

# The impact of economic reform policies on women's human rights

## Submission by ActionAid

### 1. Introduction

This Submission provides a snapshot from ActionAid's work, illustrating the negative impact of the current neoliberal policies on the rights of women living in poverty in the Global South. ActionAid has repeatedly highlighted the (extensively documented) fact that neoliberal policies of austerity, privatisation of public services, and deregulation of labour have hit women particularly hard. Yet International Financial Institutions (IFIs), G8, G20, World Economic Forum and many others are determined to keep the current economic model afloat and continue taking an instrumentalist approach to gender equality and female labour force participation by seeing them as drivers of growth, while avoiding a rights-based approach. In ActionAid's experience, when women's labour force participation and/or so called economic empowerment policies are pursued without due attention to terms and conditions in the labour market, and without addressing the structural causes of women's economic inequality, including discriminatory hierarchies of race, caste, class, sexual orientation or gender identity, there is a huge risk of entrenching or even worsening the realisation of women's human rights.

**Consequently, this Submission points to a pressing need for a structural systemic change, embedded in the international human rights standards such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), International Covenant on Economic, Social and Cultural Rights (ICESCR), and ILO Conventions, instead of tinkering around the edges with piecemeal reforms.**

### 2. Impact of economic policy reforms on women's human rights

#### a) Models of economic transformation

Many developing countries are pursuing a model of economic transformation that depends on the exploitation of millions of women trapped into poorly paid insecure jobs such as export oriented manufacturing, garment or electronics. ActionAid's research, [Not just lip service. Advancing women's economic justice in industrialisation](#), explains how, instead of prioritising investment in new highly productive sectors, developing countries have often been forced to follow international advice to join global value chains of Transnational Corporations (TNCs), where local firms stick to low-value added production, despite dire consequence for their own economic development and women's human rights. In a nutshell, as developing countries compete against each other to offer the same products and assembly services, they create downward pressure on wages, tax policies, and working conditions, which, combined with the weakening bargaining power of workers, makes assembly line jobs extremely precarious, worst paid and exploitative, whilst also maximising international corporations' profits, and narrowing developing countries' governments' policy space to actually determine their own economic paths.<sup>1</sup>

**ActionAid calls upon the international financial institutions and developing countries' to stop imposing liberalisation and deregulation policies over investments in more productive and higher value-added sectors to enable creation of jobs paying living wage and ensure that decent jobs for women are created, and labour laws, and other related social policies - including good quality public services to redistribute women's unpaid care and domestic work - are in place and adequately funded to tackle exploitation and gender occupational segregation at the core.**

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<sup>1</sup> ActionAid (2017), [Not just lip service. Advancing women's economic justice in industrialisation](#). See: [ot just lip service. Advancing women's economic justice in industrialisation](#)

## BOX1. Is Vietnam's boom in garment manufacturing good for women?

In Vietnam low-value added export-oriented model is being rolled out to build the country's industrial sector as documented by ActionAid in [Stitching a Better Future](#) report.

Vietnam has seen explosive growth in its manufacturing for export and in 2016 became the world's fifth biggest exporter of garments and textiles<sup>2</sup> worth US\$23.8 billion and just under 12% of its GDP.<sup>3</sup> Out of approximately 2.5 million workers in this export manufacturing 80% are young woman,<sup>4</sup> usually in lowest-paid roles and with few opportunities to access technical training and move into higher-skilled or better paid jobs, which are most often occupied by men.

As elsewhere in the world, labour conditions in garment factories are very harsh: women work long hours in physically demanding conditions, workplace harassment is poorly understood and mechanisms to respond to it are not in place. Minimum wages in Vietnam are among the lowest of all garment producing nations,<sup>5</sup> in effect subsidising the profits of the global garment and textile sector dominated by companies based in rich countries. While maternity benefits for workers are available, there is a gap in the provision of affordable childcare services, which push women into a juggling act between work and family life and impacts most on young migrant workers without family members to help out. ActionAid research has shown that on average Vietnamese women spend 5 hours every day on unpaid care work, compared to men's 3 hours. In areas where public services are poor and not responsive to the needs of women and girls, this daily total can rise to up to 9 hours.<sup>6</sup>

Insufficient investment in care services and infrastructure could at least partially be explained by little tax revenue and tax incentives granted to companies by the government of Vietnam. ActionAid has estimated Vietnam's corporate income tax revenues from the garment and textile sector to be US\$40 million per year, or around 0.1 % of Vietnam's tax revenues, based on 2012 data. This is USD\$31 million less than companies would have paid with the full rate of corporate income tax in 2012, without the granted incentives.<sup>7</sup> This tax gap, if collected, could have covered more than 3 years of the budget for implementation of the Vietnam National Programme for Gender Equality, or paid full pensions for 19,000 garment workers for a year.<sup>8</sup>

### b) Women's unpaid care and domestic work and gender responsive public services

Globally, women take on three times as much unpaid care and domestic work as men.<sup>9</sup> This work includes caring for children, the sick and the elderly, taking care of household necessities such as cooking, collecting water or fuel. Governments are responsible to ensure provision of basic infrastructure and public services critical to households, alongside child and elder care provisioning, gender-based violence response and other services. Crucially, women depend on these services more than men do because of sexual division of labour, and because of their practical and strategic needs, including those arising from widespread violence and gender discrimination.

However, economic austerity policies advocated by IFIs in many countries have continued to cut and/or privatise these services through withdrawal of social benefits and labour protections (working hours,

<sup>2</sup> International Trade Administration (2016) *Top markets report technical textiles; country case study Vietnam*, See: [http://trade.gov/topmarkets/pdf/Textiles\\_Vietnam.pdf](http://trade.gov/topmarkets/pdf/Textiles_Vietnam.pdf)

<sup>3</sup> General Department of Vietnam Customs (2017) *Custom statistic year book of 2016 exports (brief summary)*, See: <https://www.customs.gov.vn/Lists/ThongKeHaiQuan/Attachments/1185/Niengiam%20tom%20tat%202016%20.pdf>

<sup>4</sup> ILO and International Finance Corporation (IFC) World Bank Group (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report, July 2015*, See: [http://betterwork.org/global/wp-content/uploads/2015/11/BWV-8th-synthesis-report\\_July-2015.pdf](http://betterwork.org/global/wp-content/uploads/2015/11/BWV-8th-synthesis-report_July-2015.pdf)

<sup>5</sup> Monthly pay based on ActionAid interviews with garment workers and trade union officials in Vietnam, November 2016. This is consistent with other analyses in the sector, for example, Asia Floor Wage Alliance (2017) *Asia Floor Wage: What is it and why do we need one*, See: <http://asia.floorwage.org/what>

<sup>6</sup> ActionAid (2016) *Make a house become a home*, See: [http://actionaid.org/sites/files/actionaid/ucw\\_policy\\_brief\\_-\\_en.pdf](http://actionaid.org/sites/files/actionaid/ucw_policy_brief_-_en.pdf)

<sup>7</sup> Based on 2012 data from GSO Enterprise Census of Vietnam; IMF (2016) *Article IV report on Vietnam. IMF Country Report No. 16/240*. Page 30, Table 3, See: <https://www.imf.org/external/pubs/ft/scr/2016/cr16240.pdf>

<sup>8</sup> ActionAid and Aid for social protection program Foundation Vietnam (2017), *Stitching a Better Future: is Vietnam's boom in garment manufacturing good for women?* See: [http://www.actionaid.org/sites/files/actionaid/en\\_stitching\\_a\\_better\\_future\\_final\\_2.pdf](http://www.actionaid.org/sites/files/actionaid/en_stitching_a_better_future_final_2.pdf)

<sup>9</sup> Klugman, J. & Melnikova, T. (2016) *Unpaid Work and Care: a Policy Brief*, See: <https://www.empowerwomen.org/-/media/files/un%20women/empowerwomen/resources/hlp%20briefs/unpaid%20work%20%20carepolicy%20brief.pdf>

maternity and child care benefits, disability benefits),<sup>10</sup> leading to crisis of care both, in the Global South and North. In effect, responsibilities that were fulfilled and/or supported by the state are increasingly being displaced to the most marginalised women and girls, with a detrimental impact on their ability to take up decent jobs and enjoyment of whole spectrum of human rights.

For example, many young women ActionAid works with in Ghana and South Africa face multiple barriers to finding and maintaining a job in the formal economy, to large extent because of lack of access to essential services. As documented in our study [Gender-Responsive Public Services and Young Urban Women's Economic Empowerment](#), lack or poor public provision of services such as water and electricity affect women's businesses in Ghana, while lack of child care facilities stop young women from taking up jobs outside the home. In South Africa, lack of access to safe transport means that women either cannot look for jobs beyond the township where they live, or when they do, they face daily insecurity and risk being targeted with violence. Moreover, young women have often pointed out to the challenges around accessing the services, their high costs, and institutionalised sexism.<sup>11</sup>

With regards to recognition, reduction and redistribution of women's unpaid work in India, ActionAid study [Invisible Work, Invisible Workers](#), revealed almost total negation of the recognition of unpaid work in the 4 states covered in the report, with women being perceived primarily as reproductive rather than economic agents. In effect, concerns of marginalized women were commonly excluded from infrastructural development, while public services remained inaccessible and gender un-responsive.<sup>12</sup>

**It is imperative that international institutions and governments in countries recognise, reduce and redistribute unpaid care and domestic responsibilities that fall disproportionately on women. This would mean substantial investments in infrastructure and free accessible quality and gender responsive public services and universal social security, alongside institution of family-friendly policies such as maternity and paternity leave, or flexible working hours, that promote women's opportunities to access decent work and enable them to balance work with caring responsibilities.**

### c) Taxation

As elaborated by ActionAid in [Making Tax Work for Women's Rights](#), tax can bring about positive change in women's lives, however, developing countries give away massive and unnecessary tax incentives to companies – largely foreign owned but also some domestic – located in Special Economic Zones, where goods are manufactured, primarily for export. This means that women can lose out thrice: because of poor wages and working conditions in export-oriented sectors; because of 'lost' tax revenues, which could be used to pay for public services they desperately need; and because of governments relying upon (often due to the IFIs advice) indirect taxes such as VAT, which can have negative implications for women.<sup>13</sup>

ActionAid has found about 15 developing countries, which report the value of corporate income tax breaks. According to our estimation the total amount given away by the 15 countries over one year was US\$48 billion. Of these countries, 12 forego revenues of more than 0.5% of GDP and 3 forego revenues of more than 1% of GDP in a single year.<sup>14</sup> By comparison many developing countries are spending less than 0.03% of their GDP on ministries that are focused on women's rights and empowerment.<sup>15</sup> Since reductions or exemptions are often offered also on other types of taxes paid by the companies, the revenue cost in each country may be significantly higher than these estimates.

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<sup>10</sup> UN Women (2015) *Progress of the world's women 2015-2016, Transforming economies, realizing rights*, See: [http://progress.unwomen.org/en/2015/pdf/UNW\\_progressreport.pdf](http://progress.unwomen.org/en/2015/pdf/UNW_progressreport.pdf)

<sup>11</sup> ActionAid, [Gender-Responsive Public Services and Young Urban Women's Economic Empowerment](#). A report on research in Ghana and South Africa, See: [http://actionaid.org/sites/files/actionaid/gender-responsive\\_public\\_services\\_and\\_young\\_urban\\_womens\\_economic\\_empowerment\\_19th\\_aug\\_0.pdf](http://actionaid.org/sites/files/actionaid/gender-responsive_public_services_and_young_urban_womens_economic_empowerment_19th_aug_0.pdf)

<sup>12</sup> ActionAid (2017), [Invisible Work, Invisible Workers. The sub-economies of Unpaid Work and Paid Work. Action Research on Women's Unpaid Labour](#), See: [https://9dd22cecb57cc7c49673951a-f4ofpqc7vq2ruqx.netdna-ssl.com/wp-content/uploads/2017/11/Invisible-Work-Invisible-Workers-correction\\_e-book.pdf](https://9dd22cecb57cc7c49673951a-f4ofpqc7vq2ruqx.netdna-ssl.com/wp-content/uploads/2017/11/Invisible-Work-Invisible-Workers-correction_e-book.pdf)

<sup>13</sup> VAT without exemptions is a regressive tax because poor people, especially women, by necessity spend a greater proportion of their income on basic items and consumable goods. Low-income countries raise about two thirds of their tax revenue through indirect taxes, whereas high-income countries rely on indirect taxes to raise only one third of their tax revenue. See, International Labour Organization, The South Centre, Initiative for Policy Dialogue – Columbia University, 2015 *The Decade of Adjustment: A Review of Austerity Trends 2010-2020 in 187 Countries*, SS Working Paper No. 53, at: [http://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS\\_431730/lang--en/index.htm](http://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_431730/lang--en/index.htm).

<sup>14</sup> ActionAid (2016), *Making tax work for women's rights*, See: [http://www.actionaid.org/sites/files/actionaid/womens\\_rights\\_and\\_tax\\_briefing\\_final.pdf](http://www.actionaid.org/sites/files/actionaid/womens_rights_and_tax_briefing_final.pdf)

<sup>15</sup> Government Spending Watch & Oxfam, (2013), *Putting Progress at Risk. MDG Spending in developing countries*, See: Government Spending Watch & Oxfam, (2013), *Putting Progress at Risk*

To provide gender responsive public services and fulfil women's human rights, governments must mobilize maximum available resources by addressing gender biases in tax systems and raising taxes effectively and progressively from those who have greater income. This means, among other things, ensuring that companies are paying their fair share of taxes including by curbing tax incentives, and increasing the share of tax revenue from direct taxes of income and wealth, instead of relying on indirect taxes such as VAT.

### 3. International financial institutions policies and advice

In the last 4 years the International Monetary Fund (IMF) has started to explore gender inequality as an 'emerging issue' with an explicit focus on barriers to female labour force participation as way to boost economies and growth. ActionAid study [Women as "underutilized" assets](#) found out that the IMF has now recommended to more than 1 in 5 member countries to take action to increase female labour force participation. However, such advice has not been accompanied with recognition of the need for countries to increase their fiscal space for investments addressing structural barriers to women's full and equal economic rights and participation. In fact, large majority of countries were also told to start, increase or not deviate from plans on fiscal consolidation, while reports remained silent on the impact of the proposed austerity measures on women's human rights through, for example, direct losses in women's income, restricted access to services, and time poverty in a result of increased women's unpaid work.<sup>16</sup>

**Women's labour force participation cannot be approached as a separate 'emerging' issue. ActionAid calls upon the IMF to urgently address the impact of prescribed macroeconomic policies, including its lending and technical assistance, on women's opportunities to access decent work, their disproportionate unpaid care burden and their ability to exercise choice over their economic contribution.**

### 4. Remaining challenges

#### a) Violence against women and girls (VAWG)

Countries' choices of economic models (often following the advice from the IFIs) has such a wide-reaching impact that it goes beyond the obvious economic realm and exacerbates risks of VAWG. ActionAid's report [Double Jeopardy. Violence against women and Economic Inequality](#) clearly shows how violence faced by women and girls is linked to neoliberal policies and exploitation of women's work creating a self-reinforcing cycle.

[Double Jeopardy](#) highlights experiences of discrimination and exploitation including harmful corporate tax practices which deprive governments from resources to deliver quality public services (Uganda); export-led growth strategies exposing women to exploitation and violence in and around the workplace (Cambodia); reliance on informal employment leaving women economically marginalised and vulnerable to violence (India); and promotion of huge infrastructure development projects causing displacement and destitution, and creating conditions for increased VAWG (Brazil).<sup>17</sup>

**ActionAid urges policy-makers to hold corporate actors accountable for respecting women human rights and to ensure full and meaningful participation of women, especially women human rights defenders and women from marginalised groups, in economic decision-making from local to global level. Interlinkages between economic development strategies, women's economic empowerment programmes and tackling VAWG must be addressed to finally break this self-reinforcing cycle.**

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<sup>16</sup> ActionAid (2017), *Women as "underutilized assets" – A critical review of IMF advice on female labour force participation and fiscal consolidation*, See: [http://actionaid.org/sites/files/actionaid/actionaid\\_2017\\_-\\_women\\_as\\_underutilized\\_assets\\_-\\_a\\_critical\\_review\\_of\\_imf\\_advice.pdf](http://actionaid.org/sites/files/actionaid/actionaid_2017_-_women_as_underutilized_assets_-_a_critical_review_of_imf_advice.pdf)

<sup>17</sup> ActionAid (2016), *Double Jeopardy. Violence against Women and Economic Inequality*, See: [http://www.actionaid.org/sites/files/actionaid/actionaid\\_double\\_jeopardy\\_decent\\_work\\_violence\\_against\\_women.pdf](http://www.actionaid.org/sites/files/actionaid/actionaid_double_jeopardy_decent_work_violence_against_women.pdf)

## b) Young women

Youth unemployment is of concern internationally, although there are more concerns regarding unemployment amongst young men because this is seen as a source of instability and disruption.<sup>18</sup> Yet in countries with rapid urbanisation, increasing youth unemployment and persistent patterns of gender inequality, young urban women, if in paid work at all, will most likely be employed in the informal sector, or highly exploitative export-oriented industries, with little or no rights at work.

For young women, access to quality public services and social protection programmes, alongside interlinkages between their responsibilities for unpaid care work, their enjoyment of decent work, their bodily integrity, including sexual and reproductive health and rights (SRHR), and access to public services are of particular importance. ActionAid's [Young Urban Women: Life Choices and Livelihoods programme](#) clearly shows how these intersecting aspects of young women's lives are situated within the wider social and macro-economic contexts such as prevalence of discriminatory social norms, employment and fiscal policies, and business practices to name but a few.<sup>19</sup>

**To ensure that young women can enjoy their rights, integrated approach to women's bodily integrity, decent work and unpaid care work is a must. International community must rebuild social contracts for gender just policy frameworks, strengthen legal systems to end violations of SRHR, guarantee labour rights of informal and formal sector workers, and abandon neoliberal economic model altogether, which continuously hold back full realisation of women human rights.**

## c) Climate change

Climate change has colossal impacts on the livelihoods of rural women in developing countries, especially in the context of governments' limited investments in essential infrastructure, labour saving technologies and public services. Through its [POWER project](#) ActionAid has documented the impact of climate change on lives of women small holder farmers, their unpaid care work, economic inequality and VAWG in [Africa](#) and [South Asia](#).<sup>20</sup>

**International efforts to ensure that all women can enjoy their economic rights must take into account gender impact of climate change, which dramatically increases women's unpaid care workload and threatens food security. To protect and support women small holder farmers, it is also crucial to move on from promotion of large scale input heavy agriculture to Climate Resilient Sustainable Agriculture, based on agroecology, which contributes to climate change mitigation and adaptation, whilst putting women's rights and economic empowerment at its core.**

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<sup>18</sup> See, for example, ILO, *Global Employment Trends for Youth 2017. Paths to a better working future*, See: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_598669.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_598669.pdf)

<sup>19</sup> For example, ActionAid (2015), *Young Urban Women Exploring Interlinkages: A Research Study in Ghana, India and South Africa November 2015 Bodily Integrity, Economic Security and Equitable Distribution of Unpaid Care Work*, See: <http://www.actionaid.org/sites/files/actionaid/youngurbanwomen2017.pdf>

<sup>20</sup> ActionAid (2017), *Policy Brief: Incorporation of Women's Economic Empowerment and Unpaid Care Work into regional policies: Africa*, See: <http://powerproject.actionaid.org/wp-content/uploads/2017/07/Africa-policy-brief-online.pdf> or ActionAid (2017), *Incorporation of Women's Economic Empowerment and Unpaid Care Work into regional policies: South Asia* [http://powerproject.actionaid.org/wp-content/uploads/2017/07/Asia-policy-brief-online\\_FINAL.pdfqaz](http://powerproject.actionaid.org/wp-content/uploads/2017/07/Asia-policy-brief-online_FINAL.pdfqaz)