

# A gender lens on recovery packages

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Exuberance in financial markets alone is no indicator of recovery. Sans response in terms of gender equality, recovery will be unsustainable



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The United Nations Secretary General has called for an emergency pandemic response package, with a threshold of 10% of the GDP. A Policy Support Tool on “How to Assess and Engender Fiscal Stimulus Packages to Respond to the Socio-Economic Impacts of COVID-19” has been developed by UN Women and ILO to articulate the gender- and human-rights dimensions of economic stimulus measures. In emerging and developing economies, 70% of women are employed in the informal sector. This puts them at greater risks economically and socially as the pandemic

can cause further dip in their labour force participation rates, causing the loss of income and savings, and potential retrogression in gender equality and the enjoyment of human rights by women.

How have the governments and central banks responded to this crisis?

Governments and their respective central banks have launched a range of fiscal and monetary policies, along with labour market measures to mitigate the socio-economic and health effects, including massive injections of liquidity and other related supply side policy tools. The goals of these measures are to avoid widespread bankruptcies, loss of organisational capital, and support an even steeper path to recovery. The pandemic economics of governments is twofold. One is the focus on measures that relate to “instantaneous economic firefighting”. The second is the “medium-term policy imperatives”. As this crisis is of an unprecedented scale, it calls for unprecedented policy responses.

Human rights are key in shaping the pandemic response, both for the public health emergency and for the impact on people’s lives and livelihoods, while keeping focus on those most vulnerable. And yet, the governments are often affected by lack of fiscal space. The UN General Assembly highlighted that the renewed interest in tackling widening inequalities through social protection is a testimony that governments can indeed undertake far-ranging improvements that were previously dismissed as unrealistic. Since the beginning of the pandemic, 36.9% of countries have not developed any new unemployment or special allowances/ grants; 55.6% of countries have not introduced any additional health protections; 54.7% of countries have not provided income protection measures, and 62.7% have not implemented any food and nutrition measures. Only 29.3% of countries have introduced child or family allowance; a massive increase in child poverty has resulted out of this crisis. These numbers show that progress was unequal, showing that this crisis is having multiple negative effects on the living standards of lower-income, working-age families than on higher-income families. The stimulus package is determined by the availability of fiscal space. In the times of downturn, the revenue falls. Given the limited fiscal space, it is critical for the countries to find the resources to design effectively large stimulus packages. The UN has urged that debt alleviation must be a priority to finance human development. The UNCTAD has called for \$1 trillion in debt relief to developing countries.

Central banks have a significant role in deployment of credit to the stressed sectors, including agriculture and the MSMEs. Though central banks across countries have not announced any specifically targeted credit deployment to women entrepreneurs, MSME credit can be beneficial for women entrepreneurs. The central banks can also provide guarantees to selected loans in stressed sectors, which can protect such sectors from short-term refinancing risks. The interest rates can be lowered by the

central bank, which, in turn, can plausibly reduce the lending rates to borrowers. The policies related to credit are very crucial for financial inclusion of women.

Deficit is of critical importance from both a macroeconomic and political economy perspective. We are primarily facing a “human tragedy”. A few countries have explored the external financing of the deficit, including foreign aid. It is difficult to analyse the gender and human rights impacts of budget deficits, unless we examine the components of the fiscal stimulus packages for (i) food security, (ii) social infrastructure, (iii) labour and (iv) social protection. Revamping social infrastructure and social protection measures are crucial for sustained economic recovery.

The pandemic is worse than the 2008 global financial crisis. Many countries have not included basic income guarantee, adequate public health infrastructure, guaranteed food security and nutrition assistance in their pandemic packages. Income and wealth inequalities accentuate gender inequalities; also, unequal work burden in the “care economy” is statistically invisible and not incorporated in macro policies.

The exuberance in financial markets alone cannot be an indicator of economic recovery. Unless there are policy responses to Covid-19 in terms of gender equality, climate justice and other social protection measures, recovery processes cannot be sustainable. Covid-19 provides an opportunity to fundamentally rethink political choices in a way that prioritises the most vulnerable, protects societies from extreme inequality, and provides proactive and systemic—not reactive and ad hoc—responses to protect the population. To quote UNGA, “We must avoid the ‘tyranny of the urgent’ and the budget balancing logic to address structural issues in the design of social protection.”

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