<u>"Partners in Help or Partners in Crime?": Structural Adjustment Programs (SAP's), Policies of the World Bank, IMF, WTO, and their Impact on Poverty</u>

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Thank you all for coming to this session.

I would like to open and close my presentation with a <u>Call to Action</u> and in the middle I will talk about World Bank structural adjustment.

Opening Call to Action

Ever since the 1995 Beijing World Conference on Women, we have repeatedly heard that 70% of the world's poor are women and that poverty keeps feminizing. It was repeated over and over at last month's UN Beijing Plus 10 meetings.

A trillion dollars of International Financial Institution (IFI) loans, not to speak of other donor's aid, eg USAID's spending, have not only NOT reduced poverty but have contributed to the feminization of poverty. I am using the term "donors" loosely following the IFI convention to call themselves donors although they lend to and indebt poor developing countries.

Gender Action's Call to Action is for 70% of donor aid to target women, since 70% of the world's poor are women and poverty keeps feminizing.

This is our Call to Action! 70% of donor aid should target women!

Structural Adjustment

Turning to structural adjustment, a moment ago I stated that the IFIs lend to and indebt poor developing countries. SAL is a huge culprit among IFI indebting mechanisms.

Ever since their inception in 1980, SALs have had distinct harmful effects on the welfare of men, women, boys and girls but the harm to females has been particularly pernicious. This became apparent as SALs grew during the 1980s. SALs' harmful impacts were first documented by UNICEF in 1987 (Adjustment with a Human Face) and in my publications the late 1980s and early 1990s on "The Social Costs of Adjustment". Structural adjustment's harmful effects have long been a passion of mine.

A Quick Introduction to World Bank SALs:
WB Structural Adjustment Loans (SALs) provide quick disbursing loans to developing country clients that commit to improve their balance of payments in exchange for policy reforms. SAL policy reforms include decentralization, privatization, price and trade liberalization, public sector streamlining including civil service layoffs and State-Owned Enterprise (SOE) closing and restructuring. These are the typical measures that SAL countries must undertake to receive rapid cash infusions from the World Bank into their debt-ridden economies. With few variations, SAL menus are standard across countries.

In recent years, the volume and proportion of Bank loans disbursed for SALs has escalated significantly. From their inception in 1980 through the late 1990s, SALs composed roughly a quarter or less of global Bank lending reflecting the Bank's own 25 percent ceiling on SAL lending as a proportion of total loans. However, the Bank response to the late 1990s East Asian and Argentine financial crises was to provide massive SALs to affected countries. SALs unprecedentedly composed over 53 percent of global Bank loans in 1999 and 2001 and they have remained at high levels although the Bank does everything to obscure this fact.

To camouflage SALs, the World Bank packages SALs under a variety of names. Originally, SAL operations were called Structural Adjustment Loans (SALs) and sector specific SALs were generically called Sector Adjustment Loans (SECALs) but also had specific names such as trade adjustment, industry privatization, and agricultural, financial and economic management reform loans. Sometimes the Bank still calls SALs, SALs. Eg, the Bank recently approved a SAL for Colombia entitled, "Programmatic Fiscal Institutional Structural Adjustment Loan III".

During the 1980s, Economic Recovery Credits became a popular name for SALs loaned by the Bank's International Development Association (IDA) to the poorest borrower countries. Recent names for SALs are Development Support Credits and ironically "Poverty Reduction Support Credits (PRSCs)", indicating that they emanate from the Poverty Reduction Strategy Papers (PRSPs) that the Bank and IMF require from their poorest and transition country borrowers as a condition for lending.

In fact the link between Poverty Reduction Strategy Papers (PRSPs) and structural adjustment is critical because PRSPs are de facto national plans with budgets that "promote the Bank-Fund structural adjustment agenda". Gender Action also analyzes and conducts extensive gender advocacy around PRSPs.

Lately, the Bank has had the chutzpah to categorize many SALs as "poverty-focused adjustment operations", claiming that their reforms are expected to benefit the poor. Some of us call this "double speak" or deceitful language.

Now I would like to give you some concrete SAL examples. Even in the amazing context I described where SALs have composed one third to one half of Bank loans in the last six or seven years, SALs in Serbia and Montenegro comprise a special case.

In 2003, when Gender Action analyzed SALs in Serbia and Montenegro, they composed about 85% of Bank loans to these republics. This is because the Bank promoted a comprehensive **economic reform program** in the post-Milosovic government. But 85% of lending? We must ask, are SALs, with their painful social impacts, an appropriate response for young republics like Serbia and Montenegro that are attempting to establish democracies following a decade of civil war?

Because of the unusually heavy World Bank structural adjustment-weighted portfolio in Serbia and Montenegro, it comprises a particularly interesting adjustment case study.

Serbia and Montenegro's adjustment portfolio objectives in summary consist of achieving:

- Public expenditure cutbacks and civil service reforms including in the social sectors – in health, education, labor and social protection programs.
- State Owned Enterprise (SOE) closing, restructuring and/or privatizing.
- Bank sector commercialization and downsizing.

Since Serbia's and Montenegro's parliaments are in the process of approving their respective Poverty Reduction Strategy Papers (PRSPs), our analysis also considered the interrelationships between the SAL and PRSP objectives. Our analysis concluded that the Serbia and Montenegro's SAL framework is also the framework for Serbia's and Montenegro's PRSPs that are their national plans with budgets.

What Are the Gender Impacts of the World Bank SAL program in S&M?

We found a distinct pattern of SAL neglect to consider gendered impacts. SAL measures affect poor women and men differently. For example, public expenditure cutbacks tended to increase women's unpaid work and squeeze out their time for income-earning work. Health expenditure cutbacks increased women's home care for sick family members and reduced their time available for paid work. Women have been the first to lose jobs and the last to be rehired in public sector downsizing because they are assumed to be secondary breadwinners although in reality increasing numbers of households in Serbia and Montenegro as elsewhere are female headed because marriages break up or wives become widows. The SAL documents did not recognize any of these gendered consequences.

Looking at specific SALs here are examples of two:

(1)The World Bank's Private and Financial Sector Adjustment Credit (PFSAC), that required banking and social service privatization did not consider gendered effects although it will have an extremely negative impact on women that the loan document neither acknowledges nor analyzes. Women have traditionally comprised the majority of service sector workers in banks and comprised the majority of textile industry employees. It is expected that continuing public sector downsizing and textile industry and smaller enterprise privatization that the PFSAC promotes will mostly affect women. Women's precarious economic position in these enterprises makes them especially vulnerable. They already comprise the majority of unemployed and informal sector employees. This SAL's privatization process deepens women's more precarious economic roles than men's. None of the loan documents contain any socioeconomic profile whatsoever on the gender, age, educational and other features of employees who are losing their jobs in the SOE restructuring. The SAL provides no job retraining to assist differentially affected displaced female and male workers.

(2) Although the social sectors are usually expected to address gender issues more than others sectors do, the Serbia Social Sector Structural Adjustment Credit (SSSAC) does not. This social sector SAL concentrates on reforms of pension, labor and employment laws without considering their differentiated effects on female and male workers. It does not discuss how the flexible part time jobs it promotes usually is disadvantageous to women workers who tend to fill them because their time is squeezed by family and household responsibilities. Part-time job holders tend to lose opportunities for promotion, better pay and benefits even when they have the same education and skills as full time job holders. Serbia's new labor law, that eliminates previously required collective bargaining, weakens labor's power. It diminishes protection from discrimination of women and other workers

in weak positions in the labor market. Finally, this SAL's health and energy sector reforms have social, including gendered, impacts that the operation does not consider.

For more details about the S&M SALs and about Gender Action's work check out our website.

Let's close with our Call to Action that donor aid stop harming women and that 70% of improved aid should target women!