



## APEC Women Leaders Network

### *Keynote Address*

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## Weathering the Storm: Advancing Women's Economic Opportunities in the Current Financial Climate

Excellencies,

Distinguished Colleagues, Ladies and Gentlemen,

It is an honor for me to participate in this meeting and to address you this morning on the challenge of advancing women's opportunities during the current economic crisis. While we are already seeing signs of early economic recovery, experience from past crises teaches us that real wages take an average of three years to pick up. Employment growth does not regain pre-crisis levels for several years after that. So, for the poor and particularly for women of our region, there are some tough times ahead.

Let me first present the status of the Asia Pacific region before focusing specifically on women. As the most trade dependent region in the world, Asia Pacific has been hit hard by the contraction in global merchandise and services trade. The region's dynamic economic growth, which helped lift millions of people out of poverty over the past decade, is now under threat.

The average growth rate for developing countries in the Asia Pacific has decreased from 8.8 percent in 2007 to just 2.8 percent this year. This is despite the robust growth rates of China and India. An additional 24.8 million people could lose their jobs as the crisis unfolds, rolling back the important development gains made over the last ten years. However, considering the world economy is projected to contract by over 2 percent in 2009, our region is now the epicenter of economic growth and will likely play a critical role in assisting global recovery.

If women are to weather this storm and, indeed come out ahead, we need to start by examining their status in the regional work force. Asia-Pacific has the second highest ratio of employed women of working age in the world at 49 percent. Whether as farmers, factory workers or home-based businesspersons, women's employment is increasingly taking place at the heart of the global supply chain. Globalization has led to an unprecedented demand for female workers in certain sectors. For example, women constitute the majority of low-skilled workers in labour-intensive manufacturing industries, such as textiles and apparels, leather products, and electronics.

Women have, in fact, emerged as the flexible labour force par excellence. However, their entry into the workplace has also coincided with trends towards outsourcing and subcontracting; relegating women's jobs to the informal sector without any job security or benefits. The inherent risks of this positioning are now becoming apparent as the economic crisis unfolds.

What started as a financial crisis in the West has turned into an economic, trade crisis in the East. The subsequent fall in aggregate demand in developed country markets has hit export-dependent Asian economies hard. Low-skilled, labour-intensive manufacturing sectors are the most affected. Other impacted sectors include tourism and related service industries. Women play dominant roles in all these sectors. Additional sectors with layoffs are financial services, information technology-based back-office services and overseas workers where the gender composition is fairly equal. Women are not the only ones bearing the burden. Male-dominated industries like auto parts and construction have suffered serious setbacks. The main casualty of the current crisis is the flexible labour force – low-skilled, temporary, casual workers

Based on the worst case scenario, ILO has estimated that an additional 9 million women in the region will become unemployed in 2009 as a result of the crisis<sup>1</sup>. This would bring the total number of unemployed women in the Asia Pacific to around 38 million this year under the same scenario. Millions more will experience rising income insecurity as the impacts of the crisis to continue to be felt regionally.

Women, as temporary, seasonal, contract laborers are unlikely to be covered by formal unemployment insurance or social protection schemes. Lacking education and skills, they tend to be less mobile across sectors than better educated workers. Their poverty only deepens when formal sector workers

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<sup>1</sup> ILO March 2009. Global Employment Trends For Women.

switch to the informal economy during times of crises, depressing the wages of the informal economy.

So how can we turn the current crisis into an opportunity to advance the economic opportunities for women in our region? Women represent an untapped resource for most economies in Asia Pacific. ESCAP's research indicates that restricting women's access to work, education and health services comes at significant economic costs. Our region loses between \$42 and \$47 billion dollars a year by restricting women's access to employment<sup>2</sup>. Up to \$17 billion dollars a year are lost in the region due to gender gaps in education<sup>3</sup>.

The huge scale of government spending in the pipeline for many countries, offers an unprecedented chance to design development policies that will bring about more inclusive and sustainable development. It is important to distinguish between measures required to help stimulate economic recovery in general, versus those that specifically target women. It will also be important to distinguish between short and long term responses.

So, for instance, **engendering fiscal stimulus packages** is an important short term measure that governments should take. Large public infrastructure and public work projects are common features of all stimulus packages. They are one of the most effective ways of reaching a wide range of unemployed

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<sup>2</sup> ESCAP's 2007 Economic & Social Survey: These figures were generated by using a global macro-economic model and by adjusting labour market equations to absorb increased supply of female labour (see pg. viii and 104-105)

<sup>3</sup> Ibid: ESCAP's 2007 Economic & Social Survey: These calculations were made using panel-data-econometric models (combined country-level and time series data) on the determinants of economic growth. Different models use different assumptions on the elasticity of education to growth. ESCAP's own model generated a figure of \$17 billion, while ESCAP calculations based on other models generated \$30 billion (pp. 105-106)

workers without regard to skills. Most of these jobs are in construction where 80-90% of jobs are held by men. However, if funding is also made available for health, education, and agricultural extension services and investments are made in small and medium scale enterprises, employment opportunities would also be created for women.

Over the long term, however, more emphasis needs to be placed on **gender budgeting and tracking** as part of the regular budget processes. A number of countries in the Asia Pacific region made important progress in this area before the crisis – efforts are now required to ensure these gains are not lost. Equally important is insisting on strong and effective public expenditure monitoring systems to ensure that budgetary allocations reach the intended groups.

**Developing the foundations for social protection** needs to be seen by countries as an economic investment rather than a social cost. Women form a significant part of the labour force without access to health insurance, unemployment insurance or minimum wage. By increasing income security, the spending propensity of middle and lower income people who drive the economy is automatically triggered. However, when governments have limited fiscal space, they tend to cut down on areas like social spending. While short term impacts may be minimal, the longer term costs can be severe. This will be a challenge for many of the LDC's in our region.

Agriculture is the main livelihood of the poor and still provides employment for 60% of the working population in Asia and the Pacific. The majority of the

region's farmers are women. Unless decades of neglected investment and research in agriculture are addressed, persistent poverty and widening inequality in the region will continue. Investments in **sustainable agriculture** and measures to **improve national food security** need to ensure that they include women as an intrinsic part of local food production systems.

**Micro-credit** is a lifeline for women and the small businesses they run. Some countries have taken steps in fiscal stimulus packages to protect and increase funding to these institutions. But more needs to be done. Monetary authorities need to make sure that (i) state owned banks provide uninterrupted financing for micro-credit schemes and institutions; and (ii) commercial banks that receive liquidity support from Central Banks maintain present levels of funding for micro-credit.

Promoting **intra-regional trade** will provide an important buffer to future economic shocks from the rest of the world. Related measures will help women employed in manufacturing and services sectors. However if we are to improve the lot of women over the long term, we must **increase their access to education and training**. This will help women position themselves for better jobs in a wider range of occupations. A lot can be achieved through simple low-cost interventions. Girls' attendance in schools can be increased by providing separate toilets and wash areas. The costs of training to business are often lower during economic downturns. So this is the time to retain and upgrade the skills of productive women employees. As countries position themselves to respond to climate change with green growth strategies girls

must be encouraged to prepare for jobs in related science and technology sectors.

Women are pushing for **increased corporate social responsibility** through fair trade where workers' rights, in particular women's rights, are protected through improved corporate standards. For instance women earn, on average 15.9 percent less than men in Bangladesh. Pay equity should be a right. Employers can provide paternity leave and access to day care services for men so that they can to achieve a better share of parenting and care related work. Research by Catalyst Inc. and Mc Kinsey International indicates that diversity makes for better decision-making. Findings show that Fortune 500 companies with the greatest number of women on their boards perform significantly better than companies with fewer female board members.<sup>4</sup> The Norwegian Companies Act takes this one step further by requiring publicly owned companies to have boards with 40 per cent female membership.

Women *and* men leaders have influence. As an advisory body, the APEC Women Leader's Network can bring attention to the importance of laws and policies that would help women – and many men – access economic opportunities. We can be advocates for decent work – employment with social protection and zero tolerance for discrimination. We can lobby for effective public expenditure monitoring systems that ensure resources reach intended groups.

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<sup>4</sup> "They're Few and Far Between, but Female Executives Benefit the Firms They Work For", Published: October 10, 2007 in Knowledge@W.P. Carey

Distinguished Colleagues,

Not all countries have the fiscal space to implement countercyclical measures at significant scales due to budget constraints. International development assistance has an important role to play in this regard. While the G-20 helped restore confidence in lending through an injection of US\$ 1100 billion, only US\$ 50 billion was targeted specifically to low income countries. The subsequent United Nations Conference held in New York focused on the concerns of developing countries. It called for a timely implementation of aid and debt relief commitments made by donor community and recognized the importance of regional financial cooperation. This sentiment was echoed at ECOSOC where nations raised the alarm on the social consequences of the economic crisis and called for increased coordination in the international communities' response. ESCAP will play a key role in this regard as the chair of the Regional Coordination Mechanism which helps ensure system wide coherence of UN assistance in the region.

Asia Pacific can also respond to this challenge. ESCAP, as the regional arm of the United Nations, provides the forum that allows groups of diverse countries to share experiences and coordinate their development activities for greater regional impact through regional cooperation. It facilitates cooperation among member States to develop common regional positions and solutions to global problems. By taking ownership of reviving their economies, regional members can ensure that the recovery is built on a new development paradigm that is both inclusive and sustainable.

Distinguished Colleagues,

ASEAN+3 countries have recently created a multilateral pool of foreign exchange reserves amounting to US\$ 120 billion. With over four trillion dollars in foreign

exchange reserves our region now has the resources to foster a major programme of generating additional demand through investments in regional infrastructure development through catalyzing private public partnerships while providing balance of payment support to member countries.

Distinguished Colleagues,

APEC economies are projected to be the locus for global economic growth in 2009. We now have the chance to create a new paradigm for sustainable growth; to build not just economic infrastructure, but also social infrastructure. We must make sure that growth is more inclusive and socially equitable. This includes ensuring that women have access to opportunities to participate in national economic recovery and that they emerge from this crisis in a better position to participate in our regions' bright economic future.

Among APEC members we already have some of the most successful practices of social development and vibrant businesses in the world. Let us build upon these successes. Addressing discrimination against women is simply smart economics.

I look forward to a stimulating panel discussion and to the successful conclusion of today's programme.

I thank you