Consultation on "Fiscal Policy, Poverty, and Human Rights"
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AWID Think Piece on Fiscal Policy, Women's Rights and Gender Equality

Introduction

In June 2014, at the 26th session of the UN Human Rights Council, the Special Rapporteur (SR) on Extreme Poverty and Human Rights, Magdalena Sepúlveda Carmona, will submit a report concerning fiscal policy and the human rights of persons living in poverty. AWID produced the following think piece as a contribution to the consultation "Fiscal Policy, Poverty, and Human Rights" that took place in Geneva from the 16th to the 17th of September 2013 and brought together experts working on issues related to fiscal policy, finance and human rights to contribute to the preparation of the report of the SR.

The points presented below build on AWID's analysis on the impacts of the crisis on women across regions conducted during 2009 to 2011 and some of the lessons learned by key feminist economists and women's rights activists on how fiscal policies have an impact on the enjoyment of human rights and women's rights in particular. We encourage deeper exploration into the bibliography for detailed analysis and illustration of case studies.

The recommendations provided are based on the conviction that the human rights framework provides a clear and universally recognized foundation for the design, implementation and monitoring of fiscal and economic policies. Such a framework is crucial not only to guarantee the enjoyment of human rights for all - particularly economic, social and cultural rights - but also to ensure the burdens of economic crises no longer disproportionately impact the most marginalized or vulnerable in society, particularly women.

Food for thought on fiscal policies and women's rights

Fiscal policy design is not gender-neutral

- The conceptual frameworks that shape fiscal policies at the national and international levels often fail to recognize:
  a) the fact that women's contribution to the economy is systematically underestimated and
  b) that there is an unpaid care economy in which women undertake essential work for the good functioning of the market or 'productive' economy and for social wellbeing.

- A large part of women's work is still not counted in national economic statistics (though there has been limited progress to include gender sensitive indicators) and thus are not taken into account in policy decisions.

- Fiscal policies tend to narrowly target formal and paid workers, with no emphasis on a large sector of society that works in informal and sometimes unpaid work arrangements – where women are over-represented. For example, fiscal stimulus packages that focus heavily on infrastructure – particularly energy and transport –

can further marginalize women as these are mostly male-dominated sectors[1]. The assumption in designing fiscal policies that the types of work traditionally done by males is more important, often translates in women's unemployment being higher than that of men, while simultaneously decreasing women's access to social benefits due to cuts in social provisions.

- Fiscal and development policy-makers often presume access to services to be an entitlement of those who 'contribute productively' to a society – meaning they participate in the formal, paid, market-based economy. As women are over-represented in the informal and unpaid economies, women are further marginalized from access to essential services based on the false assumption that they are only passive recipients of service.

- The lessons learned from the dire consequences of Structural Adjustment Programmes (SAPs) in most of the South since the early 1980s also provide essential inputs to assessing the impacts of fiscal policies in human rights and women's rights in particular. SAPs implemented by both the World Bank (WB) and the International Monetary Fund (IMF) have "straitjacketed governments, blocking their ability to provide meaningful social welfare programs to meet the needs of the most vulnerable in society. To a certain extent SAPs have led not only to governments inability to protect, promote and fulfill social and economic rights but may themselves violates these rights"[2]. SAPs had really devastating effects on national economies because they reduced self-determination, allowed the WB and IMF to determine what national priorities were, privatized and/or limited government spending on social services and forced an over-dependence on the private sector (to which women had little access). The documentation of the profound impact of SAPs on economic and social rights and on women in particular is vast[3]. Fiscal policies that emulate the package proposed in SAPs[4] should be rejected and avoided as they run counter to both the spirit and intent of human rights system to which governments and institutions like the WB and IMF committed and are obliged to uphold.

Lessons learned from responses to the crisis and impacts on women

a. Reduction in social provisions impacts women the most

- Responses to the financial crisis in 2008 highlight the catastrophic and inequitable impacts of austerity measures, including those of fiscal policy aiming to lower public expenditure, on the poorest and most vulnerable.

- Cuts in vital social protection sectors such as health care, education, unemployment insurance, pensions, care systems have undermined the lives of

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[1] See an example in Randriamaro, Zo, AWID, *The Impacts of the Financial and Economic Crisis on Women's Rights In Eastern, Southern and Central Africa: Trends and Issues* (2009), available here

[2] See Mariama Williams, "Structural Adjustment, Trade Liberalisation and Women's Enjoyment of their Economic and Social Rights", page 2.

[3] Just to name but a few, see for example Wiliams (2000), pages 3-4, Tsikata (1995) or Elson (1995).

[4] Typically, SAPs involve a five pronged attack of 1) devaluation, 2) assorted free market policies, market determined prices, elimination of subsidies on basics, a freeze on wages, elimination of restrictions on the movement of capital, 3) cuts in government spending, 4) privatization, and 5) export promotion.

people and signify a regression and neglect in the fulfillment of human rights. Women have become the safety nets of last resort to sustain their families and social structure.

- Research across regions[5] shows that in times of crisis, women are the first to lose their jobs and associated social benefits; they are more likely to accept lower paid jobs; increase the amounts of hours dedicated to unpaid work as a result of reduced social provisions; and are more exposed to gender-based violence associated to a rise in male unemployment.

- Post-crisis fiscal policies have tended to prioritize bailing out banks and private investment firms thus shifting the costs of the crisis from individual actors in financial markets to the poorest members of society, particularly women. For example, in Madagascar, the devaluation of the local currency by the Central Bank intended to restore export competitiveness has negatively affected poor urban households, many lead by women, because of the increase in the prices of imported consumer goods and production inputs[6].

- The lack of counter-cyclical policies (those that aim to stimulate economic activity when it is weakest) in times of crisis often jeopardize gains in housing, education, health, water and employment rights. Well-designed, counter-cyclical fiscal policies can be important policy levers to ensure non-regression in economic, social and cultural rights (ESCR) and a balanced sharing of the costs of the crisis.

- Foreign debt is also a serious barrier to the creation of any meaningful human rights and development focused fiscal policies. Debt relief continues to be an exercise of power and control when debtor governments are obliged to prioritize debt repayments over spending on health, education, sanitation, clean water and other social needs with disproportional effects on women. If debt were canceled, developing countries would have more political space to implement fiscal policies tied to national priorities and based on human rights principles.

b. Financial regulation needs to be seriously addressed

- Most government responses to the crisis, including financial policy responses, have focused on treating the symptoms, rather than the underlying causes of the crisis. The financial economy was prioritized over the real economy with little regard to the impacts on livelihoods and social wellbeing[7].

- There is also a crisis of accountability as no government has yet been held responsible for the failure in regulating financial and bank operations. Banks and funds whose financial products and transactions translate into violations of basic human rights must be held accountable to those that are most affected.

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[5] See AWID's briefs on the Impacts of the crisis on Women 2009-2011 series.

[6] For more examples, see Zo Randriamaro,"The Impacts of the Financial and Economic Crisis on Women's Rights In Eastern Africa". AWID (2009).

[7] Even in the Outcome Document of the UN's June 2009 conference on the crisis, the majority of governments around the world recognize that the crisis was caused by "regulatory failures, compounded by over-reliance on market self-regulation, overall lack of transparency, financial integrity and irresponsible behavior [....] there has been little effort to integrate the key human rights principles of accountability and transparency into government policy responses.

- Any regulation of the financial market must introduce human rights standards as ethical standards and include binding obligations for banks, fund managers and rating agencies to fully respect human rights, in particularly not to violate or undermine the basic right to food, water and housing, the right to education, health and social security.

c. Tax policy

- The excessive focus on tax cuts during crises—in particular tax reductions for the wealthy and the corporate sector— also proved to have disproportionate negative effects on the poorest. The results are a decrease in available governmental resources for the realization of economic and social rights. There is also no evidence that tax cuts will stimulate the economy and job creation. Rather, investment in social programs has proved more effective in this regard, particularly to ensure minimum standards of living for women and other vulnerable populations.

- Raising tax revenues to advance human rights and gender equality should be a priority at the international level but within the framework of a comprehensive reform of the financial structure from a human rights perspective. Proposals for a package of international financial transaction taxes (FTT) are welcome in that they also provide alternatives for capital control and tax justice at the international level.

- Ensuring the implementation of human rights norms requires governments to avoid reforming the fiscal structure in ways which discriminate, or which pull resources away from fulfilling the economic and social rights of people.

- Illicit financial flows and the web of tax havens that enable international tax evasion also have negative effects on the most vulnerable populations, particularly in development countries, owing to their resource constraints and heavy external debt burdens. Large-scale international tax evasion represents a major drain on the resources of developing countries, hindering further the needed investment in key areas such as education or health[8].

[8] For example, an Independent Expert on Foreign Debt noted in an interim report presented at the 22nd session of the UN Human Rights Council that "illicit financial flows [...] represent a major drain on the resources of developing countries, reducing tax revenues and investment inflows, hindering development, exacerbating poverty and undermining the enjoyment of human rights". See also the case of Zambia, that lost US$8.8 billion in illicit financial outflows from 2001-2010.

Recommendations:

We urge governments and other development actors to consider the following recommendations regarding fiscal policy and women's rights, and encourage the UN Special Rapporteur on Extreme Poverty to consider these points for her report fiscal policy, poverty and human rights:

- Reform of the governance and practices of International Financial Institutions (IFIs) is imperative and urgent so that fiscal policies are in line with human rights standards, including particularly economic, social and cultural rights and women's rights and ensure IFIs are accountable for violations of human rights resulting from harmful policies.

- Strengthen the role of human rights frameworks in fiscal policy decision-making. Human right instruments and mechanisms should be the basis for ethical and accountability frameworks, challenging a narrow focus on efficiency and growth, when designing fiscal policies.

- Ensure transparency, accountability and coordination of national, regional and international fiscal policy including participatory mechanisms in the design of fiscal policies.

- Assessment of impacts of fiscal policy —with data disaggregated by sex and social group—is essential to ensuring these and other economic policies do no harm but rather even have positive impacts across the board, including on women of diverse backgrounds.

- Promote and ensure the use of gender-sensitive indicators that take into account women's unpaid work to evaluate the impact of fiscal policies in the advancement of human rights and gender equality

- Move away from fiscal policies requiring that countries cut public expenditure to reduce balance deficits. Countercyclical fiscal policies are key to protecting people, and notably so in times of crisis, by providing social protection and social security programs to sustain livelihoods. This is especially true in the case of women given their participation in the unpaid care economy.

- Develop new ways of bringing non-financial costs (like toll and costs on the health and wellbeing of women) into the frameworks that are used to set the rules for fiscal and monetary policy. Financial criteria alone will not ensure the fulfillment of human rights and wellbeing.

- Explore innovative forms of capital control such as comprehensive tax reform at the international level that aim to regulate and generate revenues from financial transaction taxes.

- Increase participation in designing and monitoring fiscal policies. People, and particularly women, continue to play little role in deciding how the burdens of a crisis should be shared though they are the most affected.

- Cancel the debts of low-income countries, immediate debt relief for severely indebted middle-income countries, and cancellation of the illegitimate debts of all Southern countries so that foreign debt is no longer an obstacle for governments to fulfill human rights obligations and design development-focused fiscal policies.

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