



GENDER EQUALITY

UPDATE 16: GENDER AND ECONOMY

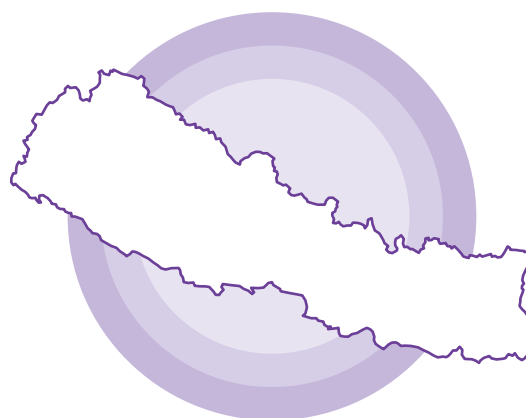
29 MAY, 2020



OVERVIEW

The Asian Development Bank's macroeconomic update on Nepal forecast a fall in GDP growth from 7.1 per cent in 2019 to 5.3 per cent in 2020. This slowdown in growth is attributed to several key factors, most notably the COVID-19 pandemic. The COVID-19 outbreak and the subsequent lockdown implemented from 24 March have had huge impacts in industry and services. Within the social indicators, the gender-related development index had increased from 0.511 in 2003 to 0.925 in 2017. However, with the bleak GDP outlook for 2020, Nepal may see a steep decline in this index, which in turn will lead to massive repercussions for the advances made by women in both the social as well as the economic sphere.

As governments across the world enforce emergency measures in response to the



COVID-19 pandemic, Nepal braces to fight looming challenges in the major disruptions to its economy. These could include a severe decline in income, high unemployment levels, increasing care burdens on women and increasing domestic and sexual violence. Differential impacts have been observed during this crisis, based on gender, age, socio-economic groups, castes and ethnicities, occupational segregation and places of residence. Women also report that the government relief package does not reach all sections of farmers.



We simply cannot return to where we were before COVID-19 struck, with societies unnecessarily vulnerable to crisis. We need to build a better world.

UN SECRETARY-GENERAL, APRIL 2, 2020

NEEDS AND EMERGING ISSUES

RURAL WOMEN FARMERS

- » Livelihoods of women have been heavily disrupted leading to a massive decline in income.
- » The cash relief announced by the government has not reached rural women farmers, who also take informal loans on high interest rates and remain excluded from interest reduction schemes of the government. Many women farming on credit are struggling to repay their loans. Being landless, a majority of women farmers who work on lands owned by others cannot access the government's announced compensation. Relief introduced for wage workers and Dalits do not reach those who are most vulnerable, including women farmers.
- » As women do not have land and property to use as mortgage, accessing loans are a challenge as lenders do not trust their ability for repayment.
- » To address challenges during this COVID-19 crisis, the Federation of Woman Entrepreneurs' Association of Nepal (FWEAN) has formed a task force for recovery planning. These challenges include the inability to pay workers, taxes, rent, loan installments and interests, lack of raw materials to continue business, spoilage of perishable goods due to lack of market and transportation, cancellation of orders, and psychological distress resulting from business losses for startups.
- » An appeal to the government for an online survey is being planned by FWEAN. The survey intends to take stock of COVID-19 on businesses and to advocate for the introduction of a relief package for micro, small and medium enterprises (MSMEs) led by women. This would include loans, interest and tax payment extensions and rebates to upscale funds in the Women Entrepreneurship Development Fund accessible to women led MSMEs.

WOMEN ENTREPRENEURS

- » The negative impacts on businesses and the subsequent inability to pay workers, taxes, rent, loan installments and interest are major challenges for the sustained livelihoods of women.

ANALYSIS ON WOMEN AND THE ECONOMY¹ IN THE COVID-19 CONTEXT BY FEMINIST ECONOMIST, DR. BINA PRADHAN

Focusing on the differential impacts of the COVID-19 crisis on women is imperative. This unique crisis, unprecedented in scale, will result in high levels of unemployment. Additionally, a large number of migrants will return home to a market with no demand. The impact on the service sector (including hospitality) will have a severe set back in terms of employment and convertible foreign exchange earnings as it was the only sector that was booming compared to other sectors in Nepal. Global recession is expected to have a negative impact on demand for Nepal's products, goods, and services which is expected to have a devastating impact on Nepalese economy. As with the current crisis, experiences from the impact of the 2015 earthquake showed that women take the major brunt in crises scenarios and face differential impacts by virtue of their assigned role as care givers in the households and their occupational positions as mid and low level health workers and nurses, although we do not have figures as yet.

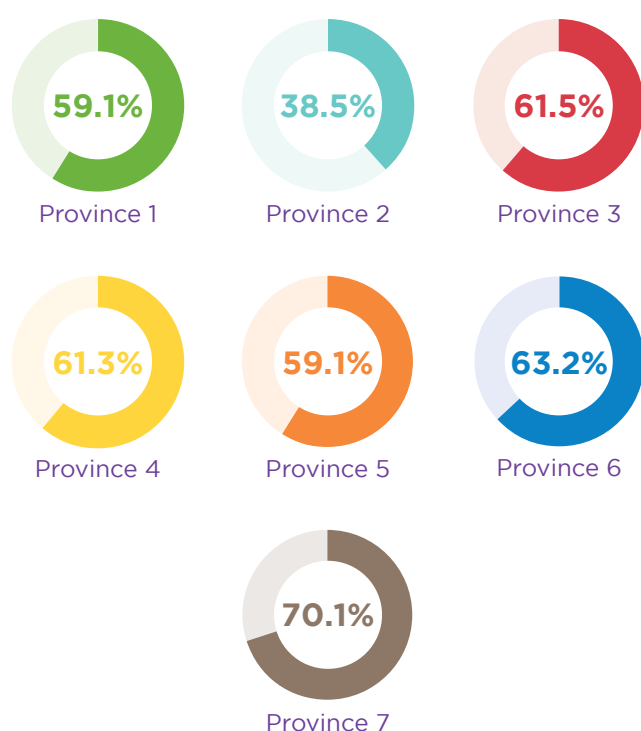
Recommendations

- » A comprehensive review of existing policies - where women, girls and excluded groups are addressed in a sustainable matter - is key to address the impact of the COVID-19 pandemic on the economy.
- » Relief packages must be simple and have an effective distribution channel with clear instructions on how to access them. The federal government should work with the municipalities and Village Development Committees (VDCs) to have an effective distribution in place.
- » Conduct assessments on household vulnerabilities to economic shocks and changes in livelihood, based on market trends with a focus on food security.
- » With domestic violence on the increase, immediate steps and mechanisms need to be put in place to secure access to justice for victims/survivors of violence.

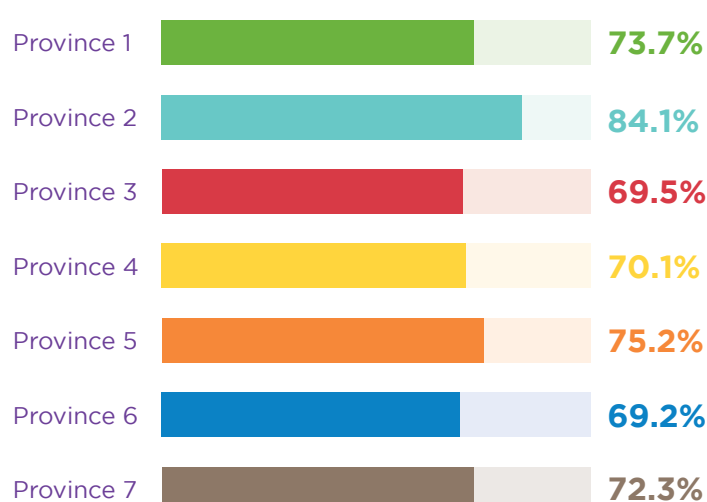
¹ Analysis presented during the fourth Gender in Humanitarian Action Task Team meeting on May 11, 2020

PRE-COVID-19 DATA ON WOMEN FROM THE SEVEN PROVINCES IN NEPAL

PERCENTAGE OF WOMEN AGED 15-49 WHO ARE EMPLOYED.



PERCENTAGE OF WOMEN WHO EARN LESS THAN THEIR HUSBAND.



	Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7
Employed in agriculture	75.5%	78.7%	46.7%	70.5%	75.8%	82.1%	83.7%
Employed in unskilled manual occupations	2.5%	3.9%	4.7%	2.8%	2.5%	2.6%	4.2%
Employed in skilled manual occupations	4.2%	7%	9%	4.2%	6.1%	4.2%	2.4%
Employed in professional/technical/managerial occupations	5.3%	3.8%	10.8%	4.8%	4.1%	2.1%	2.5%
Employed in clerical occupations	2.8%	1.1%	3.6%	2.1%	1.5%	0.3%	0.4%
Employed in sales and services	12.4%	5.6%	25%	15.7%	9.8%	8.6%	6.8%

Source: Provincial fact-sheets 2019, United Nations. Access here: <https://un.info.np/Net/NeoDocs/View/10957>

KEY EXCERPTS: INTERVIEW WITH DR. MEENA ACHARYA



Dr. Meena Acharya is a feminist economist and a senior scholar from Nepal who has researched and published extensively on development, macro economy, poverty and politics from a gender perspective for over 45 years. In an interview with UN Women, she shared her expert analysis on the emerging socio-economic impacts of COVID-19 from a gender perspective.

The COVID-19 pandemic has caused unprecedented stress on the international market, with employment in the tourism and the export industry likely to decline. In Nepal, the most severe impact is estimated to be on tourism, all related sectors such as hospitality, handicrafts, transport, banking and finance, and all other services. The impact on agriculture will also be substantial if the lockdown continues. Its partial impact is already visible in the vegetable market, poultry farms, milk sales etc. The scarcity of animal feed and lack of market due to the transportation challenges is already affecting the rearing of livestock. Decreasing import will negatively affect the customs revenues and non-tax income from activities such as land and property rental and sales, which are major sources of income for the government, with a subsequent decrease in the national budget. Decline in remittances may impact the deposits with the banking and financial sectors. Nepal's growth estimates were based on growth of precisely these sectors

and remittances. As a consequence Nepal's national income, which was expected to grow by 6-7 per cent in the current fiscal year, will come down to 1.5-2.8 per cent, as per the current estimates.

Across rural and urban households, the sources of income from foreign employment will decline due to the recession in the gulf economies and other countries. With drastic decline in tourism, the source of cash income in hill and mountain areas will also go down. Much of the urban affluence that is visible in urban areas may largely be dependent on such income, which is going to decline, impacting sales, services and hospitality.

Migration to India is often short term and off seasonal for poor and lower middle class households. Returnee migrants will be most likely to engage in some agricultural work, farming the land which have been left uncultivated due to labour shortage in larger farm households. In the case for

overseas returnees, the migration is mostly long and medium term; and some changes may be observed both in urban and rural areas.

The majority of workers in both agricultural and non-agricultural sector in rural areas are women. About 67 per cent of the women workers are in the informal sector; and women wage workers on an average earn three-fourth less than men. With the stoppage of manufacturing industries, construction work and transport movements, daily wage workers will suffer most. Service and sales occupations have been hit hard, where the majority of non-agricultural sector women workers work. Further, women in the informal sectors are ineligible to receive social security. In the current situation, some people seem to have access to both social security allowances as well as relief packages, whereas other have access to neither.

With reverse migration, there are likely to be significant shifts within households. Men returning home may take some of the agricultural workload off women who were managing it in the absence of male family members. Women's unpaid and care burden is likely to increase as it is considered to be their primary responsibility. It is likely that women will have to manage larger households with reduced resources. This might affect children's education. In the process of managing food, as women and girls eat at the end, they may get a lesser amount of food, thus affecting their nutrition. Alcoholism may increase and with that violence against women and children. There

are reports of increasing violence as the lockdown has restricted women to share small spaces with abusive partners.

Recommendations

- » All relief packages should be gender-responsive and inclusive. Gender Responsive Budgeting (GRB) and Gender Equality and Social Inclusion (GESI) directives must be reinforced. The local authorities have already received trainings on GRB and GESI methodologies, focusing on needs of women and the most disadvantaged groups. Now, the focus should be on strengthening its implementation at the local level.
- » A directive to ensure efficient food distribution plans for women and the poor in remote areas should be issued to the provincial governments. It is important to recognize that agricultural wage workers in the rural areas have also been badly hit and are likely to face a food crisis. As is the practice in villages, they are likely to borrow food which they will have to pay in double within in few months. Food packages from the government will limit such mal-practices.
- » The Prime Minister's Employment Program and the agricultural development programme should integrate GESI.

- » Along with larger agro-farms, women managed smaller farms need support to access credit, raw materials and technological services. With the current crisis, the prospect of the non-agricultural sector reviving fast is poor; and therefore, investments to increase agricultural productivity are critical.
- » Most of the cottage and micro-enterprises established by women borrow money from micro-finance institutions at high interest rates. In addition to the high interest, there are higher penalties for delayed payments. The government should announce a separate relief package to cater to the needs of enterprises led by women. The government should make interest payments on behalf of women entrepreneurs during this crisis. Further, micro enterprises should be supported to regenerate employment for women locally. The Federation of Nepalese cottage and small industries has presented their demand for a separate package to the government and should be included in consultations when revising the relief packages.
- » Given that workers in the cottage and micro-enterprises have no social security, the government should design a separate relief package for those outside the social security system. Urban women who are engaged in home-based work should also be covered by such relief packages.
- » In the context of COVID-19, we need to find innovative ways to expand social security coverage. The universal social security allowance has helped the elderly and women in Nepal, but there have been some gaps in accessing them as elderly women find the process of going to banks to receive their allowance very difficult. It will be important to address these gaps; and adopt a targeted approach to address the differential impact of COVID-19 on different groups, including to target those who have lost their jobs.
- » Universal basic income is not practical for Nepal under the current circumstances, as available resources are severely limited, and may promote donor dependency. The idea of minimum income maintenance also implies an authentic database of people's income, which is a big challenge for Nepal. Identifying the poorest is a challenge.
- » Given Nepal's vulnerability to crises (annual floods and occasional earthquake), the climate crisis package should be a regular feature in national budgeting. No cuts should be allowed in donor and government expenditure on gender empowerment and equality promoting programmes.



Women earn less, save less, hold less secure jobs, and are more likely to be employed in the informal sector. They have less access to social protections and are the majority of single-parent households. Their capacity to absorb economic shocks is therefore less than that of men. As women take on greater care demands at home, their jobs will also be disproportionately affected by cuts and lay-offs. Such impacts risk rolling back the already fragile gains made in female labor force participation, limiting women's ability to support themselves and their families, especially for female-headed households.

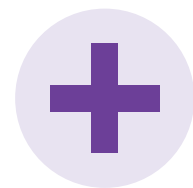
SOURCE: POLICY BRIEF ON THE IMPACT OF COVID-19 ON WOMEN

UNITED NATIONS FRAMEWORK FOR THE IMMEDIATE SOCIO-ECONOMIC RESPONSE TO COVID-19

United Nation's 131 Country Teams – serving 162 countries and territories – are being mobilized to implement a socio-economic framework over the next 12-18 months according to these five pillars:

1 HEALTH FIRST

Recovering better requires a new outlook on how to achieve the Sustainable Development Goals (SDGs) on health care – including flagging the links between health and nature. Steps to recovery will include helping primary care systems to get back on their feet in a stronger and more resilient position.



2 PROTECTING PEOPLE, SOCIAL PROTECTION AND BASIC SERVICES

Recovering better should include strengthening progress towards universal social protection, building on the increase of coverage during COVID-19 response, redesigning social protection systems so they are more responsive to shocks.



3 PROTECTING JOBS AND ECONOMIC RECOVERY

In addition to re-doubling efforts to create green, sustainable jobs, a job-rich recovery will require increased fiscal spending on public employment programmes to promote greater labor market resilience to future crisis while combatting discrimination and addressing inequalities.



4 MACROECONOMIC RESPONSE AND MULTILATERAL COOPERATION

This pandemic underscores the important role of public policies in dealing with the crisis. Recovering better will require creating the fiscal space to address the SDG agenda; investing in health, social protection, sustainable infrastructure and crisis preparedness, while directing the economic recovery along a significantly more sustainable and carbon-neutral trajectory and closing the digital divide.



5 SOCIAL COHESION AND COMMUNITY RESILIENCE

During and after this pandemic, public institutions, democracy, multilateralism, social dialogue and the rule of law will all be tested. It is an opportunity to reverse the trend of shrinking civic space.



USEFUL DOCUMENTS

1. COVID-19 and Human Rights: We are all in this together: <https://unsdg.un.org/resources/covid-19-and-human-rights-we-are-all-together>
2. A UN framework for the immediate socio-economic response to COVID-19: <https://unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19>
3. Policy Brief: The Impact of COVID-19 on Women: <https://www.unwomen.org/en/digital-library/publications/2020/04/policy-brief-the-impact-of-covid-19-on-women>
4. Guidance Note on CEDAW and COVID-19: <https://www.ohchr.org/en/hrbodies/cedaw/pages/cedawindex.aspx>
5. Nepal GESI Profile: http://un.org.np/sites/default/files/Nepal%20GESI%20Profile_8%20May%202020.pdf



This Gender and Equality Update has been consolidated by UN Women on behalf of the Gender in Humanitarian Action Task Team (GIHA TT). The Task Team is chaired by UN Women and organized in close cooperation with the Ministry of Women, Children and Senior Citizens (MOWCSC), Development Partners and Civil Society Organizations that includes diverse women and excluded groups and their wider networks.

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