



UNIVERSITÀ DEGLI STUDI  
DI GENOVA

# Gender Responsive Local Fiscal Policies

**Jean Monnet Project**  
**Regional Gender Equality Measurement in the EU/ ReGEM**

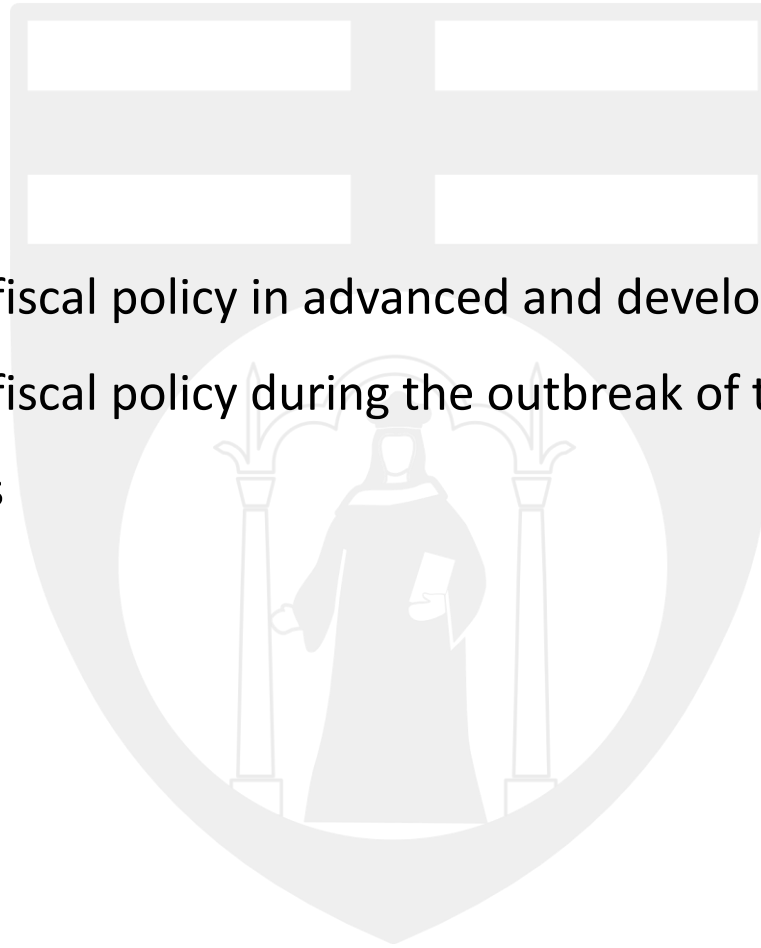
Leda Maria Bonazzi

14th May 2021



## Outline of the talk:

- Introduction
- Gender-responsive fiscal policy in advanced and developing economies
- Gender-responsive fiscal policy during the outbreak of the Covid-19 pandemic
- Regional differences
- Conclusions

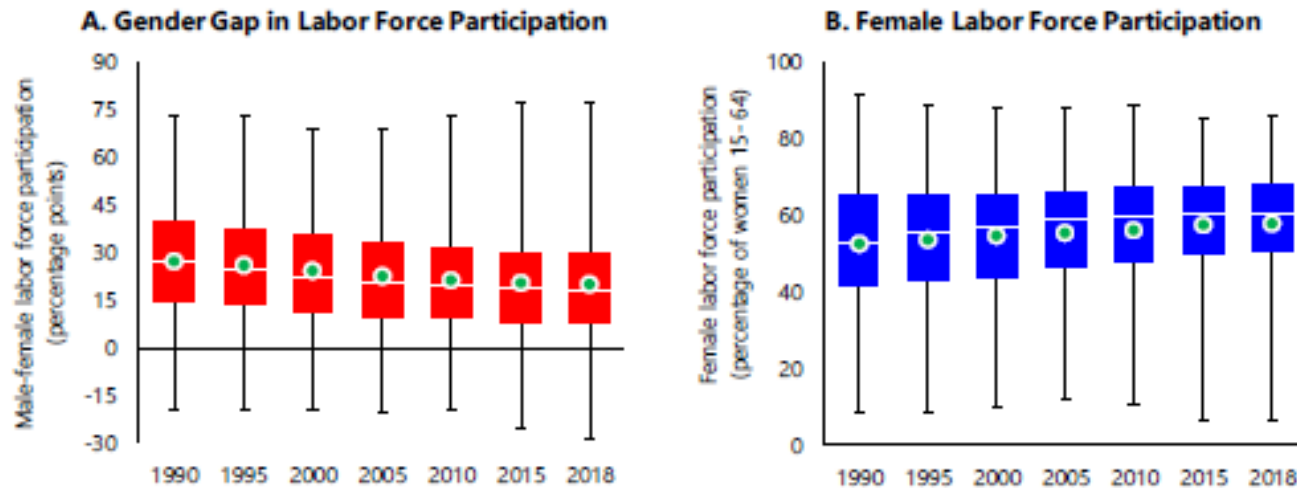




- Achieve gender equality and empower all women and girls' has been identified by the United Nations (UN) as one of the **17 Sustainable Development Goals (SDGs)** “ to achieve a better and more sustainable future for all” by 2030.
- Gender gaps are responsible for significant losses of economic growth, human development and, more generally, of sustainable development (Kabeer & Natali, 2013; Moorhouse, 2017; Profeta, 2017).
- Despite the increase in female labor force participation over the past three decades, women still do not have the same opportunities as men to participate in economic activities in most countries.

Source: “ Women in the Labor Force: the Role of Fiscal Policies ”. IMF Staff Discussion Note

**Figure 1. Female Labor Force Participation and Male-Female Gap in Labor Force Participation between 1990 and 2018**



Sources: World Bank, World Development Indicators; and authors' calculations.

Note: The lower and upper lines of the box represent the first and the third quartiles respectively; the upper and lower whiskers represent the highest and the lowest points, respectively; the line inside the box represents the median, and the dot represents the average.

Source: "Women in the Labor Force: the Role of Fiscal Policies". IMF Staff Discussion Note



- Since the mid-1980s, many countries have adopted **fiscal policy measures** to promote gender equality.
- Fiscal policy is one of the “simplest” tools that policy makers can control to implement policy actions.
- Countries use tax and expenditure policies to address gender inequality and the advancement of women in areas such as education and economic empowerment.
- Understanding the effects of gender-responsive fiscal policies is essential for policymakers in designing effective and sustainable gender-responsive fiscal policy measures.

Source: “ Women in the Labor Force: the Role of Fiscal Policies ”. IMF Staff Discussion Note

### *Why this topic matters?*

- Gender-responsive fiscal policies affect women's participation in the paid workforce (female labor force participation), gender wage gaps, economic growth, income inequality, and poverty in Europe.
- Existing regional gender disparities may be mitigated by means of local fiscal policies.
- **Gender-responsive fiscal policies can support female labor force participation and have important macroeconomic and distributional effects.**

Source: "Women in the Labor Force: the Role of Fiscal Policies". IMF Staff Discussion Note



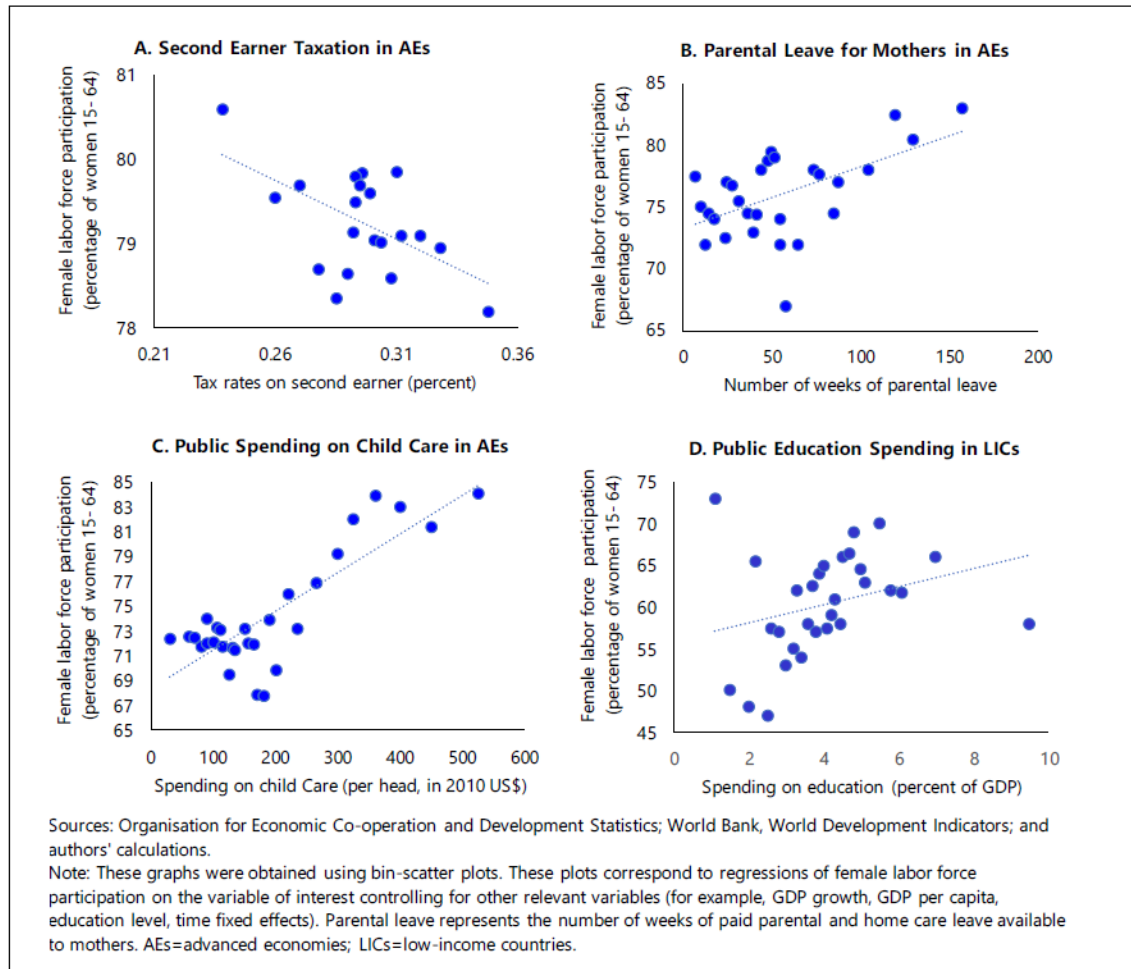
## Gender Responsive Local Fiscal Policies- Advanced Vs Developing Economies

- In **advanced economies**: childcare subsidies, paid parental leave, and a shift from household to individual tax filing have been used to encourage female labor force participation.
- In **developing economies**: investing in female education and in infrastructure (including electricity, roads, water and sanitation) that reduces the time women spend on household production.
- Overall, many countries have adopted **gender budgeting**.
- As of 2018, more than 80 countries had adopted gender budgeting with varying levels of intensity (Kolovich 2018).

Source: “ Women in the Labor Force: the Role of Fiscal Policies ”. IMF Staff Discussion Note



# Gender Responsive Local Fiscal Policies- Advanced Vs Developing Economies (1)



Sources: "Women in the Labor Force: the Role of Fiscal Policies". IMF Staff Discussion Note. Organisation for Economic Co-operation and Development Statistics; World Bank, World Development Indicators; and authors' calculations.





## 3 examples of gender-responsive fiscal policy widely used to tackle gender inequality

- Subsidize childcare: reducing the cost of childcare by half for all middle-class working mothers of preschool children increases female labor force participation, particularly among low-income families.
- Maternity Leave: improves inclusion as it benefits women at the bottom of the income distribution who face a relatively larger cost of child-rearing in the absence of parental leave.
- Changing to individual taxation: the decline in the marginal income tax of the secondary earner increases the return of participating in the labor force (extensive margin) and, among women who already participate, generates a large increase in the number of hours worked.

Source: "Women in the Labor Force: the Role of Fiscal Policies". IMF Staff Discussion Note



## Gender Responsive Local Fiscal Policies- Advanced Vs Developing Economies (3)

In Low Income Countries the gender-responsive policy interventions are addressed to reduce the amount of time that women spend on household production:

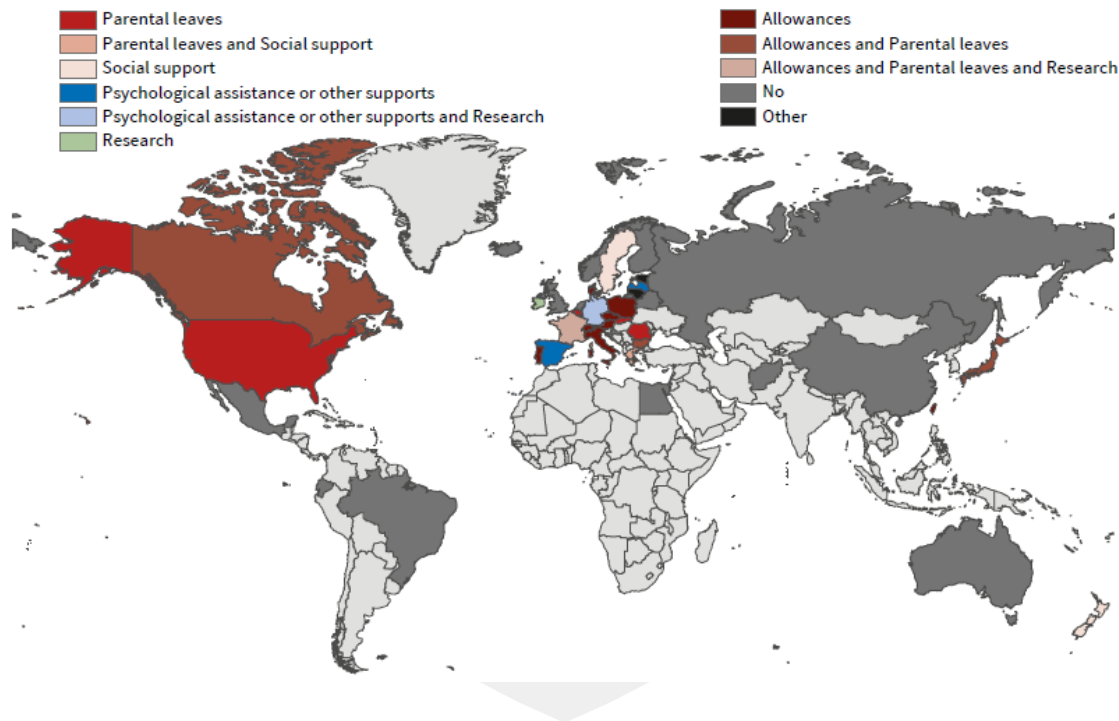
- Higher spending on education and infrastructure: would increase labor productivity and sustainable growth. Investing in education would particularly increase women's human capital.
- Cash transfers to low-skilled women: reduces income inequality and poverty.

Source: " Women in the Labor Force: the Role of Fiscal Policies ". IMF Staff Discussion Note

# Gender Responsive Local Fiscal Policies- Effects of the outbreak of the Covid-19 pandemic

- As pointed out by Profeta (2020) the outbreak of the Covid-19 pandemic has exacerbated the existing gender differences in the labor market.

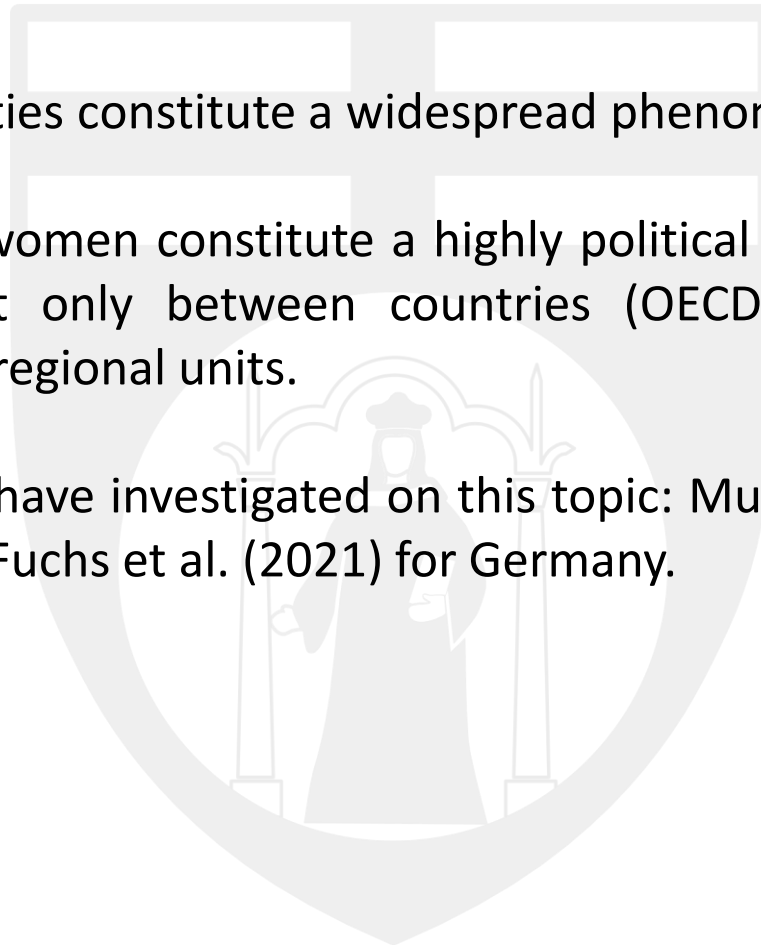
Family Policies Implemented as a Response to Covid-19 Pandemic



Source: Gender Equality and Public Policy. Profeta, P. CESifo Forum 4 / 2020 November Volume 21.



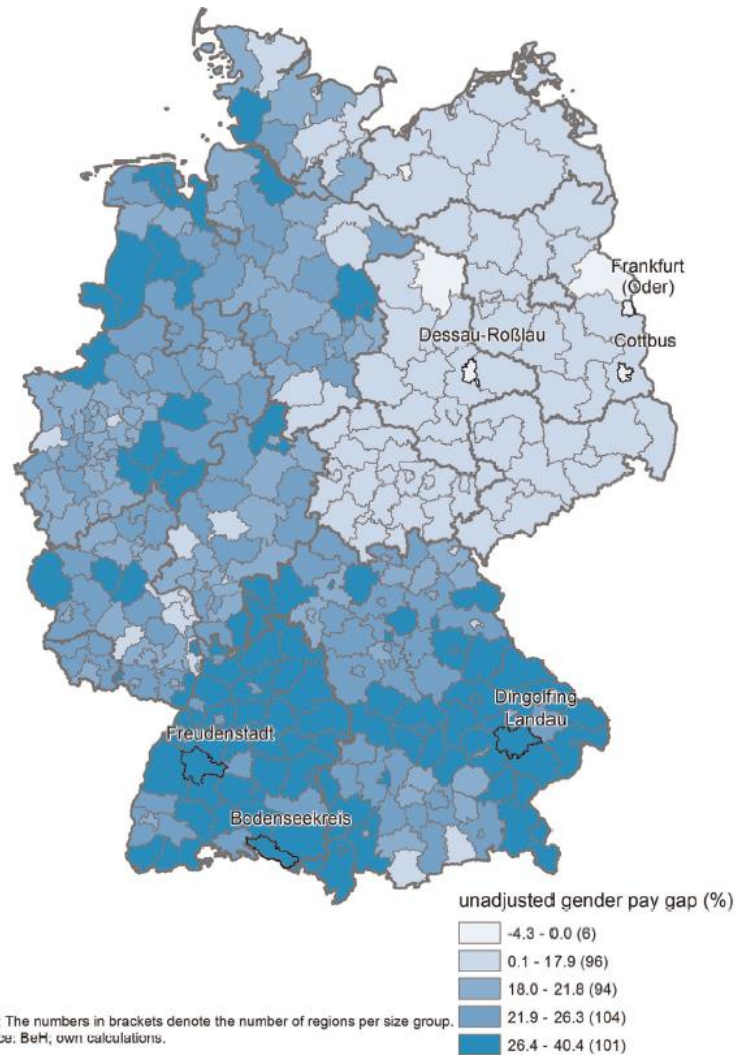
- Regional inequalities constitute a widespread phenomenon.
- Lower wages of women constitute a highly political and societal issue that persists not only between countries (OECD, 2017) but also between smaller regional units.
- Only few studies have investigated on this topic: Murillo Huertas et al. (2017) for Spain, Fuchs et al. (2021) for Germany.





# Gender Responsive Local Fiscal Policies- Regional Differences (1)

Fuchs et al. (2021)  
explain regional  
differences in gender  
gap in Germany.





## Gender Responsive Local Fiscal Policies- Regional Differences (2)

- Additional works on regional disparities in the gender wage gap like Nisic (2017) and Hirsch (2013) have shown that mobility restrictions imposed by partnership ties can be reduced by the size of the labor market.
- Living in a metropolitan area characterized by large and diverse labor markets may significantly weaken the negative impact of spatial limitations for partnered women.
- Gender difference in mobility gradually shrank over time but less so in rural areas → to a decrease in the gender pay gaps.
- Different competitive environment in urban and rural areas persists.
- Regional disparities in the gender wage gap may also arise from differences in the industrial, occupational and firms composition of regions.



## Gender Responsive Local Fiscal Policies- What we have learned so far?

- Despite progress gender pay gap are still wide.
- According to the World Economic Forum (2020), the world as a whole has closed only 58% of the gender gap in economic participation and opportunities; the corresponding number for political empowerment is 25% (Casarico, Profeta, 2020).
- Various causes of gender pay gap:
  - Demand side factors
  - Supply side factors
  - Social norms
  - Psychological traits
  - Interactions between firm's behavior and household choices



## Gender Responsive Local Fiscal Policies- What should be done.

- Gender pay equity needs to be pursued through a policy package that promotes an **inclusive and transparent labour market** alongside **specific measures** to address gender pay equity. (ILO, 2016)
- Public policies: childcare, maternity, paternity and parental leaves, fiscal policies, labor market interventions, affirmative action and gender quotas.
- Positive role of family policies in promoting female employment and reducing gender gaps in the labour market (Olivetti and Petrongolo 2017).
- Formal childcare have clear positive and significant effects on maternal employment.
- Flexible work arrangements have also proved to play a relevant role (Angelici and Profeta, 2020).

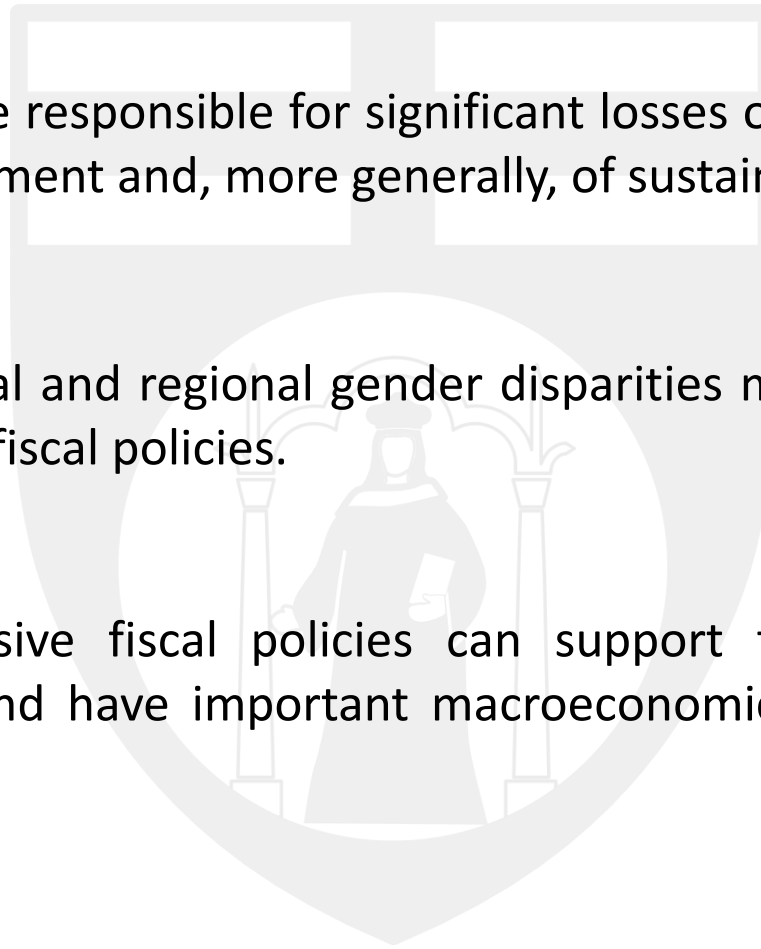






# Conclusions

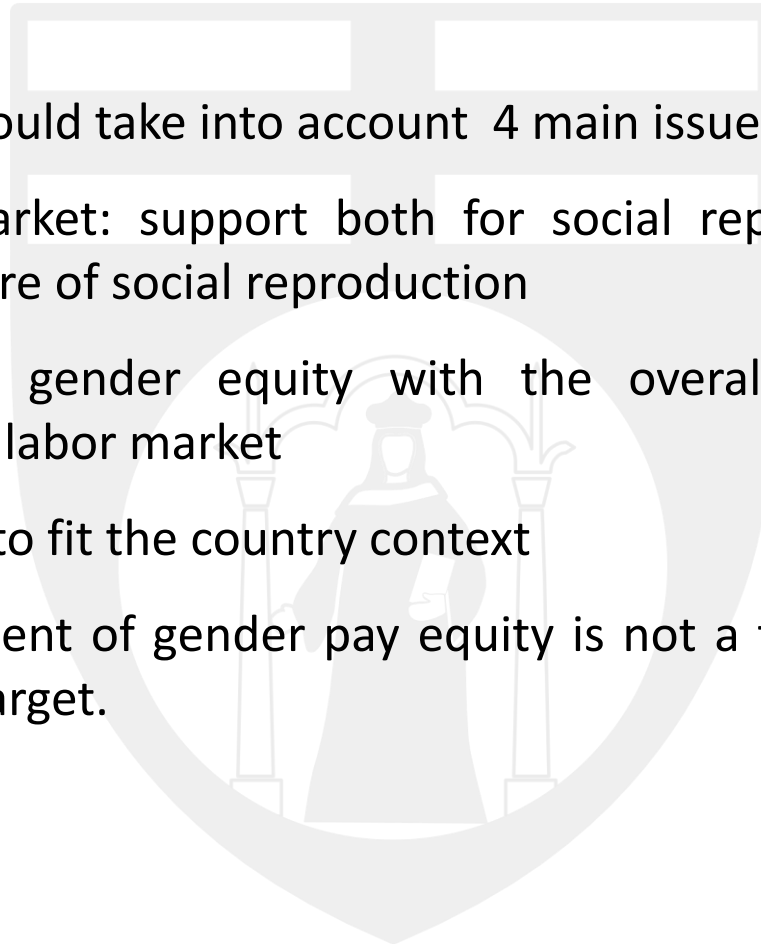
- Gender gaps are responsible for significant losses of economic growth, human development and, more generally, of sustainable development.
- Existing national and regional gender disparities may be mitigated by means of local fiscal policies.
- Gender-responsive fiscal policies can support female labor force participation and have important macroeconomic and distributional effects.





# Conclusions (1)

- Policy mix should take into account 4 main issues:
  - labor market: support both for social reproduction and those taking care of social reproduction
  - combine gender equity with the overall objective of more inclusive labor market
  - targeted to fit the country context
  - achievement of gender pay equity is not a fixed but a constantly moving target.





**Thank you for your attention**