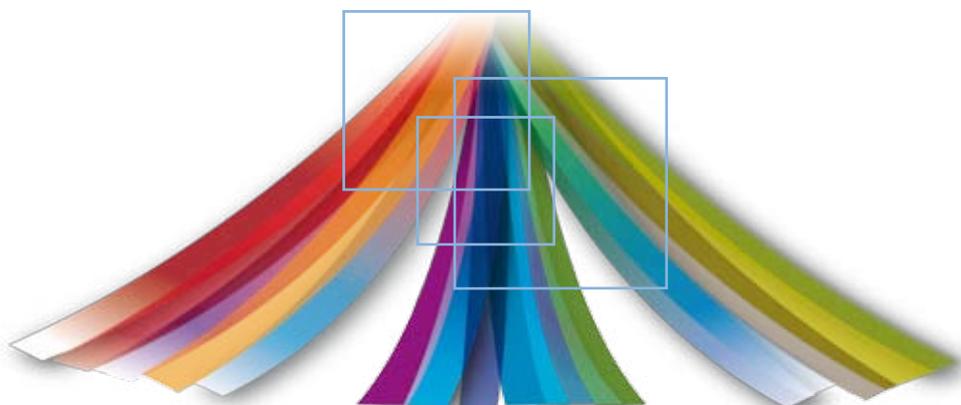


GLOBAL JOBS PACT POLICY BRIEFS



International
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GLOBAL ECONOMIC CRISIS, GENDER AND WORK: KEY POLICY CHALLENGES AND OPTIONS

1. Executive summary

Women form 40 per cent of the total global work force. The crisis has impacted both working women and men, with massive retrenchments seen in many countries both industrialized and developing alike. In the context of the continuing global economic and job crisis, there is a fear that the progress made in advancing gender equality in the world of work is being jeopardized. An example of this is the increasing numbers of working poor in the informal and rural economies, where women are typically overrepresented. Women also predominate in precarious forms of employment that are characterized by lack of access to rights and low pay. Since women are the key to household survival and the well-being of children in poor households at times of crises – they extend their working hours to accelerate both productive and unpaid reproductive work. There is a strong argument therefore, that counter-cyclical measures should

be used, not only to promote and safeguard women's equal access to employment and income opportunities, but also to reduce the burden of women's unpaid care work, which constrains them from being engaged in remunerated work.

This Policy Brief argues that there are specific gender responsive measures that countries should take: placing women's equal access to decent and productive employment as part and parcel of the key priority in macroeconomic policy making; adopting fiscal policies in favour of the working poor particularly, women; enhancing human resources through investing in education, skills development, and life-long learning for girls and women; engendering public investments for job creation to ensure equal access and benefits for women; as well as enhancing/expanding social protection measures targeting women in particular.

2. Description of the policy challenges

What started as a financial crisis in rich countries has now become a full blown global economic and job crisis, expanding to poor developing countries. The initial sectors hit by the crisis - finance, construction, transport and manufacturing - were all male dominated. However, as the crisis evolved, job reductions spread more evenly to affect men and women, but research shows that women take longer to regain access to the labour market. In the aftermath of the global economic crisis, the ILO estimates that total unemployment for women and men went up by 14.6 million, and 19.2 million respectively in 2009, compared to 2007, showing an equal rate of increase for both groups. Globally, the female unemployment rate (7.0 per cent) continues

to be higher than for men (6.3 per cent) in 2009¹. Some developing countries have reported massive retrenchments of women workers, particularly in export oriented labour intensive manufacturing, such as the garment sector. Most of the retrenched workers have joined the queue of the unemployed, but without social protection coverage, thus adding numbers to the masses of working poor in the informal economy. The crisis is also having an "added workers" effect on women – they have increased hours of productive work, to compensate for the loss of income at the household level.

¹ ILO: Global Employment Trends (Geneva, January 2010).

The Global Jobs Pact policy brief series is intended to inform readers of the relevance of the ILO's technical areas of work in addressing economic downturns as well as assisting in sustainable economic recoveries. Each brief is an invitation to the reader to contact the ILO for additional information and support.

More briefs can be found and downloaded at <http://www.ilo.org/jobspact>



The biggest irony and most disturbing aspect of the current global economic and job crisis is that while the crisis originated from rich economies and was caused by those rich financial actors, it is the poor and most vulnerable, particularly women, in developing countries, who are taking the largest brunt of the crisis. Globally, the level of vulnerable employment² is now increasing after having experienced a slow decline during the past 20 years. Particularly, in developing regions, the share of vulnerable employment in women's total employment remains greater than for men's (between seven and 28 per cent more than in men's employment)³. In developing economies, it is the working poor in the informal and rural economies, who are placed in vulnerable employment. Such work is largely characterized

by low productivity (or return for labour), drudgery (both in terms of hours of work and working conditions), lack of security, social protection, and respect for labour rights, or in the ILO's terms, by decent work⁴ deficits. Indeed, the ILO estimates the level of working poverty (earning below US\$1.25 a day) is likely to increase by about 111 million, or 24.8 per cent of total employment in 2009.⁵

² Vulnerable employment is a combined category of employment of own account work and unpaid family work.

³ ILO: Global Employment Trends (Geneva, January 2010).

⁴ ILO: Decent Work (Geneva, 1999).

⁵ ILO: Global Employment Trends (Geneva, January 2010), op.cit.

3. Policy options to address the challenges

Integrating gender and employment concerns into macroeconomic policies

The macroeconomic policies of the past 20 years have focused on the control of inflation, while structural policies have been applied to reduce the role of the state, promote private sector development, deregulate domestic markets and liberalize international trade and capital flows. Under the increasing international integration of economies, external factors have increasingly determined the "policy space" available to governments. Income inequality between and within countries has also increased, while the workers' wage share in GDP has been declining across countries.⁶ The need to attract and retain internationally mobile capital has placed countries under pressure to maintain high interest rates, low rates of inflation, flexible labour markets and tax incentives to attract foreign direct investments. However, these neoliberal policy prescriptions are now being increasingly questioned, since the policy space, especially in poor developing countries, has been shrinking and adequate counter-cyclical responses are being constrained.⁷

Furthermore, during the past two decades of market liberalization in the aegis of globalization, macroeconomic policies have been mostly gender blind. Economic incentives provided by macroeconomic policies can have gender impacts on the distribution of resources (such as natural resources, capital and land), leading to sectoral change, and hence, changing patterns and distribution of the workforce (composed of women/men), as well as hours spent on both productive and unpaid care work by both women (and girls) and men (and boys).

Many developing countries have been negatively impacted upon by the recent declines in trade, foreign direct investments, and remittances. Given the high concentration of women in labour intensive export sectors in a number of developing countries, creating a conducive macroeconomic environment, both in terms of macroeconomic stability and monetary policy to keep exports competitive would be beneficial for maintaining and boosting employment in the export sector, particularly for women.⁸ More broadly, what is needed is a focus on industrial policy and demand-driven growth, and not merely to develop the export sector – a source of the global imbalance – but the domestic market and domestic demand as well.

Macroeconomic policies can target employment levels, including a specific target for women's employment, rather than aiming at an inflation target, as the first priority in macroeconomic policy making. Furthermore, expansionary fiscal policies are more conducive for increasing employment, than tighter fiscal policies, particularly for women.⁹ Creating a more favourable fiscal space for public investment in social sector development, such as health and education,

⁶ ILO: World of Work Report: Income inequalities in the age of globalization, (Geneva, 2008).

⁷ United Nations: World survey on role of women in development: Women's control over economic resources and access to financial resources, including microcredit, (New York, 2009).

⁸ J. Heintz. Globalization, economic policy and employment: Poverty and gender dimensions, (ILO, Geneva, 2006).

⁹ Ibid.



can also create more jobs for women, given women's higher concentration in these sectors.

Tax cuts, for instance, value added taxes and maintaining/enhancing public subsidies for key basic foods and production inputs (such as fertilizer and fuel) are also useful for enhancing the purchasing power of the poor, particularly, of women in economic downturns. Women farmers are responsible for 60-80 per cent of staple crops in developing countries. They also work longer hours than men, if hours for both productive and unpaid work (such as collecting water and fuel and taking care of families) are combined.¹⁰ In order not to exacerbate poor women's work burdens, such fiscal support measures are extremely useful, especially in the aftermath of a quadruple food, fuel, economic and job crisis.

Many developing countries have also undertaken gender responsive budgeting,¹¹ which can be undertaken in the design and review of stimulus packages. Gender budgeting can enhance the chances of women equitably benefiting from counter-cyclical measures, both in public investment for job retention and creation, and expanding social protection, in particular for the poor and the most vulnerable.

Investing in girls and women for enhancing employability¹²

Investing in the human development of the female population makes not only good economic sense, but is also good for sustainable development and breaking the intergenerational cycle of poverty. The health and nutrition of children of educated mothers are often better than those of uneducated mothers. These girls' chances of education are also higher. Evidence has shown that ensuring equal opportunities for access to education and training is critical to increase the chances of girls to be productively employed in later stages of their life cycle.¹³

In the design of stimulus packages and anti-crisis measures, girls and young women can be targeted for education and skills development respectively, in response to the current and future labour market needs. The counter-crisis measures in particular, can target those women workers retrenched from the formal sector through re-skilling, so that they can better adapt to new technologies and jobs in other sectors in economic and labour market adjustments (see Box 1).¹⁴

In many developing economies, typically, job opportunities for women are found in a narrower range of occupations (often those considered as "feminine") and sectors, as com-

pared for men. There also remains gender-based discrimination in the labour market. Hence, it is justifiable to provide specific targeted support, in particular, for women workers in distress in the current job crisis.

¹⁰ In Tanzania and Benin, women work 14-17 hours more than men per week. See Fontana, Marzia with Paciello, Cristina. Gender dimensions of rural and agricultural employment: differentiated pathways out of poverty – a global perspective, draft report for the FAO-IFAD-ILO workshop, (FAO, Rome, August 2009).

¹¹ See UNIFEM's web site on Gender Responsive Budgeting (<http://www.gender-budgets.org/>)

¹² The ILO also has developed a programme called Training for Rural Economic Empowerment (TREE), in which an increasing number of women are assisted.

¹³ UN: The Millennium Development Goal Report, New York, 2009.

¹⁴ The ILO is providing support to the country through a rapid impact assessment, technical advice on a comprehensive employment strategy, as well as Better Work Programme.

Box 1 Crisis response to support women workers in the garment sector of Cambodia

Due to the global downturn with a drastic decline of United States imports, over 38,000 jobs were lost in the garment sector (some 90 % of the work force are young women, coming from the rural areas) in 2009. The share of the garment sector in total employment was four per cent, but for women workers this was the largest formal sector employer.

In addition to taking counter-crisis monetary and fiscal measures, the Cambodian Government has taken specific measures to safeguard the garment sector through employment retention and training:

- suspension of the monthly turnover tax of one per cent on garment factory expenditures;
- extended tax holidays on profit for those factories established before 2006;
- reduction of export fees for garments and other related bureaucratic costs of ten per cent;
- diversification of the export market (ex. Japan)
- allocation of US\$6.5 million for workers' retention (one-four months);
- training programme for 41,000 workers (60 % of trainees were from the garment sector).

Source: Sothath, Ngo and Sophal, Chan, *More vulnerable: the impact of the economic downturn on women in Cambodia* February, 2010, Oxfam, London.



Supporting women's access to credit and entrepreneurship development

As mentioned earlier, the level of vulnerable employment is increasing in the aftermath of the crisis. In poorer developing countries where formal sector jobs are scarce, self-employment would be the only alternative for many of those who have been retrenched from the formal sector. Rather than working as an unpaid family worker, it would be better for a retrenched woman worker to engage in a small business to earn an income for herself and her household. While the crisis has also constrained the financial markets for micro-credit, under the overall reduced financial liquidity, stimulus packages can include a special window for providing credits to small and micro-enterprises (SMEs), and for business training for those who are retrenched or unemployed, especially women.¹⁵

Promoting employment intensive public investments: a gender responsive approach¹⁶

Public investments in the development of infrastructure which is often regarded as a "male" sector can also create jobs for women. In India, the government has adopted a National Rural Employment Guarantee Act (NREGA). The Act

Box 2: National rural employment guarantee programme in India

The main feature of the programme promoting women's employment and income opportunities entails:

- one third of jobs should be given to women;
- equal wages for work of equal value;
- requiring the provision of a crèche when there are more than five women on a programme.

The national average of women's participation was 49 per cent. In 20 States, women made up at least 30 per cent of participants in 2008. The programme reduced distressed migration, and improved income and nutrition in the workers' households. Due to the wage payment at post offices or through banks, the programme has introduced some sections of the community to use formal financial institutions for the first time.

Source: 2009, UN New York: *World survey on role of women in development: Women's control over economic resources and access to financial resources, including microcredit*, pp. 74-75.

established a policy of providing the rural population with "a right to work", or "employment as the last resort", for 100 days of work per year, mostly for the development of rural infrastructure, including the greening of communities (see Box 2). In the Republic of Korea in the post Asian Financial crisis, women eventually reached 50 per cent of the beneficiaries when the government relaxed both the types of work offered (to include social services and greening) and the restriction of eligibility of "household heads."¹⁷

Promoting women's equal access to social protection

In the current global economic crisis, governments have expanded the coverage of various social protection measures. Given women's predominant precarious employment status, hence, more likely to be easily fired in the aftermath of the crisis, specific measures should be taken to ensure that those who have been working under precarious contracts are able to claim unemployment benefits, where unemployment insurance exists. In developing countries, where mostly there is no unemployment insurance and a large majority of people work in the informal economy, various income support schemes, such as Conditional Cash Transfers and publicly funded social pension systems can be introduced/further expanded, especially targeting women. In particular, poor single or widowed women household heads could be targeted, since they are more vulnerable than households with two workers or male headed households.

Women constitute half or more of migrant workers from Asia and Latin America.¹⁸ It would be useful for the receiving countries, particularly in the EU and the United States to maintain the levels of migrant labour forces equitably for women and men, rather than restricting them. Where a system exists, countries can also extend unemployment insurance coverage to migrants on equal terms as for nationals who are entitled to the benefits, as a transition measure.

¹⁵ See ILO's web site on Women's Entrepreneurship Development (WED) programme in Boosting Employment through Small Enterprise Development (EMP/SEED) (http://www.ilo.org/employment/AreasOfWork/lang-en/facet-LOC.EMP_-EMP.GEN_-ORG_-ED_EMP----EMP_ENT----IFP_SEED_-_2769/WCMS_DOC_EMP_ARE_GEN_EN/index.htm).

¹⁶ The ILO's Employment Intensive Investment Programme (EMP/INVEST) also advises countries on employment intensive methodologies for various public works (see: http://www.ilo.org/emppolicy/units/lang-en/WCMS_DOC_POL_DPT_INV_EN/index.htm).

¹⁷ UN: *World survey on role of women in development: Women's control over economic resources and access to financial resources, including microcredit*, New York, 2009, op.cit.

¹⁸ UNIFEM's web site (<http://www.unifem.org/>).



4. Conclusions and recommendations

Given women's disadvantages in the world of work and higher poverty levels than men's even prior to the global economic crisis, it is absolutely essential that they benefit from the crisis response measures equally or more so. Granting equal benefits to women in response measures, generally, and also specifically, where they are more negatively affected, constitutes a key strategic element of faster and more sustainable employment, and income-led economic recovery. Indeed,

working to reduce existing wage and earnings disparities between women and men would further serve this strategy. Finally, there should be policy coherence in macroeconomic, labour and employment policies at national, regional and international levels, to promote a more balanced, equitable and sustainable growth that delivers decent jobs, a fair income distribution and the full implementation of international labour standards to avoid downward wage competition.

5. Further reading and resources

- ILO: *Women in labour markets; measuring progress and identifying challenges*, Geneva. 2010 (http://www.ilo.org/empelm/what/pubs/lang--en/docName--WCMS_123835/index.htm).
- ILO: *Guidelines on gender in employment policies*, Geneva. 2009. (http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang--en/docName--WCMS_103611/index.htm).
- ILO: *Resolution and Conclusions concerning Gender Equality at the Heart of Decent Work*, International Labour Conference, 98th Session, Geneva, 2009. (http://www.ilo.org/gender/Events/lang--en/docName--WCMS_112288/index.htm).
- Heintz, J.: *Globalization, economic policy and employment: poverty and gender implications*, Employment Strategy Paper, Employment Policy Unit (ILO, Geneva, 2006) (http://www.ilo.org/empelm/what/pubs/lang--en/docName--WCMS_114024/index.htm).