

BiH

Engendering Macroeconomics in MTDS-PRSP Action Plan Implementation and the Next PRSP

Presentation

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Key Issues Include:

Macroeconomics Misses Women's Work in the Unpaid Care Economy

Gender Differences in Paid Employment

Gender Differences in Decision Making Affecting Consumption, Savings and Investment

Macrostability and Social Measures

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How Can Revenues Cover Social Needs?

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Macroeconomics Misses Women's Work in the Unpaid Care Economy

- In every country women have primary responsibility caring for children and dependents. Small children increases unpaid work substantially for most women worldwide.
- Women do this work in the unpaid/domestic/reproductive economy.
- Types of unpaid work may include:

- Managing a household, cooking, cleaning and caring for family members, friends and neighbours.
- Subsistence production for the household such as food, clothing and other items.
- Voluntary community work including caring for the elderly, disabled and working for charitable organizations.
- Men also do unpaid work but much less than women do.
- *All this unpaid work provides vital services for the paid economy.*
- Unpaid work has taxation and benefit implications: reduces taxes and benefits.
- National accounts in some countries value unpaid reproductive work, a first essential step to remunerating unpaid labor. The PRSP could try to value unpaid domestic work.
- As unpaid economic dynamics are revealed, gender equality advocates argue that domestic work deserves payment.

Gender Differences in Paid Employment

- Women's labor force participation is lower than men's in BiH and other countries (work force in FBH includes 32% women and 68% men; RS 41% women and 59% men (WLSN Because).¹
- But women work longer hours than men based on combining unpaid and paid labor time.
- Women worldwide hold lower positions than do men. Women tend to concentrate in clerical, sales and services jobs, eg in BiH.
- Women are underrepresented in high managerial positions.
- Women enter and exit the paid labor force more than men resulting in more part-time and women's seasonal jobs while men hold more full-time positions.
- Women earn less than men. Gender gaps in remuneration are very persistent worldwide. In N America women earn 74% of what men earn. What about in BiH?
- According to the 2000 HD Report for BiH, men earned 2.3 times what women did (WLSN Because).
- The PRSP should present the gendered income gap and contain strategies to narrow it.
- In most transition countries many new jobs are in the informal economy. Often these jobs are subcontracted in the home, in "homeworking". This work lacks security, worker benefits or social protection. The PRSP should identify if men or women in BiH are the majority of "homeworkers", and should create strategies for achieving gender equality. Do you know if female or male "homeworkers" predominate in BiH?
- Often in informal sector family business, men earn income but women who work in the family business do not.
- Although direct taxes do not affect informal sector workers the latter do bear indirect taxes

¹ Baksic-Muftic, Hasna, Nada Ler-Sofronic, Jasminka Gradiscevic-Sijercic, and Maida Fetahagic. "Because We Are Women: Socio-economic Status of Women in BiH". World Learning Star Network. 2003.

- like the VAT. The PRSP should consider the gendered consequences of the VAT (more below).
- Female and male entrepreneurs do not have equal access to credit (although they have an easier time accessing microcredit than larger credit).

Gender Differences in Decision Making Affecting Consumption, Savings and Investment

- Taxation that changes the prices of goods affects household consumption decisions.
- Men and women have different income and paid and unpaid work that influence their consumption, savings and investment decisions.
- Eg, rises in food prices often cause women to spend less on processed food and spend more time processing food at home.
- Gender, marital status and earning power influence investment household allocation decisions.
- The PRSP should analyze consumption, savings and investments by income groups and gender to inform policies.
- Giving men and women at the grassroots to the national level the opportunity to select public investments, their choices worldwide differ. In BiH PRSP consultations conducted among women at the grassroots by WLSN, women's PRSP investment priorities were for government to invest in and enforce its laws for universal education, daycare, paid maternity leave, credit opportunities, job-creation, social protection and decrease the state apparatus and the rise in water and electricity rates. The BiH women consulted at the grassroots stated that poverty could not be reduced without these investment choices (WLSN Poverty).²

Macro Stability and Spending

A Tradeoff?

- Is there a tradeoff between macroeconomic stability and social welfare and service needs for men and women?
- In BiH women comprise 60% of social welfare recipients (interesting since only about 40% of women work in the paid formal economy) (WLSN Poverty and Because).
- Can BiH maintain macroeconomic stability without sacrificing social welfare and the service needs of men and women?
- How so?

² World Learning Star Network. "Poverty Through the Eyes of BH Women". 2003.

- Through more expansionary revenue and expenditure policies than WB-IMF policy require.

Revenue Sources and Gendered Impacts

How Can Revenues Cover Social Needs?

- Redistributing revenues among programs.
- Increasing revenues such as taxes.
- Eg, reforming the gender burden of taxation, a key revenue source, by income group and gender. PRSPs need to do this.
- Fair terms of trade (mention this a couple of times then discuss trade terms in more detail later).

Types of Revenues

- **Income Tax:** Progressive income taxes can benefit the poor of whom the majority are women worldwide. Income tax laws should treat men and women equally rather than treating households or marital status and avoid treating women as dependents. PRSPs should advocate for progressively-designed income tax systems can promote gender equality and reduce inequality in disposable income between men and women and between rich and poor.
- **VATs:** PRSPs should exempt basic necessities from VATs that IFIs imposed on many client countries. VATs implicitly discriminate against women by levying tax on what people spend rather than on their income. VATs hits poor consumers more than rich ones. Since women have lower incomes than men and compose the majority of the poor, VATs can hurt women.
- **Excise Tax:** Excise taxes levied on luxuries, alcohol and tobacco that are more heavily consumed by the wealthy and in many countries by men than women tend to be less regressive from a gender perspective.
- **User Fees:** User fees for education, health, water, electricity and other services reduce access of poor people, the majority of whom are female. PRSPs should exempt the poorest people.
- **Foreign Aid Flows:** Creditors talk about gender equality but their loans often neglect to promote it. The BiH PRSP needs to hold lenders accountable to their own gender policies.
- **Debt Cancellation:** Being a relatively new foreign assistance borrower, BiH is not among

countries eligible for debt cancellation but should pressure for it. Debt reduces funds available for social spending.

- **Other Revenue Sources:** Licences, mineral rights, sales of government assets including privatization. But privatization is a one time not a sustainable source of revenue.
- **Fair Terms of Trade** (to be discussed below)

Comment on Gender Differences in Taxes

- Governments do not collect sex-disaggregated data needed for tax incidence analysis.
- If there is joint personal income tax payment it is hard to disentangle it by gender.
- PRSP could take the initiative to do so.

Comment on Gender and Inflation

- PRSP inflation analyses could integrate gender by examining the effects on the richest to the poorest and on male- and female-headed households.

PRSP and Related Structural Adjustment Measures

- The gendered impacts of PRSP/Structural Adjustment Measures need to be analyzed.
- Typical measures include:
 - Public expenditure cutbacks and civil service reforms including in the social sectors – in health, education, labor and social protection programs.
 - State Owned Enterprise (SOE) closing, restructuring and/or privatizing.
 - Bank sector commercialization and downsizing.
- About 50% of current World Bank investments in BiH support structural adjustment programs (SAPs).
- SAP restructuring inevitably causes many workers to become unemployed.
- A gender analysis is needed to show if women are the first to get laid off and which gender predominates in the downsized sectors.
- For example, in banking restructurings in BiH would women be impacted most?
- PRSP structural adjustment strategies need to include socioeconomic analyses of groups impacted in order to carefully target compensatory programs. They should analyze the affected workers' gender, level of education, skills, ages, and previous work experience.
- Rarely have PRSP and related structural adjustment measures done this gender analysis needed to target compensatory programs.
- Women have traditionally comprised the majority of service sector workers in finance, education and health services. In addition, have women comprised the majority of BiH textile

industry employees? Will there be public sector downsizing in the textile industry and smaller enterprise privatization? Will it mostly affect women? Women's precarious economic position in these enterprises makes them especially vulnerable. They already comprise the majority of unemployed, are less likely to be hired than are men in new sectors, they have fewer on no assets needed to become self-employed, and constitute the majority of informal sector employees.

Trade and Gender

Is international trade gender-neutral?

- We once thought so.
- As international trade has intensified in recent years attention to the social and gender-differentiated impacts of liberalized trade has been increasing.
- Because trade, through increased exports, has the potential to stimulate economic growth, many countries have been liberalizing their trade regimes -- reducing barriers to imports and stimulating exports in shifting from import substitution to export promotion models. PRSPs promote this agenda. IFIs have promoted this agenda for 25 years through structural adjustment loans.
- I will first discuss a little background on trade liberalization, then we will examine gendered impacts.
- Some World Bank and UNCTAD researchers and NGOs like Oxfam agree that trade barriers maintained by the most industrialized countries are the biggest barrier to development and poverty reduction. The value of industrialized countries' trade barriers is several times the value of donor assistance. There is need to level the playing field. These researchers increasingly believe that industrialized countries have prospered because of their protective trade barriers and that newly prospering countries like China and India are growing quickly because of they have maintained some trade barriers while cautiously liberalizing some sectors.
- Countries that liberalize trade allow multinational companies to own and/or manage infrastructure including water supply and electricity and services including health care and education. These are new areas of private sector penetration globally.
- Trade tariffs represent one third of revenues of low-income countries. This revenue is lost with trade liberalization (Alexander).³
- Where does gender enter this trade picture?
- In many countries, exports are often associated with feminization of the work force, with less skilled labor that is often female.
- In many countries women tend to work in labor-intensive export sectors, such as agricultural or

³ Alexander, Nancy. 2005. The Value of Aid: A Critical Analysis of the UN Millenium Project's Approach to the MDGs. Draft.

horticultural production for foreign markets and in manufacturing clothing, electronics and food-processing.

- Worldwide, manufacturing and services trade have increased steadily while trade in primary commodities has declined.
- Previously “unemployed” women engaged only in unpaid work, have been drawn into paid work for the first time in trade ie export industries. This has become a worldwide pattern.
- Much of women’s labor consists of home-based outsourced products, which pays women less than workers receive in the formal sector.
- Can we conclude that on balance, the benefits from women’s employment and income due to trade opportunities have been positive?
- Although wages tend to be low and working conditions are far from ideal in export manufacturing sectors, some women are receiving salaries and some are receiving benefits like health insurance for the first time. Although generally women’s wages are below men’s they exceed levels women earned in other sectors previously or compared to when they didn’t earn.
- In some countries where women previously did not receive wages, garnering income has empowered women, increasing their influence on household decisions and their status in communities.
- On balance, the gender-differentiated impacts of trade liberalization are sometimes positive and sometimes negative on both men and women. Different regional gender impacts suggest the need for differentiated policy interventions to redress gender inequalities linked to trade patterns
- In trade liberalization everywhere, including structural adjustment program trade liberalization, there is need to take gender differentiated patterns into account, especially women’s unpaid productive and reproductive work and intra-household resource allocations.
- The BiH PRSP should analyze the gendered impacts of trade liberalization measures and create strategies to promote gender equality.
- To what extent will the PRSP export strategies by sector employ men and women?
- Does either gender need targeted training in PRSP implementation to benefit from the new sectors?

Comment on Household Economies (Micro)

According to a BiH report, female-headed households (FHH) appear to be better off than male.⁴ Although females face greater discrimination in the political and human rights spheres, it appears that MHH might be economically worse off overall.

The PRSP should analyze in which sectors FHH in BiH have an advantage. Agriculture? Industry? Services? All of them? Do the winning sector/s need promotion?

⁴ Bosnia and Herzegovina Council of Ministers. Office for Monitoring and Implementation of MTDS B&H (PRSP). 2005. Preliminary Report on Poverty in B&H for Period 2001-2004. Sarajevo.

The PRSP should analyze why women in BiH earn less than men, but FHH do better than MHH, and should create measures to reduce inequalities.

Comment on The Budget

- Some BiH municipalities and other levels are analyzing budgets from a gender perspective.
- Does the PRSP present and use their data?
- Does the MTDS budget provide funds to train government officials at other levels, parliamentarians and Cabinet Ministers in budget gender analysis?
- Does the MTDS budget include gender targeting to reduce discrimination in opportunities and services? (Where is the PRSP budget?)

Concluding Question

- Finally to combine several issues we discussed how can the national macro budget balance social services and other expenditures that will reduce gender discrimination as BiH liberalizes its economy? This is a critical question for PRSP implementation and for the next PRSP to address.