



EXPANDING FISCAL SPACE TO PROMOTE GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN AND GIRLS BY UN-WOMEN

Summary

The brief highlights the need for Member States to put gender equality at the forefront of macroeconomic and fiscal policies. The brief argues while advanced economies have implemented policies to accelerate economic recovery, developing nations lack adequate financing to do the same, leaving women in precarious positions. Today, many countries are implementing austerity measures that limit government spending on essential services, further harming women's economic security. The brief also highlights that high debt levels in developing countries continue to divert resources away from social programs and initiatives that promote gender equality, hindering progress and potentially reversing gains. Overall, the brief advocates for a comprehensive approach to financing gender equality, recognizing the potential of various policy levers and the need for gender-responsive policymaking, including accelerating the reforms of the international financial architecture¹.

Key messages

- The COVID-19 pandemic has deepened economic disparities between high and low-income countries, disproportionately impacting women in developing nations. Yet, countries are continuing to implement austerity policies that cut essential public services, further jeopardizing women's economic security and well-being.
- Limited fiscal space and austerity measures in low-income countries have worsened women's economic instability, as evidenced by persistently higher unemployment rates for women compared to men.
- Cuts in essential public services and social protection also have a direct impact in women's unpaid care work as they become 'shock absorbers' of

RELEVANT ACTION AREAS



ABOUT THIS SERIES

The Financing Policy Brief Series has been prepared by the Inter-agency Task Force on Financing for Development to inform the substantive preparations for the Fourth International Conference on Financing for Development (FfD4), to be held in Sevilla, Spain, from 30 June to 3 July 2025.

The Inter-agency Task Force on Financing for Development is comprised of more than 60 United Nations Agencies and international organizations. The policy briefs in this series were not subject to review by Task Force Members, and represent the views of the authoring organizations.

The full series is available at:
<https://financing.desa.un.org/iatf/report/financing-policy-brief-series>

1. UN Women, 2024 (forthcoming). *Engendering Fiscal Space: A Policy Framework for Financing Gender Equality*. New York.



systemic failures. Globally, women and girls undertake more than 2.5 times as many hours a day on unpaid care work as men, preventing them from realizing their full rights and opportunities throughout their lives².

- Rising interest rates and quantitative tightening in advanced economies have exacerbated the challenges faced by developing countries, hindering growth prospects and diverting resources away from social safety nets and gender equality initiatives.
- Developing countries struggling with debt have limited capacity to invest in social programs and initiatives that empower women and girls, hindering progress towards gender equality.
- Meaningful progress on that front will require sufficient funding to enable member states to uphold their commitments to gender equality and women's empowerment.
- Sustained investments in inclusive social protection systems, and care systems and services are crucial, prioritizing the needs of vulnerable populations over debt repayment. Investing in the care economy can reduce women's time and income poverty and expand employment opportunities.

Problem statement

The economic fallout from multiple crises continues to exacerbate women's economic vulnerability and reversing the modest gains in gender equality.

The pandemic and subsequent crises have laid bare the inequality between high and low-income countries, in terms of their capacity to respond to economic shock. While expansionary fiscal policies in advanced economy have helped cushion job losses, especially in the female-

dominated public sector, the reverse remains true on low-income countries where lack of fiscal space continues to exacerbate women's already precarious position in labour markets. Unemployment levels remain persistently higher for women than men almost everywhere in 2023. At the global level, the jobs gap for women stood at 13 per cent for women, compared to 8 per cent for men in 2023, slightly below their pre-pandemic levels. Globally, women and girls continue to undertake more than 2.5 times as many hours a day on unpaid care work as men preventing them from realizing their full rights and opportunities throughout their lives³

Orthodox and gender-bling macroeconomic policies continue to shape crises response across the globe, and dictate options available to address financing gaps.

A recent assessment⁴ of the state of macroeconomic policies implemented around the world finds that 143 countries - including 94 developing nations - are implementing policy measures that undermine the capacity of governments to provide education, healthcare, social protection, care and other public services. 85 per cent of the world's population was living in the grip of austerity measures by 2023, a trend that is likely to continue until at least 2025, when 75 per cent of the global population (129 countries) could still be living under these conditions.⁵ Furthermore, an assessment⁶ of national fiscal and monetary responses during the pandemic in several countries showed that macroeconomic policy responses were not designed using a gender lens, and were unable to resolve or address structural and systemic gender inequalities. Furthermore, shares of aid to gender equality, social protection and justice have declined since 2020⁷.

High debt levels and shrinking fiscal space are impeding progress and reversing modest recent gains on gender equality and women's economic empowerment.

2. UN Women & UN DESA, 2024 Progress on the Sustainable Development Goals: The gender snapshot 2024

3. UN Women & UN DESA, 2024 Progress on the Sustainable Development Goals: The gender snapshot 2024

4. Ortiz, I. and M. Cummins. 2022. *End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25*.

5. Ortiz, I. and M. Cummins. 2022. "Alternatives to Austerity : Fiscal space and financing options for a people's recovery" in *THIRD WORLD ECONOMICS* No. 759

6. UN Women and ILO, 2024. *Consolidated report: National fiscal stimulus packages from a gender equality perspective*, New York, 2024.

7. OECD (2024), *Development Co-operation Report 2024: Tackling Poverty and Inequalities through the Green Transition*, OECD Publishing, Paris, <https://doi.org/10.1787/357b63f7-en>.



Rising interest rates and quantitative tightening in advanced economies now poses a massive challenge for developing countries, threatening to push a growing number of them into debt default. Consequently, 3.3 billion people⁸ live today in countries that spend more on interest payments on debt than on either education or health, and more than half of developing countries allocate at least 8 per cent of government revenues to interest payments, a figure that has doubled over the past decade. In an environment with shrinking fiscal space, this means less resources to promote gender equality and the empowerment of women and girls or for social safety net programmes and poverty alleviation⁹, with a direct impact in women's unpaid care work and women time and income poverty initiatives.

Policy solutions

Macroeconomic policies should be designed to integrate a gender perspective and to actively promote gender equality.

By challenging conventional definitions of fiscal space, advocating for a broader understanding that encompasses not just borrowing capacity but also the potential of gender-responsive investments to stimulate economic growth and generate future revenue. Moving away from the short-term focus of traditional measures of fiscal policies and reliance on aggregate output of GDP as the main indicator of economic wellbeing, gender macroeconomic policies propose an alternative framework that accounts for the long-term benefits of investments in gender equality, such as increased productivity, higher incomes, and greater tax revenues. For instance, expenditure switching, the process of redirecting government spending from areas like subsidies to large corporations towards investments in physical and social infrastructure, could play a pivotal role in promoting gender equality¹⁰.

Adequate financing to invest in care policies, services and infrastructure could lead to long-term economic benefits for society.

Investing in care can have major economic and social payoffs for families, individuals, and societies through what is called the triple dividend: One, investing in childcare services contributes to enhancing children's capabilities, particularly children from poorer households; Two, investing in care services facilitates women's labour force participation; and Three, investing in social care service expansion has the potential to generate thousands of decent jobs both in the care sector itself as well as in other sectors through backward linkages¹¹.

High levels of external debt hinder a country's ability to respond to crises, promote economic well-being, and achieve gender equality, particularly in the Global South.

To achieve economic well-being and gender equality, especially in the face of global crises, countries need the fiscal space to invest in their people. This is particularly critical for developing nations struggling with massive debt burdens¹². Thus, a new approach is needed that prioritizes long-term growth, center on job creation and people's wellbeing. Ultimately, overcoming this debt crisis demands a global effort and a shift in perspective that acknowledges the crucial link between debt, economic justice, and gender equality.

Introducing a new framework for analyzing the gendered implications of alternative financing mechanisms.

Consider alternative analytical frameworks to assess financing options and their gendered impacts. This will require looking at economic modeling such as stock-flow consistent macro-micro modeling to assess the impacts of alternative methods of financing policy initiatives. This means assessing distributional outcomes for population subgroups and evaluate the impacts on unpaid household production activities. By incorporating household production in the modelings, the impacts on measures

8. UNCTAD, 2024. *A World of Debt Report 2024: A Growing Burden to Global Recovery*, Geneva, 2024.

9. UN Women and ILO, 2021. *How to assess fiscal stimulus packages from a gender equality perspective*. New York-Geneva, 2021.

10. UN Women, 2024 (forthcoming). *Engendering Fiscal Space-the Role of Macro-Level Economic Policies*. New York.

11. United Nations, 2024. *Transforming Care Systems in the Context of the Sustainable Development Goals and Our Common Agenda*. UN System Policy Paper. New York, 2024.

12. UNCTAD, 2024. *A World of Debt Report 2024: A Growing Burden to Global Recovery*, Geneva, 2024.



of economic well-being, gender-based inequalities, and poverty can also be evaluated¹³. Gendered impact assessments of policies are important tools that provide baselines and benchmarks to monitor and assess progress.

✿ Specific recommendations for FFD4

Member States are encouraged to consider the following measures during the Fourth Conference on Financing for Development (FFD4):

- Given the limited fiscal space in many developing countries, it is essential to explore various policy levers, such as credit allocation policies, innovative taxation sources, and external financing options.
- While macro-level policies can create fiscal space, they may not inherently direct finance toward gender equality goals. Gender markers, benchmarks, and impact assessments are crucial tools for ensuring that the created fiscal space is effectively utilized for gender-equalizing investments. This will require renewed commitments from member states to make gender equality and the empowerment of women and girls, a key priority of national development strategies.
- Adopting a longer-term perspective that considers the macroeconomic and fiscal sustainability of investments allows countries to explore a broader range of policy options for creating and expanding fiscal space. Concrete steps are needed to establish a sovereign debt workout mechanism that reaches countries in need, expanding fiscal space for gender-responsive, pro-poor policies and essential public services.
- Regressive taxation such as value-added taxes disproportionately affect women, given their over-representation among the poor and vulnerable segment of the population. Governments can be a big part of the solution by promoting more progressive taxation and the elimination of illicit financial flows.
- Reforming the international financial architecture: Entrenched gender biases affect the design and functioning of all aspects of the international financial system. Gender equality objectives should be part of international leadership selection and the mandates and accountability metrics of multilateral development banks.
- Monetary policy could also be a key policy tool to address financing gaps. For instance, redirecting Special Drawing Rights (SDRs), and promoting loan guarantees, which encourage lending to sectors such as women-owned businesses and small and medium-sized enterprises; and asset-backed reserve requirements, which also incentivize banks to lend to priority sectors, including those that benefit women, by adjusting reserve requirements based on the type of assets they hold.

13. UN Women, 2024 (forthcoming). *Modeling alternative methods of financing investments for gender equality*. New York.