

**United Nations**  
**Division for the Advancement of Women**  
**Expert Group Meeting on financing for gender equality**  
**and the empowerment of women**  
**Oslo, Norway**  
**4-7 September 2007**

**FINANCING FOR GENDER EQUALITY AND THE EMPOWERMENT OF  
WOMEN: SOME THEORETICAL AND PRACTICAL ISSUES FROM A TRADE  
AND MACROECONOMIC POLICIES PERSPECTIVE**

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

## **Introduction**

Currently, the international political economy is dominated by a plethora of reform agendas: aid reform, debt reform, financial sector reform, public sector reform and trade reform. Associated with these reforms are issues of aid effectiveness, good governance, financial accountability, market access, public-private partnership and trade liberalization with emphasis on private sector development, micro finance and debt sustainability. None of these reform contents, instruments and modalities are gender neutral nor can any single one be taken to automatically result in gender equality outcomes. All, however, impact to different degrees, the policy space, policy autonomy and conditions by which developing countries' governments can exercise decision-making about expenditure and revenue generation, which have implications for gender equality and women's empowerment commitments made over the last twenty years. Undeniably, the national budgets of developing countries have become key intersectional points for all the varied reform agendas.

Unquestionably, budgetary issues have profound implications for the accessibility and availability of, livelihoods, public services, social reproduction, and the sexual health and reproductive health and rights of men and women. So it is not surprising that at the same time as these various reform agendas have been evolving, there have been significant counter moves in the forms of gender responsive budgeting, gender sensitive micro-financing and gender and trade analysis and advocacy to promote gender equality and the empowerment of women. These activities are all occurring in the shade of the millennium development goals and in the backdrop of the Monterrey Consensus.

Today we are exploring the critical issue of financing gender equality and the empowerment of women, a topic that it is important to examine in the context of these ongoing reform processes. But before moving to examine in greater details how these processes impact on the financing of gender equality, it is important to refresh our understanding of the key elements and underlying issues at stake in this debate.

### **The dimension of gender inequality and women's lack of empowerment<sup>1</sup>**

Gender equality and the empowerment of women should be grounded in ensuring three fundamental imperatives: 1) women's and men's material existence, 2) expanding human potentiality and 3) enhancing consciousness. This means that governments' macro management of the economy, including decisions about financing and investment, must focus on ensuring full bodily integrity (including physical and biological needs), self-expression and self-realization.

Bodily integrity is ensured when there is food, clothing, shelter and protection. The need for food can be met through access to safe, nourishing nutrients and water. Shelter refers to protection from the environment and therefore is fundamentally about access to land, housing, electrification, sanitation and the elimination of refuse. Protection at its simplest

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<sup>1</sup> See Williams 2007d for a more elaborate discussion of these points.

is to be free from injury and involves a wide range of factors including access to health care, safety in the home and community, and relationship with neighboring communities and nations. But it should also be expanded to include issues of child-care and child-rearing, discrimination, biases and stereotypes, domestic and ethnic violence.

Self-expression and self-realization are mainly in the psychological realm of perception. But they are grounded in the reality of the degree and sense of personal freedom, communication with family, knowledge of how to be healthy, interpersonal, family and community dynamics. They also encompass leadership and creativity which are the ability and potential to contribute to self-growth, self-awareness within the context of individuality, family, community and the nation. They are ultimately about visibility, valuation of activities and contribution, participation in economic, political and social decision-making. At the level of policy, they are impacted by education, literacy, training, communication (including internet and other forms of access to information and knowledge).

All these dimensions of women's empowerment are linked to national and international policy debates around economic justice, economic security and cultural, economic, political and social rights.

Research shows that in many countries women and children shoulder the main responsibility for collecting, storing and distributing essential goods, such as water and fuel, within the family and community. The PRSPs of Ethiopia, Malawi and Zambia made specific reference to women's 'water bearing burden' while others made linkage between 'reproductive health and women's water carrying burden' (Zuckerman and Garrett 2003). Lack of easy access, therefore, imposes a tremendous burden on women's time and their health, as they are often required to expend substantial amounts of time and energy in meeting these responsibilities. Contrary to conventional expectations, the privatisation of essential services, as have been implemented under structural adjustment programs and continued within the PRSP and trade liberalization agendas, have not necessarily improved women's access to health care and other necessities.

The burden of home-based care rests heavily on the female members of families. Research by UN AIDS has shown that HIV/AIDS increase women's unpaid work as women are forced to carry more responsibility for sick relatives as well as compensate for loss income from parents, spouse or siblings who are affected by the disease.

Critical to women's, girls', boys' and men's wellbeing and functioning are access to health care, education and essential services such as safe water and sanitation. Almost everyone agree with the World Health Organization (WHO) that water and sanitation are preventable medicine. Yet 1.2 billion persons lack access to safe water and 2.6 billion boys, girls, women and men are without sanitation.

While Malaria, HIV AIDs, Cholera and endemic diarrhea are the greatest health problems in poor developing countries and the main causes of death, a 'tragic blind spot' in health care is women's health care with implications for maternal mortality and infant mortality.

Currently over 530,000 women die each year from child birth. These deaths are easily preventable.

Violence against women (VAW) is reaching epidemic proportion: 1:3 women globally are beaten, coerced into sex or other forms of abuse in lifetime in her lifetime. WHO 2002: pointed out that 40-70% of women murdered are killed by intimate partners in Australia, Canada, Israel, South Africa, US, etc. In the UK, 40% of female homicides victims are killed by husband or boyfriend. The problem is so dramatic that it has prompted the Council of Europe in 2002 to declare VAW a public health emergency.

For the most part, VAW is still invisible due to the shame which prevents women from speaking out. Data collection is inconsistent and insufficient. Yet, the reality is that far too many women live in constant state of insecurity both within their homes as well as in the public spaces.

### **The Macroeconomic policy environment and gender equality and women's empowerment<sup>2</sup>**

Today, the dominant template of economic and social management is far too often preoccupied with:

- A narrow macroeconomic policy precept that predominates over social policy, social protection and job creation;
- The prioritization of the payment of external debt/debt services by poor developing countries over the provision of essential services such as health care and access to safe water;
- The privatisation of services delivery to for profit companies over universal access to basic social services and social protection
- Trade liberalisation, which is pursued at all costs (ignoring that trade liberalisation has inherently negative fiscal dimensions for governments whose budget have high dependence on trade taxes as well as for food security in some countries.)
- The pervasive pursuit of fiscal austerity requirements of international financial institutions (IMF and World Bank) programs and the single-minded focus on low inflation which have disastrous consequences on the capacity poor countries to finance public services. Low inflation targets, while it benefits, protects and enhances the profits of foreign investors, and the rich, engenders a cap or ceiling on public expenditures, with particular implication for social sector spending on health and education.

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<sup>2</sup> Please refer to Williams 2007b and d.  
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In general, the prioritising of the objectives and targets of fiscal policies leave much to be desired. In the first, case very rarely is this prioritisation an open discussion or even open to discussion. In the second place, there is less attention paid to how policy variables will impact on social infrastructure such as childcare and housing. As a result, reform in the fiscal policy area typically focuses on measures to address budget deficit and tax reform in favour of business and capital sector. Nevertheless, there is a direct and reinforcing link between the budget and social policy. Restrictive fiscal policy measures such as the imposition of value added taxes or rise in sales taxes on consumer items have a pronouncedly negative effect on social equity because these instrument impact directly household budgets. World Bank research confirms that ‘indirect taxes increase poverty due to regressive nature (2001, p. 70). It is also well known that higher taxes on consumption goods increase the relative price of such goods. What is less acknowledged is that given increases in the relative prices of consumption goods, in the context of static income, rather than purchase such items in the market, women in households will seek to produce these goods themselves in order to protect their family’s consumption patterns (UNDP 2004).

### **Trade policy, trade reform and Aid for Trade<sup>3</sup>**

Current approach to trade policy making in many developing countries is driven by trade agreements, negotiated multilaterally in the WTO and increasingly in regional or plurilateral fora. In general, most all trade policy targets and policy instruments tend to be focused on market access with the presumption that it will generate the necessary employment. However, there is less attention paid to the after effects of import liberalization on the livelihoods of poor women and men. This includes the potential negative effects of liberalization induced fiscal and monetary policy impacts on income and asset distribution. For example, monetary policy may support trade liberalisation by shifting credit towards the export sector at the disadvantage of domestic oriented sector. This has implications for employment, business development and housing construction. Additionally, tight money policy has implication for liquidity for other sectors of the economy such as small and medium sized businesses (SMEs) and the housing sector.

Likewise, the fiscal budget is expected to support different aspects of the trade reform agenda such as customs reform and trade facilitation efforts, engendering a trade-off between different items and areas of the fiscal budget. As with general tax policies, discussed above, the fiscal effects of tariff reduction and the elimination of licensing fees have particular negative consequences for social sector aspects of the budget.

The pressure of trade agreements, negotiated bilaterally, regionally and multilaterally has been to erode trade protection in favour of import liberalization on as wide a scope as possible. This has tended to mean the reduction and elimination of trade taxes (tariffs), quotas and licensing fees. But it is also accompanied by measures to expedite the flow of goods and service across border including through custom reform and other aspects of trade facilitation. In terms of export expansion, the mechanisms here are threefold: 1)

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<sup>3</sup> Draws heavily on Williams 2007a and e.  
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fiscal incentives (such as tax exemptions, tax holidays), 2) export financing support and 3) trade promotion support. Both import liberalization and export promotion measures have direct and indirect impacts at the meso and micro levels of the economy with implications for poverty reduction as well as targeted and non targeted gender equality interventions.

The direct impacts of trade on financial resources for gender equality operate through the effect of trade on employment, income and prices in the economy. Trade expansion may increase the employment of men and women, yielding increased income to households and more foreign exchange reserves to the government. The removal of tariffs and other trade barriers will directly impact prices of goods and service available in the domestic market. Indirect impacts are those that work their way through to the informal and household sectors through a long chain of causes and effects. For example, when government revenue decrease as a result of declining trade tax receipt, the government may attempt to make up for the shortfall by cutting social spending and or by raising consumption and other excise taxes. These will impact household budgets and access to health care and education.

Trade agreements such as the Agreement on Agriculture, the General Agreement on Trade in Services and the Trade related Intellectual Property agreement also impact on the availability of food, health care and access to education to individuals and households. Thus these agreements have serious implications for enabling women's and girls' capability, functioning and overall sense of personal security. These agreements also have the potential to generate changes in the economy that may either increase or decrease women's access to economic and social resources such as land, technology and credit.

Ultimately, the challenges of the MTS to financing gender equality may be in terms of the extent to which trade and trade related measures and mechanisms offset or mitigate leakages of funds from households' budgets, government budgets and the foreign aid resources available to finance gender equality interventions, both targeted and non targeted. It would also be important to ascertain the extent to which leakages are countered by injections or inflows of funds into these same financing sources.

This points to further work on specifying the specific channels and pathways through which the MTS influences and impact the financing of gender equality programs. It also should draw greater attention to instituting processes for engendering the various capacity building and aid for trade initiatives so as to stimulate new program areas that will promote gender equality as wells as complement the financing of gender equality interventions.

Two specific areas of intervention linking trade and women's empowerment are aid for trade (Aft) and trade related capacity building (TRCB)<sup>4</sup>.

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<sup>4</sup> Draws heavily on Williams 2007e (forthcoming)  
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Aid for trade (AfT) is currently projected as a mechanism for redistribution and compensation related to trade reform and associated trade adjustment. While a contentious topic, AfT is relevant to the discussion of women's economic empowerment and gender and trade because of its wide scope, which range from the issue of trade policy and regulation, trade development, trade-related infrastructure to trade related adjustment<sup>5</sup>. In the area of trade policy and regulation, women, in their multiple roles as workers, community and household caretakers and business actors, are impacted by reforms of trade policy and trade regulation arriving from trade-offs, trade disputes and the institutional and technical support that aim to facilitate the implementation of the provisions of trade agreements. Women business owners, who usually are under capitalized and have less access to finance and credit than their male counterparts, must grapple with the day-to-day reality of complying with rules and standards emanating from changing trade policy and trade regulation. Likewise, women and men workers in the import competing sectors are also differently impacted by trade rules that liberalize these sectors.

In the area of trade and development, women's businesses are also impacted by investment and trade promotion that determine the flow of project funding and technical assistance. Most often they are the least serviced, if at all. Thus there is a need to tailor programs and project focused on investment expansion or deepening to the key critical needs of women owned micro and SMEs. Women may also require highly differentiated business support services that are specifically targeted to meet women's priorities and concerns. Women entrepreneurs who are involved with the export sector or who are contemplating future involvement in this sector may also require particular attention in the area of trade finance, trade promotion, market analysis and development.

As has been noted by Elson and Gideon and the World Bank, women may also be differently impacted by the design and development of physical infrastructure such as roads and ports that would be part of the dynamics of any trade-related infrastructure under AfT. The focus on what kinds of infrastructure will receive priority attention and support--whether it is feeder roads or simply main roads are critical to the survival and expansion of women and small farmers in ensuring access to market and their ability to be independent of middlemen; it may also lessen their dependency on lesser remunerative farm-gate pricing structure.

Overall, gender should be a concern in all aspects of AfT including 'trade related adjustment' and 'other trade related needs', but, especially, those programs and projects aimed at building the 'supply side capacity' and the 'human resource availability of developing countries' (AfT Task Force Report). The importance of gender in AfT was also flagged in the report of the Aid for Trade Task Force (under section F)<sup>6</sup>. While the

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<sup>5</sup> AfT is quite a controversial and highly political issue. The gains for women will depend on where the weight of the discussion and funding lands between the tug of war over whether AfT should be more adjustment oriented (dealing with BOP problems and revenue loss from trade liberalization) or trade enhancing (dealing with demand side issues and supply-side issues).

<sup>6</sup> The Aid for Trade Task Force, which was established February 2006 with a mandate to discuss how AfT 'might contribute most effectively to the development dimensions of the Doha Development agenda' tabled EGM/FFGE/2007/EP.15

report did not undertake a wide or deep discussion on gender issues, these issues must be advocated for as paramount to policies, programs and policies of poverty eradication, development and gender equality. This is particularly so in a ‘... discourse on the link between the multilateral trade regime negotiations and Aid for Trade (which) puts *Trade* at the center of growth promotion and poverty reduction strategies at the national, regional and multilateral level’ (Isodor2006).

Trade related capacity building, though having its own parameters and independent existence, is central to the wider issue of aid for trade. TRCB is variously defined as: i) a spectrum of activities ranging from intangible (skills and knowledge building) around issues such as sanitary and phyto sanitary measures to more tangible efforts (roads, ports and ICT) in order to relax supply constraints and diversify exports; ii) a two or three pronged approach encapsulating negotiation, implementation and or adjustment to deal with developing countries’ challenges around market access, market entry and trade readiness; or very narrowly as, iii) technical assistance for the implementation of trade reform which may or may not take into account adjustment costs<sup>7</sup>. However, broadly or narrowly conceived TRCB activities tend to focus on trade policy & regulation and trade development with great emphasis on micro (enterprise) level support, industrial level and institutional interventions.

Since TRCB programs tend to operate at the enterprise and institutional level, it would seem to be one aspect of trade that has great synergy with gender mainstreaming and wide scope for the integration of gender considerations, especial with regard to financing gender equality and women’s empowerment. However, to date this has not been the case. With the exception of CIDA, which has developed a framework for engendering TRCB, there has not been much focused national, or regional attention on ensuring the gender equality dimensions of trade development or trade readiness<sup>8</sup>. The Commonwealth

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its final (nine pages) recommendations to the WTO General Council July 27-28, 2006. The report was endorsed by the General Council in its 10 October 2006 meeting.

<sup>7</sup> See OECD-WTO data base on TRCB. The IMF and the Bank also have their own approach to the issue and donor organizations, such as CIDA, are evolving their own particular take on the matter. While the WTO explicitly acknowledges only two legs, ignoring adjustment costs, the OECD and others, such as CIDA, cast a broader net including all three legs. Developing countries generally regard TRCB in a positive manner as a key to strengthening the link between trade and development as well as enabling greater development benefits from trade. See 2005 Report Joint WTO/OECD Report on Trade Related Technical Assistance and Capacity Building <http://tcbdb.wto.org>

<sup>8</sup> CIDA has developed a series of entry points for engendering TRCB programs, focusing on the two broad areas of trade policy & regulation and trade & development. In terms of the former the emphasis is on engendering national trade and development policy, improving the participation of women in trade negotiations and building the knowledge of business and workers on these issues. In terms of trade development, key entry points are leveraged around: business development issues, access to trade finance and trade promotion at enterprise and institutional levels. Emphasis at all levels is on the role of SMEs and the limitations they face in accessing training, marketing information, ICTs and financing. Canadian International Development Agency (CIDA), 2003. *Gender Equality and Trade Related Capacity Building: A Resource Tool for Practitioners*. For the commonwealth contributions please see *Gender and trade action guide: A Training Resource*. 2007. Catherine Atthill, Sarojini Ganjul Thakur, Marilyn Carr and Mariama Williams. Commonwealth Secretariat London. 2007. ISBN 978-0-85092-862-4 and <http://www.thecommonwealth.org>. 2003.



Secretariat has also focused its attention on the issue of gender trade and export promotion with the development and implementation of a training module and associated series of trainings for trade technicians and key stakeholders in Commonwealth developing countries. None of these programmes, however, examines the financing dimensions.

In terms of TRCB there are significant financing and empowerment issues around SMEs and women owned business and market entry and trade readiness. Critical questions to be posed includes:

- What kinds of trade readiness or capacity building programs and projects are needed for women owned and operated business versus for male owned businesses as it relates to particular areas of export supply services, export training, capital upgrading, product upgrade, access to credit, access to export market (export market requirements) and the building of product niche?
- Who are the normal targets of TRCB & technical assistance? To what extent are the needs, priorities and concerns of micro, SME's and women entrepreneurs taken into account into the design, planning and implementation of TRCB projects and programs?

As discussed above, many of the key considerations of market access that are problematic for SMEs and small holders in the agricultural sector such as physical infrastructure—road, ports, railways and access to ICT have their own distinct gender dimensions which need to be specifically targeted and addressed within the context of TRCB planning. Women and poor minority businesses operating in the export and import competing sectors have a greater need for accessing many of the softer elements of market access and market entry such as incentives, tricks of the trade with regulations and assistance with the costs of information & communications as well as dealing with global supply chains and product development. Programs geared to providing export training, building and maintain trading networks, assisting with capital upgrading, technical standards and regulations, standards for specific export markets, if tailored with adequate gender sensitivity, can prove highly beneficial to women economic actors.

### **Summary and recommendations**

Ultimately any financing of gender equality and women's empowerment must focus attention on housing, sanitation, health care, education and skills training, with particular attention to unpaid work, the care economy, basic school (early childhood), employment and enterprise development and the development of public infrastructure within communities.

Therefore, simplistic appeal to (micro-credit driven) community development must be replaced by a comprehensive and deeply structural plan to eliminate public poverty and at the same time create the dynamics for generating sustainable livelihoods for men and women based on their strategic gender needs and interests. This is especially important for communities where the structural effects of long history of neglect and abuse are pervasive.

Thus, there is a need to move the discussion and action agendas beyond poverty reduction to look at structural issues of inequality and economic injustice that reinforce old forms of poverty as well as creates new poverty and inequalities. Gender equality must be reaffirmed as an end in itself and not simply a means to an end.

With regard to the broader macroeconomic policy domains:

- There will need to be a shift in perspective from seeing and treating the national budget as only a device for debt and debt services payment to re-integrating the social function of the budget.
- Economic decision-makers' focus need shift from the current over emphasis on generating the primary surplus as the main target of fiscal policy towards a more people and gender sensitive budget. The targeting of the primary surplus as the key focus of fiscal policy led to over emphasis on fiscal restraint and decreased or stagnant growth (Celasum et al 2005 and Marano 1999). This has occurred even in the context of structural unemployment and low interest rates (Celasum et al 2005 and Marano 1999 cited in Williams 2007b).
- There need to be more balanced attention paid to alternative options such as increasing public investment and lowering interest rate. Tight fiscal policy has had significantly negative outcomes for policy options to generate employment, growth and competitiveness of the domestic economy. This may mean reducing the primary surplus in order to create real resources for the economy. Increasingly research is showing that a reduction in the primary surplus can co-exist with reduction in debt (especially when there is a rise in GDP).

Specific recommendations in the area of trade policy and trade reform, therefore are that:

- Each country develops a framework for engendering its trade related capacity building and Aid for trade programs.
- Ensure that trade diagnostic studies focused on promoting trade readiness and market entry include gender analysis and pay specific attention to the needs of women owned SMEs, as well as, to the sectors in the economy most likely to be adversely impacted by changing trade policy.
- Trade negotiations mandates proactively include gender sensitive frameworks for each of the sectoral areas under negotiations.
- Gender sensitive flanking measures to deal with the negative outcomes of trade reform underlying the implementation of trade agreements.

In conclusion, shifts in macro-policy impact the provisioning of care in households and communities. The activities of caring for men and women in their various life cycles and in preparation for life in the labour market, entrepreneurial activities and as contributing citizens to society are critical to overall economic development, growth and performance. Social reproduction, which is primarily the work of women, is the life blood of the economy. Therefore, economic decision-makers should work to better oriented economic policy to support social reproduction. This can be achieved, in part, by promoting access to basic social services, the reduction of public poverty, and, in part, by directing shifts in the financing of social spending in a more balanced way in the allocation between the different sources of revenue. In addition, in order to meet the needs of, and to prioritize social reproduction, as noted by ECLAC, macro economic policy must have broader goals, extended time horizon and greater attention must be paid to the distributional impacts, and the high costs of pro cyclical macroeconomic management. Thus in order to be more effective for social reproduction needs, macroeconomic management should be designed to counter the business cycle's up and down swings in economic activities.

It is only through such thoughtful approaches to the management of the economy that sustainable financing for promoting gender equality can be undertaken.

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