

FINANCING FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

Gender equality and the empowerment of women are goals in themselves, as well as an important means of reaching other development goals, including the Millennium Development Goals (MDGs). It is widely recognized that investing in women and girls has a multiplying effect on reducing poverty and economic growth, and that gender inequalities have high economic cost to societies. Despite the fact that gender equality makes good economic sense, adequate resources have not been allocated. To focus on this issue, “Financing for gender equality and the empowerment of women” will be the priority theme for the fifty-second session of the United Nations Commission on the Status of Women (25 February – 7 March 2008).

POLICY FRAMEWORK

The Beijing Platform for Action is the global policy framework for gender equality and empowerment of women, agreed upon by Governments at the Fourth World Conference on Women in 1995. The Beijing Platform for Action emphasized that funding had to be identified and mobilized for women’s programming. Commitments on financing programmes for empowerment of women were made at the twenty-third special session of the General Assembly and in the UN Millennium Declaration in 2000. Ten years after the Fourth World Conference on Women, the review of the Beijing Platform for Action indicated that a significant gap between policy and practice remains.

How do economic policies affect women?

Investments countries make are governed by macroeconomic policies which have great impact on gender equality and the empowerment of women. Decreases in government revenues, for example, can lead to cuts in social spending with effects on household budgets, unpaid work done by women and their time. Gender inequalities, such as restrictions on access to work and income inequalities, can be worsened by macroeconomic policies that promote low inflation, austerity measures and high mobility of capital. National budgets, development policies and strategies to reduce poverty are important planning tools to identify and prioritize resources for women.

Countries that fail to eliminate gender disparities in education by 2015 — one of the key targets of the Millennium Development Goals — could lose between 0.1 and 0.3 percentage points of per capita growth rates.¹ It has been estimated that the Asia-Pacific region, for example, is losing \$42 to \$47 billion annually because of women’s limited access to employment opportunities, and another \$16 to \$30 billion annually as a result of gender gaps in education.²

The Monterrey Consensus, adopted at the International Conference on Financing for Development in 2002 (<http://www.un.org/esa/ffd/documents/index.htm>), highlighted the need for a holistic approach to financing for development and recognized the complex challenges related to financing mechanisms that support sustainable, gender-sensitive development. The Follow-up to the International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (<http://www.un.org/esa/ffd/>), to be held in Qatar in 2008, provides an important opportunity to further explore the gender implications of financing for development and to hold Governments accountable for commitments made. Governments must ensure that gender perspectives are fully incorporated into this follow-up conference and all the six action areas of the Monterrey Consensus.

Action area 1: Mobilizing domestic financial resources

Government decisions on generating and spending revenue can have different impacts on women and girls, and men and boys, because of the way services are provided and income distributed. Many countries have recently introduced results-based budgeting to increase efficiency and accountability. This evaluates how well budgets deliver targets and can analyze public finances from a gender perspective and identify gaps between commitments made and actual allocations.

The Monterrey Consensus noted the need to build capacity for gender-responsive budget policies. Gender-responsive budgeting refers to the evaluation of government expenditures, revenues and policies to understand real impacts on the social and economic positions of men, women, boys and girls. This can measure whether Governments have delivered on gender-related commitments, and if not, try and alter budgets and fiscal policies in more gender-responsive ways. Gender-responsive budgeting has seen considerable progress since 2002, with more than 50 countries having launched such initiatives to bring changes in national budgets in the last decade. Many of these efforts have succeeded in

raising awareness of the insufficient allocation of funds towards gender equality, but have had limited impact in changing policies.

Gender-responsive budgeting initiatives have focused more on the expenditure side of budgets, using various tools to assess the impact of public expenditures on women. Australia, for example, used indicators to assess the performance of women-specific programmes and undertook reviews in an inclusive, participatory manner throughout the budget cycle. Mexico's 2007 budget included provisions for information disaggregated by sex. On the revenue side, countries have examined the discrimination that may occur in monetary policies, including the different impact of personal income taxes and indirect sales taxes on women and men.

Successful gender-responsive budgeting requires the participation of multiple parties. National mechanisms working for gender equality need to have expertise and authority to engage successfully with ministries of finance and planning, in budgetary processes including analysis and follow-up. Parliaments and civil society should ensure that commitments on women's empowerment are integrated into budgets. Prerequisites for their engagement entail capacity-building and information campaigns on gender-responsive budgets.

Action area 2: Mobilizing international resources

Foreign investments can increase financing for women's programmes if gender perspectives are built into the policies of the receiving countries. Foreign direct investment can increase women's employment in the formal and informal sectors. On the other hand, competition among developing countries to attract investment may lead to a weakening of labour standards, especially in exporting countries, which adversely affect women workers. Diaspora associations have emerged as an important means for financing gender equality. Through economic and social connections that diasporas maintain with their countries of origin, remittances have become a substantial source of funding economic development projects.

Action area 3: Promoting international trade as an engine for development

Trade policies have diverse effects on women and can create both opportunities and constraints for women's economic empowerment and impact employment, income and prices. In export-oriented economies, trade can generate employment opportunities for women. But trade policies could also lead to unemployment of women if falls in import prices force local industries to shut down or lay off workers. Removal of taxes and other trade barriers can reduce government revenues, leading often to a decrease in social spending or increase of prices on certain goods and commodities, with adverse consequences for household budgets and women's work.

Action area 4: Increasing international financial and technical cooperation for development

International development cooperation is an essential way to finance women's programmes in developing countries. A number of donor countries have established gender equality as a guiding principle in their development cooperation. However, from 2001 to 2005,

only \$5 billion of a total \$20 billion in bilateral aid was allocated to sectors and activities that explicitly promote gender equality. Two thirds of that funding was to the social sectors, primarily health and education, while limited funds were allocated to promoting gender equality in areas such as agriculture, infrastructure or finance.³ New methods to strengthen Official Development Assistance (ODA) delivery present opportunities and challenges. Reforms so far have focused more on delivery of aid — efficiency aspects — rather than on goals such as gender equality. However, these reforms will only be successful if there are effective means of linking gender equality institutions and ministries of finance and planning. Other challenges include lack of sex-disaggregated data and monitoring, and limited expertise in donor organizations for incorporating gender perspectives. Successful strategies by donors have included partnering with local civil society organizations to strengthen funding for gender equality; supporting gender-responsive budget initiatives; and working with other donors to make aid more gender-responsive. Multilateral institutions have also tried to improve funding for gender equality in various ways. Recognizing limited progress in women's economic empowerment, the World Bank launched its Gender Action Plan, "Gender equality as smart economics", to promote implementation of the third Millennium Development Goal. Additionally, United Nations entities have fully supported activities and efforts of Member States, including capacity building in gender-responsive budgeting.

Action area 5: Sustainable debt financing and external debt relief

The debt burden of countries can have a disproportionate impact on women and girls, especially if debt re-payment leads to cuts in public spending in the areas of health and education. This reduces women and girls' access to health-care and education, and increases their care-giving responsibilities. On the other hand, debt cancellation could be beneficial to women if resources are diverted to financing for them. Some countries have used debt relief to help fund education, nutrition and family planning programmes.⁴

Action area 6: Addressing systemic issues

The Monterrey Consensus highlighted the need for better coherence of international financial and trading systems for development, and encouraged the inclusion of gender perspectives into development policies. The lack of coherence between macroeconomic policies that promote low inflation and high mobility of capital, and the internationally agreed development goals, which require public investment, has been highlighted. For policy coherence and adequate resources for women, multilateral financial institutions and international bodies need to integrate gender perspectives into policy-making, and increase women's participation in governance.

THE WAY FORWARD Financing the people and institutions working for change

Increased funding and resources are needed by national institutions working on gender equality for them to advocate, support and monitor the inclusion of gender perspectives in all policy areas. Many national

mechanisms working on women's empowerment remain marginalized within government structures and lack resources and political support. Among Member States reporting on resources invested for gender equality in 2000, national budget allocations for national machinery was under 1% in all cases (with one being 1.61%).⁵

Women's organizations play a key role in highlighting gender equality and women's empowerment issues on the global agenda, and holding governments accountable, but they face many challenges in mobilizing resources. Compared to other social movements and sectors, women's organizations have small budgets. Donors are increasingly channeling their assistance via government agencies to non-governmental organizations or are choosing to give to international NGOs located in donor countries. Some donors prefer to fund large national NGOs or projects, making funding difficult for smaller women's organizations.

Women's NGOs have small budgets - more than 700 leading women's organizations worldwide had a collective income of \$76 million in 2005.⁶ By August 2006, a mere 13% of organizations had secured the annual funding required and 61% had reached half or less of their budget goals for 2006.⁷

An innovative source of funding for women's organizations has emerged through funds created by women for women, operating at the national, regional and global levels. Providing smaller grants, they have become a major source of funding for women's organizations with budgets less than \$50,000 and for those working with marginalized groups.⁸ These funds are used for institutional support and capacity-building in fund-raising and evaluation. Increased funding is needed to support the critical role played by women's organizations in mobilizing and monitoring implementation of commitments on gender equality at the national level.

Measuring costs, assessing progress

Economic costs of gender inequality and the resources required for women's empowerment need to be calculated by Governments, multilateral and bilateral agencies. However there are several challenges in measuring these costs and resource needs.

There has been no comprehensive cost estimation of fully implementing the Beijing Platform for Action, and limited assessment of progress in the share of resources to translate these global commitments into action at the national level. Attempts to estimate the financing gap have been limited to the Millennium Development Goals. All programmes and strategies for promotion of gender equality and women's empowerment should be costed and the resource requirements explicitly reflected in budgets. Calculating such costs requires sex-disaggregated data and gender-sensitive indicators.

It is estimated that low-income countries would need up to \$23.8 billion to achieve the Millennium Development Goal focused on promoting gender equality and empowering women by 2015, which would translate to \$7 to \$13 per capita per year from 2006 to 2015.⁹

While interventions for gender equality are more easily identifiable, a common problem of reporting systems is the lack of operational criteria on what constitutes gender mainstreaming interventions. Improved mechanisms are needed for accurate assessments of resources for gender mainstreaming efforts.

Measuring development assistance given to promote women's programmes and evaluating its impact remains a challenge. To improve the reporting of aid aimed at gender equality, members of the Organization for Economic Co-operation and Development — Development Assistance Committee (OECD-DAC) have used a gender equality policy marker. Even though reporting using this marker has improved in recent years, the tool has been unevenly applied, with only 15 out of 23 OECD-DAC members regularly reporting data.¹⁰ Other challenges in tracking include the large number of agencies and government departments involved in aid delivery, and the increasing decentralization of aid administration. However, the share of development assistance specifically dedicated to women's programmes should be increased. Donors also need to strengthen accountability mechanisms to accurately measure and report on resources allocated.

Within the United Nations system, efforts have also been made to track resource allocation for gender equality. However, the findings of the Inter-agency Task Force on Gender Mainstreaming in Programme Budget Processes (1999-2003) show that United Nations budgets and other documents inadequately incorporated gender equality and women's empowerment goals. Therefore, tracking resource allocation was challenging. While some success has been achieved in tracking resources, difficulties in obtaining data on the actual use of resources at country and regional levels are in part due to inadequate reporting systems. It is critical to ensure the development of a coherent and transparent system for tracking resources and reporting across the United Nations system, including on gender mainstreaming. The recent discussions of institutional reform for gender equality in the United Nations have revealed a serious lack of resources, including for the Office of the Special Adviser on Gender Issues and Advancement of Women, the Division for the Advancement of Women, UNIFEM and INSTRAW.

Backgrounder text is excerpted from information provided by the Division for the Advancement of Women/UNDESA.

¹ Dina Abu-Ghaida and Stephan Klasen (2004), "The costs of missing the Millennium Development Goal on gender equality", *World Development* (July 2004), vol. 32, Issue 7, p. 1096.

² *Economic and Social Survey of Asia and the Pacific 2007: Surging Ahead in Uncertain Times* (United Nations publication, Sales No. E.07.II.F.4), p. 103.

³ OECD-DAC secretariat (2007), "Aid to support gender equality, 2001-2005" (Paris, January 2007).

⁴ Debt and Women, Jubilee Debt Campaign, Briefing/07.

⁵ E/CN.6/2000/PC/2.

⁶ The Association for Women's Rights in Development, "The second Fundher report: financial sustainability for women's movements worldwide", June 2007, p. 13.

⁷ The Association for Women's Rights in Development, "The second Fundher report: financial sustainability for women's movements worldwide", June 2007, p. 3 and p. 20.

⁸ The Association for Women's Rights in Development, "The second Fundher report: financial sustainability for women's movements worldwide", June 2007, pp. 79-81.

⁹ Caren Grown, and others, "The financial requirements of achieving gender equality and women's empowerment, paper prepared for the World Bank (April 2006), p.18.

¹⁰ OECD (2005), "Aid Activities in Support of Gender Equality, 1999-2003" *Creditor Reporting System on Aid Activities*, vol. 2005, Issue 6, pp. 14-16.