rise. According to some estimates, no fewer than 200,000-250,000 Uzbek women travel for work to the Russian Federation every year, most of them illegally. Moreover the share of women among internal labour migrants is also increasing.³⁰

²⁸ See for example International Organization for Migration (IOM) (2008a).

²⁹ Shuttle trade refers to the activity in which individual entrepreneurs buy goods abroad and import them for resale in street markets or small shops. Often the goods are imported without full declaration in order to avoid import duties.

³⁰ Maksakova (2006) and IOM (2008b)

3. Social spending

64. The quality of and access to social services tend to decrease as a consequence of financial crisis and austerity measures taken by government. In spite of government efforts to maintain previous levels of spending on basic services such as health or education, those services are in many instances affected by the overall cuts in public expenditures. Women are disproportionately affected by reduced access to health services due to their reproductive health needs and because they assume care for other members of the household such as children, the elderly, and the sick or disabled. Subsequently, their health situation may deteriorate in those countries which are forced to cut social spending.

Budget cuts in the Baltic States

Estonia, Lithuania and Latvia are facing possibly the sharpest recessions (between 15 and 20 per cent fall in GDP growth) in 2009 among the countries of the ECE region. As tax revenues plummet, Baltic governments were forced to implement steep budget cuts in an effort to stay on track for joining the Euro zone. Budget cuts implied public sector wage cuts (as high as 40 per cent in Latvia), pension reductions, VAT increases. In Latvia budget cuts to the health sector have been so wide-ranging as to cause the resignation of the health minister and spur a new round of protests. In Lithuania the austerity measures included a cap on maternity leave benefits. In Estonia, sickness benefits were curbed (Baltic Times 23 July 2009).

4. Microcredit

65. Tight credit markets have affected women's economic activity. Women comprise a significant proportion of self-employed workers (especially in Central Asia) that mostly set their small businesses in the informal economy. They include small retail shops situated in homes or stalls at the public markets, laundry and cleaning jobs, sewing and repairing services. These businesses are usually self-financed or supported by capital borrowed from relatives, private money lenders or specialized banks. Deposit-taking microfinance institutes are affected by the fall in deposits.³¹ However, the majority of the microfinance institutes rely on government support to finance their lending activities. Consequently, as public budgets are drained by financial bailouts, falling revenues and growing expenditures, government support to microfinance will be competing with other aid priorities, such as agriculture and social relief.

66. In addition, difficulties in attracting foreign capital led many emerging economies to raise interest rates, further deteriorating access to credit. Experience shows that credit schemes decrease due to the banking crisis, thus forcing small-entrepreneurs to look for other sources of capital. Expensive private moneylenders are often the only choice.³² Given their traditional difficulty in accessing credit, the decrease in availability of cheap credit further limits women's employment possibilities in small and medium-sized enterprises and in self-employment.

³¹ Microfinance banks in Eastern Europe and Central Asia, like other banks in the region, saw a steady withdrawal of deposits for several weeks following the collapse of Lehman Brothers. In the Russian Federation, monthly deposit withdrawals in the banking sector peaked in October at about 5-7 per cent of the total deposit base CGAP (2009).

³² CGAP (2009).

67. In sum, women's loss of employment, the sharp drop in remittances and credit to support economic activity, combined with the reduced capability of the state to deliver social services to women and children during times of unfolding economic crisis, call to strengthen the implementation of gender-sensitive economic policies in these countries, and to involve actively international organizations and institutions in supporting the most vulnerable economies in the ECE region.

C. Economic policies in support of gender equality: opportunities after the crisis

68. In response to the intensified global financial crisis, a large number of countries adopted emergency plans in the end of 2008 and the beginning of 2009, while international institutions started to discuss the reform of the regulatory and cooperative framework of the global economy.

69. International cooperation. Amidst worsening economic performance in April 2009, the leaders of G20 met in London and pledged to make additional efforts to restore liquidity on the capital markets, confidence and economic growth. The additional \$1.1 trillion programme of support provides the International Monetary Fund (IMF) with \$750 billion new resources, a part of it being allocated to a number of economies in the ECE region in support to their balance of payments positions.

70. Major International Financial Institutions (IFIs, i.e. World Bank, IMF) are increasing their commitments to ensure that economic adjustments made to combat the impact of the crisis also take account of the needs of the most vulnerable by developing or enhancing social safety nets. However, experience has shown that IFIs have often not paid sufficient attention to incorporating a gender perspective in their adjustment packages. Related public expenditure cuts and policy reforms therefore tend to affect women disproportionately. By mainstreaming gender into their main components, IFI's rescue packages will give the right incentives to economic agents, while the transparency of their impact and their overall efficiency will be increased.

71. More commitments have been made to maintain or increase aid and debt relief to the poorest countries to support social protection, boost trade and growth in these countries. Again, this is a move in the right direction provided that these commitments are shaped in a gender-sensitive way.

72. An excellent example of how a gender perspective can be integrated into internationally agreed measures in response to the crisis is the Global Jobs Pact adopted by the ILO in June 2009. It is designed to guide national and international policies aimed at stimulating economic recovery and generating jobs by proposing a range of crisis-response measures that countries can adapt to their specific needs and situation. The pact contains an explicit gender dimension and calls upon governments and multilateral institutions to include women in the design and assessment of recovery packages and integrate gender concerns in all measures (ILO 2009c).

73. National responses. The global economic and financial crisis is having unprecedented social costs. If national responses do not take in account the gender dimension, there is a risk of aggravating gender inequality. However, at the same time the crisis is creating an opportunity for radical change in policies and business practices leading to an increased focus on gender equality. In this spirit, many countries included in their fiscal stimulus packages measures aimed

at protecting women's social and economic position, for example increases in income support measures for families with children (Russian Federation,³³ Armenia,³⁴ Belarus,³⁵ Belgium, Bulgaria, Germany, France, Lithuania, Luxembourg and United Kingdom), or increased support for female labour market participation (e.g. Malta, Netherlands), or in a more indirect way, support of employment in sectors where women are over represented such as household related services (Germany, Sweden), agriculture (Romania, Uzbekistan³⁶) and tourism (Slovakia, Greece, Romania)³⁷, or through the increase of low-end pensions which constitute the main income for many older women (Russian Federation, Georgia).³⁸

74. Measures aimed at sustaining health expenditures, training, credit (especially for small and medium-sized enterprises) as well as investments in infrastructures need to take into consideration the gender dimension in each country. In other words, countries' policies – both short or long term ones – should incorporate gender-specific elements based on the national economic and social situation. For example, measures aimed at building financial stability and banking services should include programmes for the training of women in the banking sector (especially in the rural sector). At the same time microcredit schemes should be sustained, especially in the Central Asian countries where they represent an important opportunity to empower women.

75. From a macroeconomic point of view, policymakers face a certain trade-off between short-term measures to mitigate the current effects of the crisis and longer-term policies for boosting growth into a sustainable path. For many of the countries in the ECE region, in particular in Eastern Europe and Central Asia, the second point is critical and calls for setting up strategies aimed at diversifying the growth pattern away from commodity dependence and into value-added sectors. Training women through programmes for specific skills required by such change in the production structure then constitute opportunities for both human capital development and sustained growth in these countries.

CONCLUSIONS

76. Economic policies and strategies need to include both short-term gender-sensitive measures to mitigate the adverse effects of the crisis, and long-term measures to address implicit gender biases in policies and existing gender inequalities in the economy;

77. Short-term measures. Gender mainstreaming should be applied to short-term measures taken for mitigating the impact of the crisis. In particular:

³³ World Bank (2009a)

³⁴ Darvas (2009)

³⁵ Darvas (2009)

³⁶ Economic and Social Commission for Asia and the Pacific (2009)

³⁷ European Commission (2009)

³⁸ Women have a higher life expectancy than men and are usually less able (due to maternity or part time or informal working) to accumulate pension rights. Often their only income during the old age years is represented by minimum pensions (see ECE Ageing site: <http://www.unec.org/pau/age/welcome.htm>).

(a) Existing stimulus packages could be reviewed and where necessary complemented with a gender perspective while possible additional packages should directly integrate this perspective.

(b) Public spending consolidating social infrastructure investment is a priority as it has an impact both on gender equality and higher productivity. For example, in education it is important to provide for gender-equitable and well-targeted training which facilitates job creation with an equal access for women and men.

(c) Furthermore, the existing social protection schemes need to be complemented with special provisions of social services targeting those vulnerable groups suffering most from the crisis, in particular women in a situation of or at risk of poverty.

(d) Measures aimed at rebuilding financial stability and banking services should include gender-awareness training for bankers and programmes for training women in the banking sector (especially in the rural sector). Microcredit schemes and government lending programmes must be sustained and accessible to women with few assets.

78. Long-term strategies. Long-term strategies need to create coherence between macroeconomic policy and gender equality goals. In particular:

(a) Vulnerable groups of the population are suffering less from the crisis in those countries which have automatic macroeconomic stabilizers and social insurance systems accessible to all. In countries without such stabilisers, the crisis offers an opportunity to raise awareness of their necessity and to take steps for establishing them.

(b) Gender-responsive budgeting and gender impact assessment of legislation have to be reinforced, cutting across all economic policy areas and related social areas.

(c) Employment policies need to be reviewed to reveal gender biases where they exist, for example, in recruitment and career development, including access to senior positions. Such elimination of gender biases also requires establishing provisions for flexible working time, reconciliation of work and family responsibilities and state-based entitlements for the providers of unpaid caring labour. In other words, general pro-active employment policies need to be supplemented by a target of decent jobs on comparable terms for, and equally friendly to, both women and men.

(d) The protection of migrant workers should be improved and the fight against human trafficking should be intensified. Crucial in this respect is the ratification by all countries of the relevant international conventions. In addition, both the banking systems and non-banking transfer services in the ECE region need to be further developed to reduce transaction costs for remittances and to divert the flow of funds to official channels.

79. International cooperation. For all countries of the ECE region, particularly those with transition economies, the support of international organizations for furthering gender mainstreaming into economic policies is needed. In particular:

(a) More attention to gender issues should be devoted when designing adjustment packages and advice on countries' development strategies. This requires developing gender-sensitive analysis of the economic and social situation of the countries concerned.

(b) Similarly the efforts of the international financial institutions to integrate a gender perspective in their lending policies should be intensified. For this purpose it is important to evaluate *ex ante* the potential gender impact of the measures taken, and their effective impact *ex post*. This implies an improved understanding of the gender approach among the analysts and decision-makers of IFIs, both through leadership and specific training.

(c) Efforts of other international organizations, both United Nations and non United Nations, in promoting gender mainstreaming in economic policies need to be actively pursued, particularly through regional and subregional networking as well as through partnerships involving national policymakers and civil society (see ECE/AC.28/2009/7).

80. All the above-mentioned measures converge to make gender part and parcel of the economic policy process, with a common objective: to improve women's economic opportunities to a level comparable to men's and, thereby, to contribute to reaching the full potential of the economy while ensuring social equity and equal rights for women and men.

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