



**National Summit: Addressing a Gender Perspective and
Violence against Women towards Assessing Progress on
Millennium Development Goals (MDGs) in South Africa**

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**Speech by Deputy Minister of Finance
Mr. Nhlanhla Musa Nene**

Financing for Development

Dear ladies and gentlemen

I would like to thank the organisers of the National Summit for inviting me to speak to you today on Financing for Development, a topical subject globally.

Today I will reflect on some of the recent developments in global development finance; the importance of development finance in attaining the Millennium Development Goals (MDGs); and lastly, I will highlight how the South African government has, during the past 16 years, sought to close the gap between women and men.

The recent financial crisis reminds us that the tentacles of finance extend to almost every sphere of human endeavour. Individuals, businesses and governments: all of them cannot function without finance. So, this summit could not have come at a more opportune moment, a time when the world is getting to

grips with how to develop shock absorbers that will cushion all spheres of human endeavour from the impact of future financial crises.

As you will recall, the subprime crisis that began in the US in 2007 shut down the market where banks lend money to each other, which in turn led to the drying up of finance for businesses and individuals, and therefore plunging the economy into a recession. And because we live in an interconnected world, the US recession in turn spread havoc around the world, leaving in its wake a trail of human suffering. The World Bank, for example, estimates that the economic crisis has pushed more than 64 million people into poverty, most of whom are women and children in developing countries.

One of the transmission mechanisms for the economic crisis to developing countries has been the decline in financial flows from developed countries. Take development aid, for example. It is a significant source of finance for most Sub-Saharan African countries that cannot access private capital flows. But prospects for development aid have dimmed as the main donor countries have cut their budgets in response to their weak economies.

South Africa, however, remains committed to international aid, the bulk of which is channeled through the concessional lending facilities of the African Development Bank and the World Bank.

The financial crisis is therefore likely to reverse the hard-earned progress that developing countries, more specifically African countries, had made towards achieving the MDGs.

Adopted by the United Nations General Assembly in September 2000, MDGs set the target of halving poverty by 2015; complete universal primary education (girls and boys) and the reduction of maternal and child (under five) mortality rates by two-thirds by 2015. And most relevant for today's discussion, MDGs also target

the elimination of gender disparity in primary and secondary education by 2005 - and all levels of education not later than 2015. They also call for reversal of gender disparities in general.

Achieving the MDGs requires commitments by all stakeholders: government, the private sector and civil society organisations. Above all, the achievement of MDGs requires significant mobilisation of financial resources, resources that most developing countries simply do not have. In recognition of this, there have been extensive international discussions among stakeholders, the most significant of these discussions being the International Finance for Development Conference held under the United Nations umbrella in Monterrey, Mexico, in March 2002.

The Monterrey Consensus on Development, as the 2002 conference has come to be known, underlined the need not only for the substantial increase in finance for development, but also for the cancellation of sovereign debts to release additional resources that would enable developing countries to fight poverty.

The Monterrey Consensus also identified overseas development assistance (ODA) as being complimentary to other sources of financing for development, especially those countries that are not so attractive to private investors. Useful as it is, ODA does have its drawbacks, the most significant being the lack of predictability of commitment and disbursement of resources by development partners. Unsure of the future funding, recipients find it difficult to plan for the long-term. The recent financial crisis has made predictability of future ODA even more difficult.

South Africa is in a fortunate position. ODA makes up just less than 1 percent of our budget. Notwithstanding this, ODA plays an important role in assisting South Africa to achieve its overall developmental agenda. The impact of ODA-funded

programmes in sectors such as water, health, and science and technology is significant, demonstrating the significant value added by donor agencies.

The government of South Africa uses ODA resources in a strategic manner by focusing it on areas where each of our development partners have expertise and experience that we do not have.

In addition, in all our strategic partnership agreements we deliberately incorporate 'gender mainstreaming', a globally accepted strategy for promoting gender equality. Gender mainstreaming involves ensuring that the achievement of gender equality is central to all our activities, including policy development, research, dialogue, legislation, resource allocation and planning.

South Africa remains at the forefront of empowering women in our society. Our efforts have been focused on socio-economic empowerment and women leadership in the political space. The one area where South Africa has made a lot of progress during the past 16 years is politics. In our parliament and cabinet we have significantly narrowed the gender gap.

The challenge for us as a country is how to extend the gains made on the political field onto the economy. Relative to where we come from, a lot has been achieved in terms of economic transformation of our society, but much remains to be done.

A glance at the personal income tax statistics published last year by National Treasury and the SA Revenue Service (SARS) illustrates the income inequality gap that continues to exist between men and women. During the 2007 tax year, men accounted for 56 percent of all taxpayers; they earned 65 percent of all taxable income and contributed 71 percent of all personal income tax assessed that year.

These figures illustrate how much more we still have to do to close the gap in income and employment opportunities between men and women. Government cannot do this alone. Businesses and civil society organisations must play their part, too.

In conclusion, ladies and gentlemen, the most eloquent expression of why we should create space for women to participate in the economy came from Sir W. Arthur Lewis. Lewis was awarded the Nobel Prize in 1979 for his pioneering work on development economics, especially the aspects dealing with problems of developing countries.

Lewis had this to say in 1950: *“In the process (of economic growth) woman gains freedom from drudgery, is emancipated from the seclusion of the household, and gains at least the chance to be a full human being, exercising her mind and her talents in the same way as men.”*

To Lewis’ point about economic growth, one would add that what matters most is inclusive growth, an economic tide that truly lifts all boats.

The South African government will continue to do its best to close the gender gap.

I thank you!