Financing Gender Equality Key to Sustainable Development Results

Today's multiple crises, of food, fuel and finance, make clear that the conventional development paradigm, on which the Monterrey Consensus is based, is no longer viable. The promotion of market liberalization and fiscal austerity as the instruments for stimulating economic growth, and with it development, must be revisited.

International agreements, including the Millennium Declaration, the Monterrey Consensus, and most recently, the outcome document of the 2008 High Level Event on the MDGs, have endorsed economic policies that move beyond narrow definitions of income growth to embrace more equitable and sustainable development. The Monterrey Consensus referred to financing gender-sensitive, people-centred development as essential for responding to challenges of globalization. In addition, a growing body of evidence shows that investing in gender equality has a multiplier effect on productivity, efficiency and sustained economic growth and that increasing women's economic empowerment is central to achieving the Millennium Development Goals.

During the financing for development review process Member States underlined the need to address the quality of development and importance of tackling inequalities, including gender inequality. The Secretary-General's Report (A/63/150) stated that "there is a widespread view that there needs to be a better understanding of the role of women in development, moving beyond their roles as caregivers and labourers. Macroeconomic policies should be more coherent with other policies to achieve gender equality; for example, policies should take into account gender dimensions of tax issues, business cycles, employment and the unpaid 'care economy'."

Gender Equality: A Critical Development Challenge

The Doha Declaration, issued at the conclusion of the Follow-up International Conference on Financing for Development recognized these links, noting that gender equality and women's empowerment are essential to achieve equitable and effective development and foster a vibrant economy. The Declaration included specific commitments to eliminate gender discrimination in labour and financial markets as well as in the ownership of assets and property rights, business support services and economic programmes. The Declaration also contained specific commitments to capacity-building in gender-responsive public financial management, including gender budgeting.

References to the specific needs of women were also made within some specific sections of the financing for development agenda, notably foreign investment and the allocation of official development assistance (ODA).

Mobilizing domestic resources

The Monterrey Consensus identified domestic resource mobilization as essential for sustaining productive investment and increasing human capacities. Policies to achieve this include targeted public investments, fiscal and monetary instruments to moderate economic downturns, and policies to promote decent work. All of these serve to expand opportunities for women, and reduce the risks to which they are often subject, including job and income loss and limited access to public services.

Among the trade-offs of tight fiscal policy are stagnant employment opportunities and reduced spending on public services and social protection. These measures serve to oblige women to take on additional care-giving responsibilities, limiting their options for paid employment and entrepreneurial activities. Economic policies need to expand women's options across the labour market, and improve their access to finance and productive assets. Particular efforts are needed to reach the large numbers of women in informal work, including cross-border trade, and improve options for small farmers, the majority of whom in many countries are women.

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Tax policies also need to be revisited. Corporate taxes are widely underutilized in many countries, owing to the adoption of tax holidays to attract foreign investment, although these have proven irrelevant to investment decisions in many cases, especially in Africa. Instead, many poor countries have sought to broaden their tax base through indirect taxes, such as sales tax and user fees, which fall heavily on the poor and women as consumers of basic goods and services.

Increasing external resource flows towards gender equality goals

It is no longer possible to assume as the Monterrey Consensus does, that trade and investment liberalization will increase foreign direct investment, leading to economic growth and social development. In practice, foreign investment has been concentrated in a relatively small number of countries. Trade liberalization has resulted in few gains, and has seriously jeopardized food security in many developing countries, especially in Africa, where women are the primary producers as well as providers of food security.

At the 52nd session of the Commission on the Status of Women in March 2008, governments agreed that realizing the multiplier effect of gender equality on sustained economic growth requires gender-responsive macroeconomic policies as well as greater resources at all levels. At the Accra High Level Forum on Aid Effectiveness in September, they further agreed that "gender equality, respect for human rights and environmental sustainability are cornerstones for achieving enduring impact on the lives of poor women, men and children" and the need to increase the capacity of national development actors "to take an active role in dialogue on development'. UNIFEM work on gender-responsive budgeting and the implementation of the aid effectiveness agenda has shown the need to increase both financial and technical resources for gender equality advocates within government and civil society so that they effectively engage in national development planning and budgeting processes.

Ensuring Gender Equality in Development Financing: An Action Agenda

To sustain this momentum, and move towards a broader vision of human development, governments need to commit to:

- Expand fiscal policy space to encourage public investment in social infrastructure, the creation of decent work and social protection measures;
- Invest in capacity building for finance, planning and sectoral ministries to incorporate gender equality in macroeconomic policy frameworks and include costing estimates for gender equality in order to design and implement more effective programmes;
- Promote the use of gender-responsive budgeting in order to ensure equitable allocation of domestic and external resource allocations and monitor the impact of public revenue raising and spending on men and women.

An Expert Group Meeting convened prior to the 2008 Commission on the Status of Women 52nd session concluded that achieving gender equality goals requires a reallocation of existing resources and a huge injection of additional and predictable funding. In its Agreed Conclusions adopted in March 2008, the Commission urged Governments and other stakeholders to incorporate gender perspectives into all economic policymaking and noted that women's empowerment and gender equality are key drivers of actions to build food security, reduce poverty, safeguard the environment, and enhance development effectiveness and the impact of aid. Unleashing this potential requires policies that recognize and support women as agents of economic development and that actively promote—and finance—their full empowerment and rights.

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