



ENGENDERING FISCAL INCIDENCE USING THE COMMITMENT TO EQUITY

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What is Gender

- Gender is a normative social construct defining and differentiating the roles, rights, entitlements, responsibilities, and social obligations of women and men; gender is also a set of expectations providing positive and negative incentives for broad-based compliance with those roles, responsibilities, and obligations.
- A large literature now recognizes that gender relations are embedded in markets and institutions and are integral to how an economy functions; economic institutions, policies, and the implicit rules and traditions that govern aspects of economic life can exacerbate, ameliorate, or simply modify existing gender inequalities.
- The nature, degree, and social, cultural, and institutional location of these gender differences vary from one society to the next; historically they have favored men.

Fiscal Policy Can Widen or Reduce Gender Inequalities

- Conditional cash transfers which provide household-level transfers for every child enrolled in school can create positive incentives for girls to remain in school longer and for households to reduce the time spent by school-age girls in care for younger dependents.
- In many regions, men hold the majority of land and housing titles, and social norms may dictate that businesses are owned by male family members, although women may supply labor to them. Nonetheless, in recent decades, women have made strides in some areas of property ownership, most notably in entrepreneurship and business development. Taxes and transfers can promote or discourage female entrepreneurship.

Fiscal Policy can affect gender gaps in employment

- Women relative to men have lower labor force employment, more discontinuous employment, lower earnings, and predominate in informal jobs
- Positive incentives for women to participate in the paid labor force can help rebalance expectations and social norms regarding women's and men's participation in social reproductive activities.
- Support unemployed women through unemployment insurance or informally employed women through social protection benefits
- Personal income taxes: higher marginal rates on secondary earners in married couples

Fiscal Policy and Social Reproduction

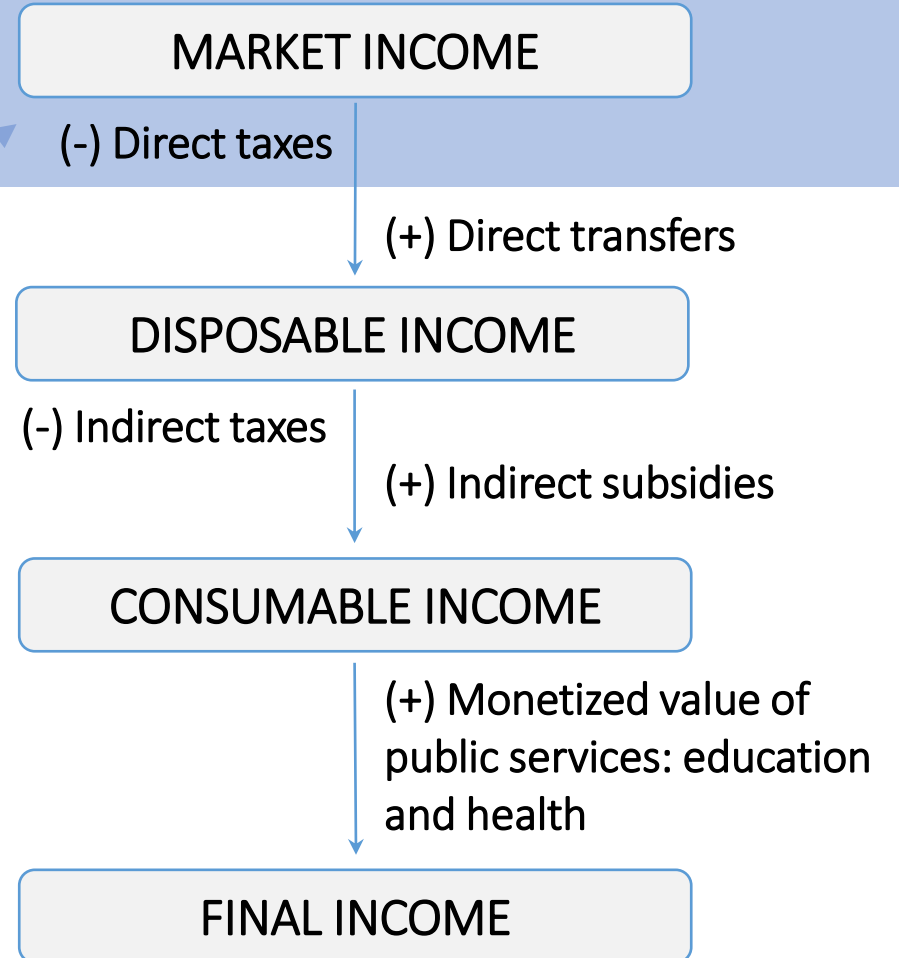
- Social reproduction is the production and maintenance of human capabilities. It involves both daily household maintenance using women's and men's unpaid labor time and the commodities that men and women purchase.
- Social reproduction also includes activities ranging from fuel and water collection (in countries where those services are not provided by the public sector or the market); to cooking and cleaning and caring for children, the elderly and other dependents; and to providing cultural, social, athletic, recreational, and educational instruction that encourages the thriving and increased capability of dependents in many walks of life.
- Public expenditure on roads, and transport and energy services can directly support social reproduction by reducing women's unpaid work.
- Cash transfers and other expenditures, as well as the structure of VAT and excise taxes can strengthen or weaken social reproduction.

How do households and individuals experience fiscal policy?

1. As suppliers of paid labor and recipients of income

Fiscal elements:

- Income Taxes including tax credits and taxable income rules
- MSME finance
- Paid parental leave (may increase total market income for the same amount of labor supplied)



How do households and individuals experience fiscal policy?

1. As suppliers of labor and recipients of income
 - Contributing with direct taxes on income

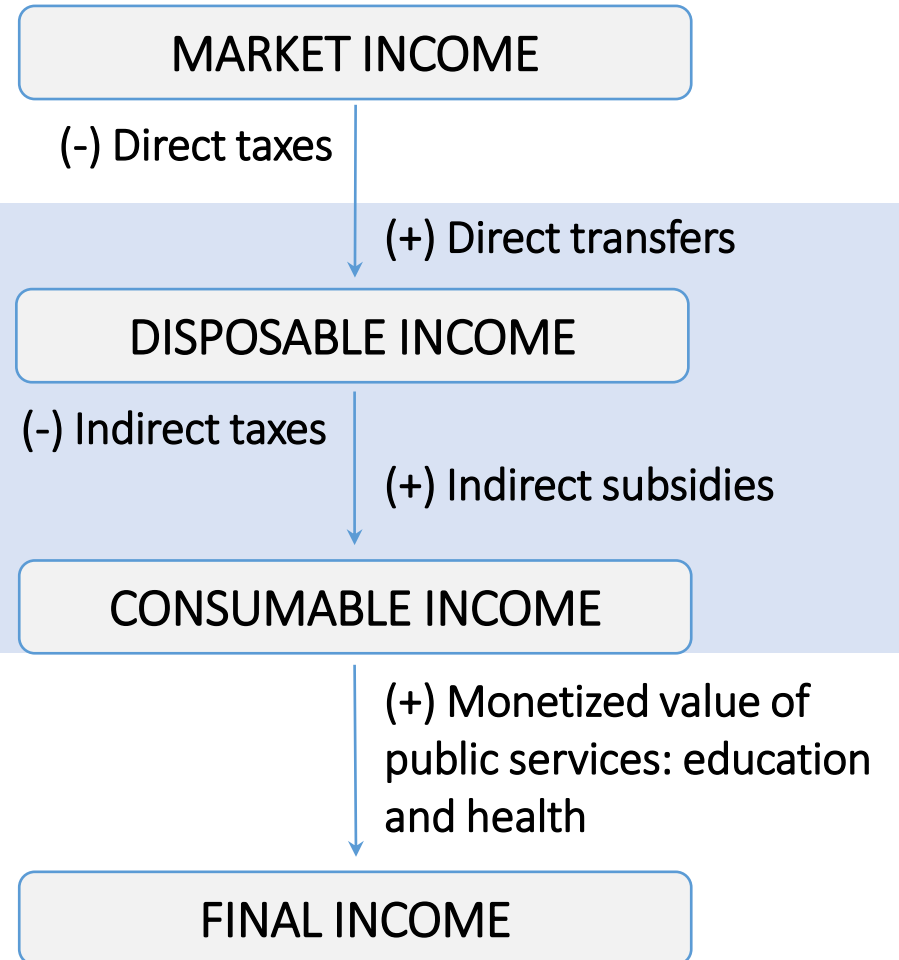
2. As consumers

- Direct transfers increase disposable income
- Indirect taxes/subsidies on consumption expenditures can shrink/stretch household budgets

Fiscal elements:

→ Direct Transfers – can target recipient/eligibility or control of benefit

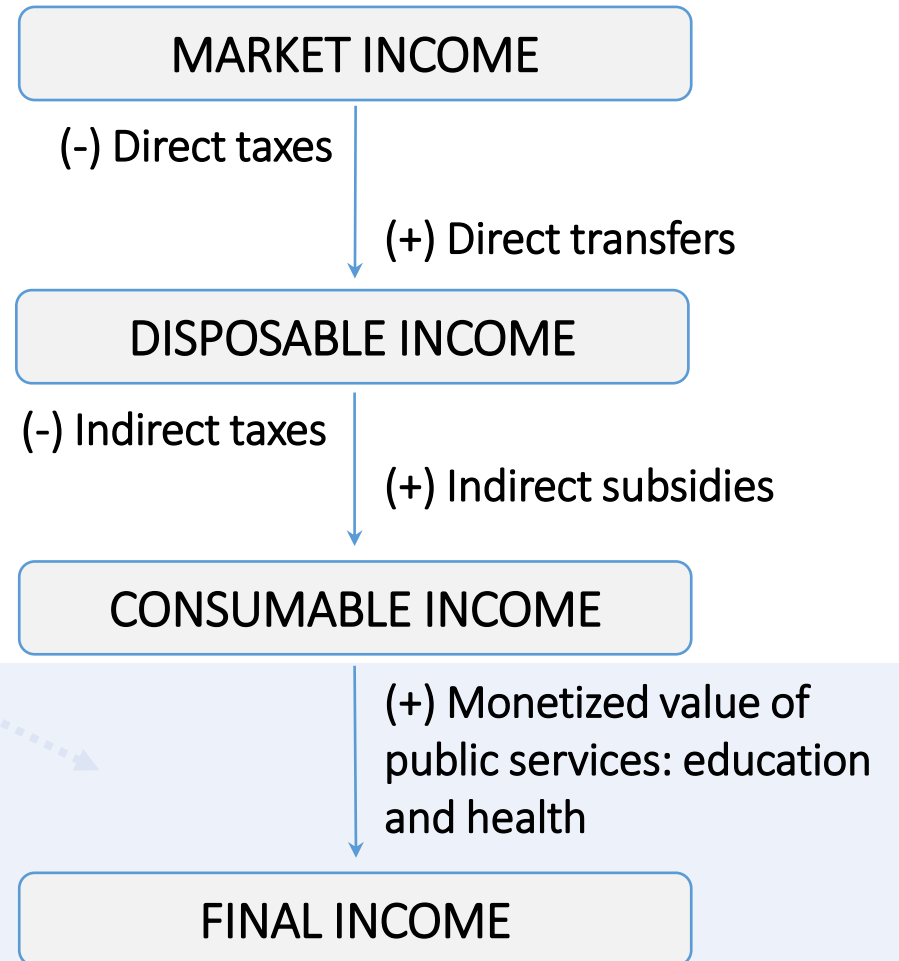
→ Indirect Taxes and Subsidies



How do households and individuals experience fiscal policy?

1. As suppliers of labor and recipients of income
 - Contributing with direct taxes on income
2. As consumers
 - Accessing to direct transfers
 - Facing indirect taxes/subsidies on consumption

3. As providers of unpaid labor and human capital in social reproduction
 - Providing basic necessities (including healthcare)
 - Investing in education, care, and other social, recreational and cultural activities
 - Ensuring the *thriving* of all household members



How do households and individuals experience fiscal policy?

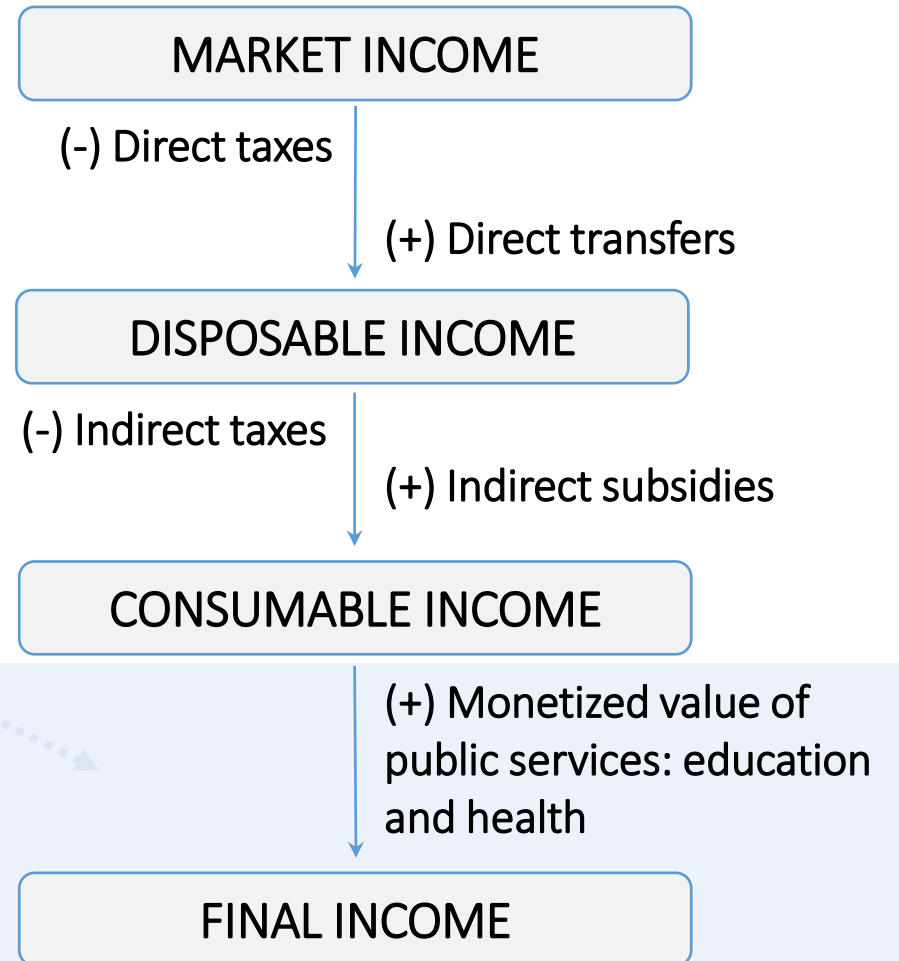
Fiscal elements:

→ In-kind transfers: Education, Health, WASH, childcare, elderly care

→ Communications/Internet and Media

3. As providers of unpaid labor and human capital in social reproduction

- Providing basic necessities (including healthcare)
- Investing in education, care and other social, recreational and cultural activities
- Facilitating the *thriving* of all household members



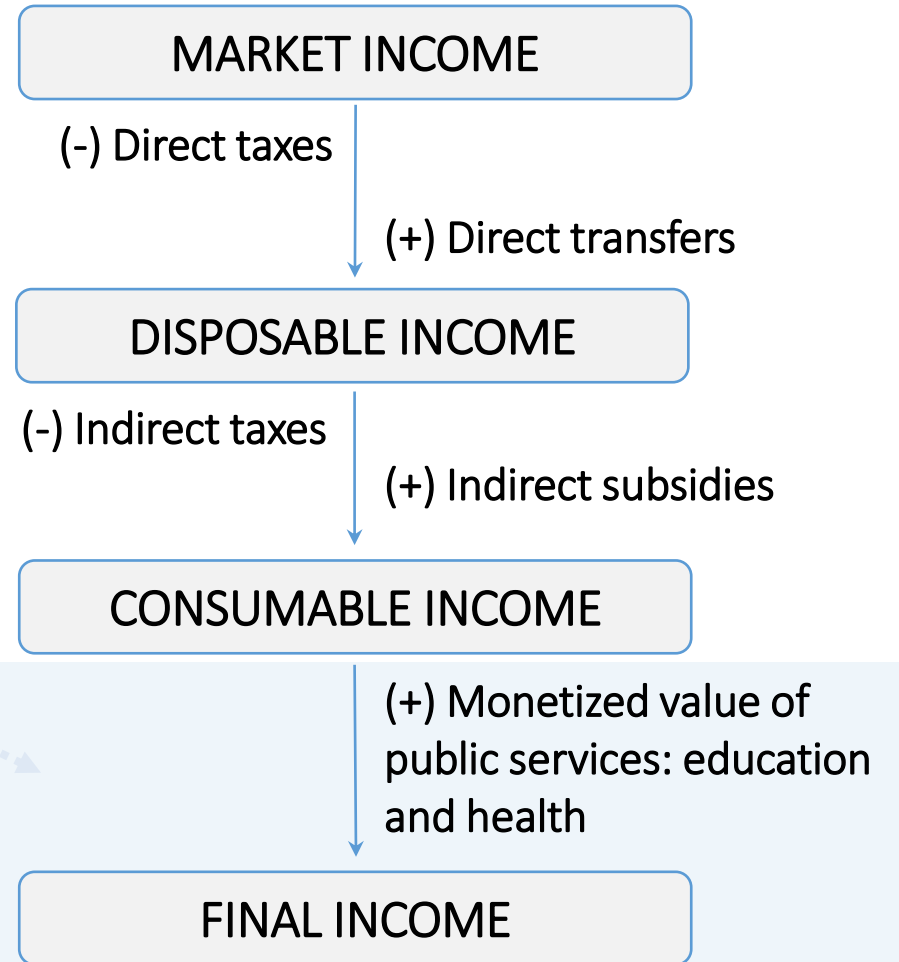
How do households and individuals experience fiscal policy?

Fiscal elements (continued):

→ Labor-market activation programs or retraining/reskilling

→ Infrastructure and physical connectivity (to markets; public service providers etc)

3. As providers of unpaid labor and human capital in social reproduction
 - Providing basic necessities (including healthcare)
 - Investing in education, care and other social, recreational and cultural activities
 - Facilitating the *thriving* of all household members



The Engendered CEQ proposes:

1. As suppliers of labor and recipients of income

- Contributing with direct taxes on income

2. As consumers

- Accessing to direct transfers
- Facing indirect taxes/subsidies on consumption

3. As providers of unpaid labor and human capital in social reproduction

- Providing basic necessities (including healthcare)
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I. A review of policies at each point of access

II. An FIA model of the differential impact of policies on men vs. women

III. A Gendered Impact of Fiscal Policy on Equity (inequality, poverty/fiscal impoverishment) indicator baseline using HH types within the income distribution

IV. The identification of the main contributors to differences in fiscal policy impact across males/females

V. A potential rubric to develop a qualitative score across all of the qualitative judgements made in each part

Data needs for an engendered CEQ...

- Ideally at the individual level
- Most data are at the household level (household budget survey or income and expenditure survey or LSMS) → Gendered household types
- Administrative data and budgetary data on the size and operational parameters of fiscal elements includes

Assumptions:

- Burden of payroll taxes is borne by the suppliers of labor (rather than the statutory payer);
- Burden of indirect taxes on consumption are pushed onto the final consumer;
- Subsidy benefits can create benefits for both suppliers as well as final consumers

LSMS +: individual information on assets, employment
Time Use data

Methodology Step 1: Constructing Household Typologies by Demographic Composition and Fiscal Incidence

Why categorise households by fiscal demographics?

Demographics play a significant role in the fiscal taxes and transfers a household experiences:

- Children enrolled in school receive in-kind education services
- Women of childbearing age have greater health care needs and may receive more in-kind health services
- Households with elderly potentially receive pensions or old-age support
- Many countries target social assistance to demographic categories such as children or elderly
- The employment status of a married couple can influence the effective marginal tax rates women pay

Why categorise households by care demographics

Care responsibilities play a significant role in household choices:

- Gendered social norms; women often bear a larger burden
- Can prevent women from looking for paid employment, or restrict the type, duration or location of work

Care responsibilities – how many and who bears them – depends on the composition of the household

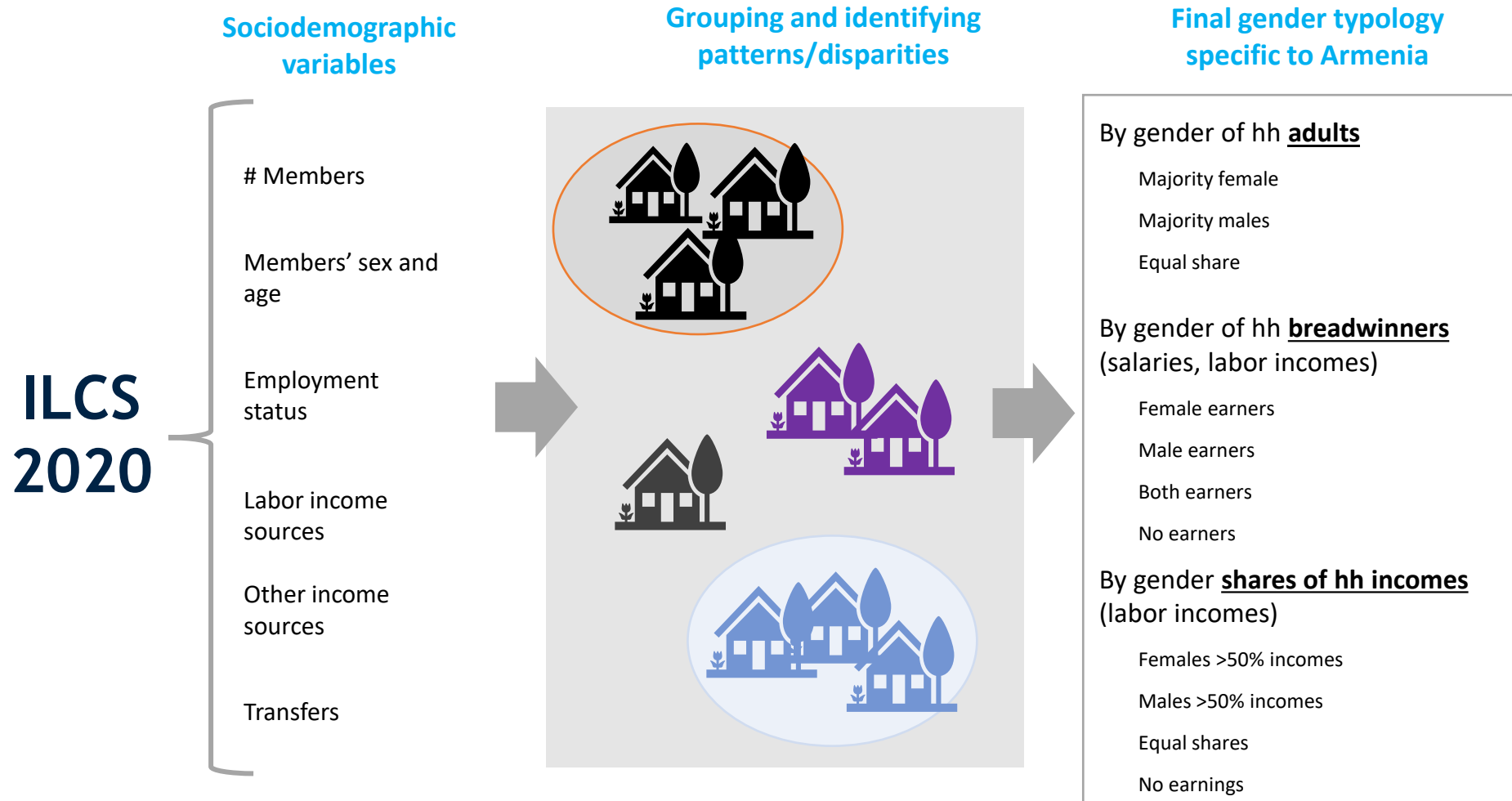
- Pre-school children require more care
- School age children require some care but less; they may also provide some care (especially girls)
- Elderly require care; may also share care (especially women)
- Sick and disabled require care
- Other adults may create more chores but may also share care responsibilities (especially women)

Methodology 2: Use standard CEQ analysis to determine

- Which household types most often benefit from policies that support gender equality and social reproduction
- Which household types experience the biggest burden of indirect taxes on different commodities;
- Which household types most often confront disadvantageous tax rates on secondary incomes
- Then examine the policies themselves to discuss whether as executed the policies support an equitable distribution between different household members.

Two Applications: Armenia and
Jordan

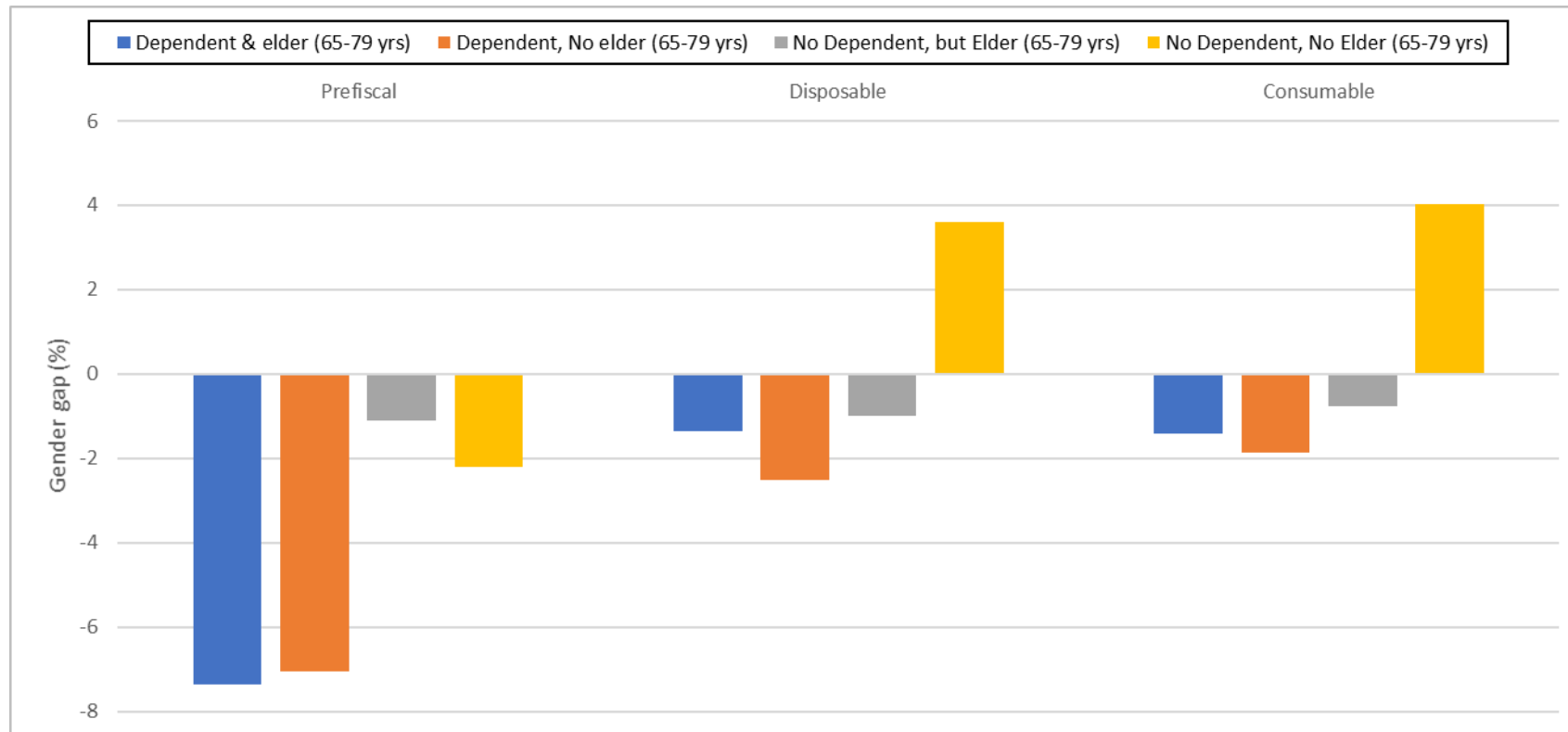
Example: Testing Gender Typologies in Armenia



Armenia: Engendered Results

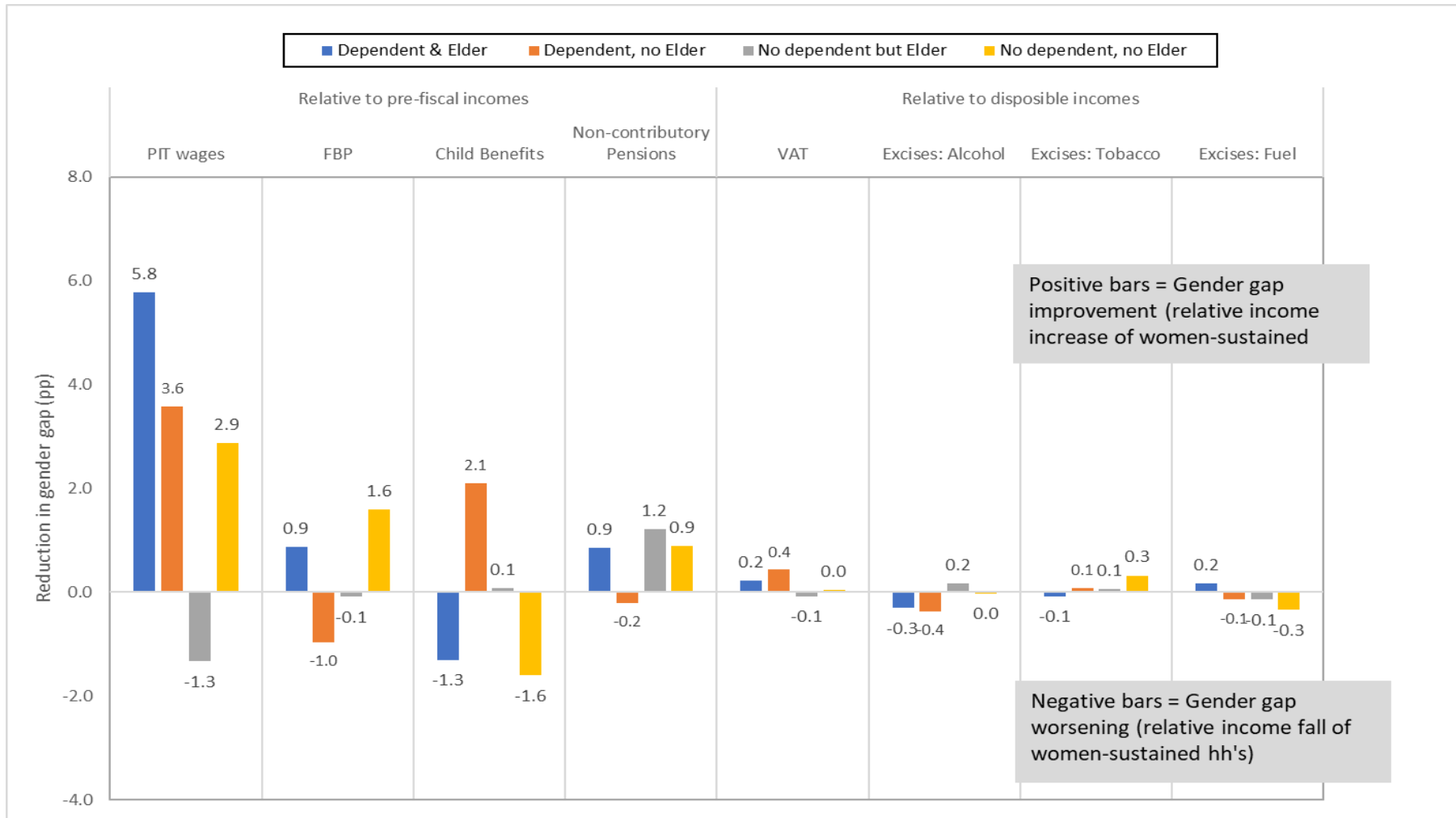
- Household composition plays a role on how the fiscal system affects gender gaps, as women balance care and labor market responsibilities

Gender Gap by Income Concept & Household Typology



Armenia: Engendered Results

Changes in gender gap, by fiscal interventions



Jordan: Care and fiscal categories overlap on some dimensions and not others

Half of the married couples with dependents (CARE) are the same as 1-2 workers with children in school (FISCAL) but half are the same as 1-2 workers with no dependents (FISCAL) because children are too young or not in school

Married couples with dependents and another adult in the house (CARE) are majority 1-2 workers with children in school (FISCAL), although over a third are not

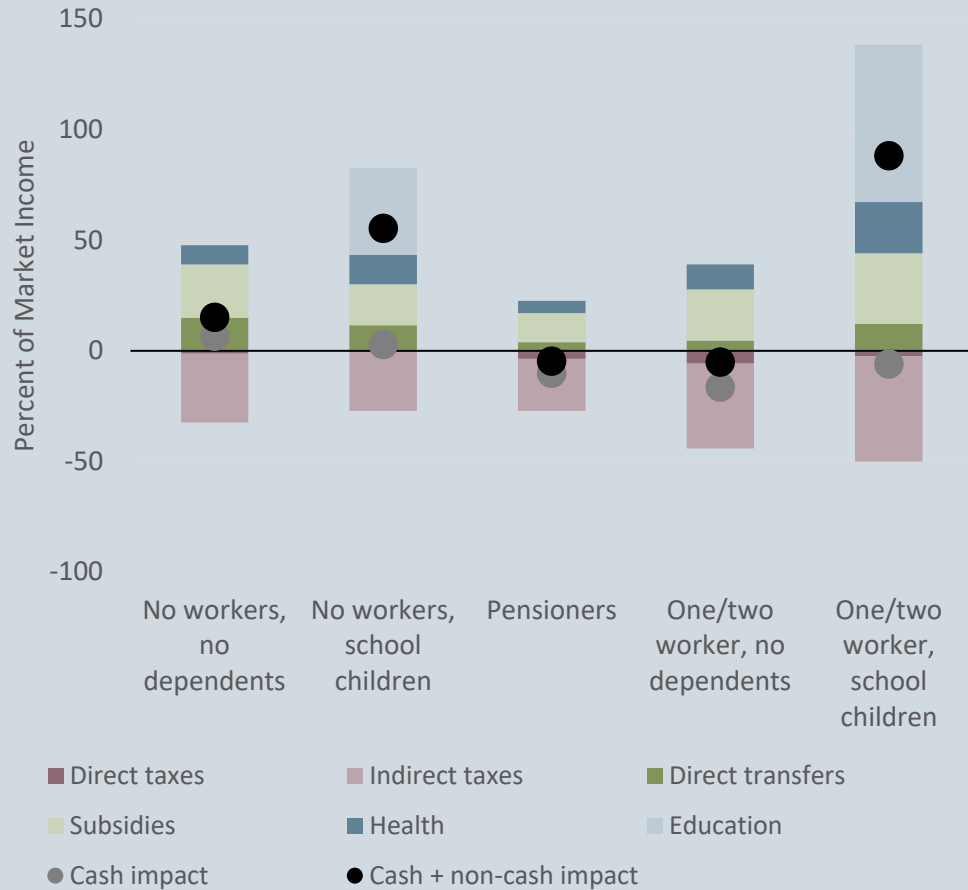
All other care and fiscal categories have no significant overlaps

		Fiscal				
		No workers, no dependents	No workers, children in school ¹	Pensioners ²	One/two worker, no dependents	One/two worker, children in school ¹
Care	No dependents	4%	3%	4%	8%	3%
	Single adult, dependents	2%	1%	1%	1%	0%
	Married couple, dependents	0%	1%	1%	15%	14%
	Married couple, dependents, 1+ other adults	1%	5%	3%	3%	17%
	Other	5%	2%	2%	1%	1%

1

2

Fiscal Impact - Fiscal Categories



Impact of specific fiscal instruments

- Direct tax burden is negligible for all households
- Indirect tax burden affects households with workers, workers with children more
- Transfers benefit those with children or no workers
- Subsidies benefit proportionally to consumption
- Health spending benefits greatest for those with children, surprisingly little for pensioners
- Education benefits large relative to rest of fiscal

Net impacts

- **Cash impacts:** Need transfers to offset indirect taxes, even then, only those with relatively low tax burden
- **Total impacts:**
 - Significant benefits only if have education (55-88 percent)
 - Only the relatively poor no workers-no dependents category also positive
 - Households without dependents slightly negative

Jordan: Impact of fiscal policy on *fiscal* categories

Households with 0-2 workers but only pensioners (no children in school) look quite different than other households and so are grouped together.

Impact of fiscal policy on poverty

Low Starting Poverty:

Small impacts on poverty for households with no dependents

High Starting Poverty:

Reasonable impact on “other” category but modest impacts on married couples with dependents

Largest Impacts:

More than halves poverty for single adults with dependents (medium starting poverty but vulnerable group)

Fiscal Impact on Poverty - Care Categories



Future Extensions