GenderAction

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Women in the Global South and the Financial Crisis

About Gender Action

Gender Action was established in 2002 as the only organization dedicated to promoting gender equality and women's rights in all International Financial Institution (IFI) investments including those of the World Bank, the International Monetary Fund (IMF), and the regional development banks. Altogether there are at least eight IFIs which collectively spend over $100 billion dollars per year.

Your taxes and mine support the public IFIs so it is important that we hold them accountable on their promises to promote women's empowerment and gender equality and on the harmful impacts of their investments including their role in the financial crisis.

Every year the taxpayer-funded IFIs, the world's largest source of development finance, make thousands of investments in programs that claim to reduce world poverty. Gender Action's research shows that many IFI investments actually harm poor women who are key to reducing poverty. Gender Action is trying to end this pattern and make IFI loans work for women. Gender Action does advocacy-based research and actual advocacy to get IFI investments to promote gender equality.

Type of IFI Policies that Contribute to the Financial Crisis

I will describe various policies with a few concrete country examples of harmful gender impacts of IFI loans which make women particularly vulnerable during the crisis.

These examples come from various Gender Action publications available on our website.

Gender Action's **Gender Guide to World Bank and International Monetary Fund (IMF) Policy-Based Lending** and other publications provide tools to Southern and Northern citizens groups to conduct gender analyses of World Bank and IMF policy-based loans.

I would like to share examples from these publications:

Malawi – where IFI loans and conditions increased starvation and HIV/AIDS. How so?

For years, Bank structural adjustment loans forced Malawi to privatize ADMARC—the state marketing board—and the Strategic Grain Reserve (SGR), which used to keep the price of maize affordable. Privatization of ADMARC and the SGR contributed to a food crisis in Malawi. Women, forced to wait into the night in long lines at ADMARC to buy maize, risked attack on their way home from the queue. When women could not afford to buy maize, they scavenged for leaves and boil tubers and roots to feed themselves and their families.

Chronic hunger has also forced desperate rural Malawian women and girls into sex work and early marriage, and increased their exposure to HIV/AIDS. The excess supply of sex workers glutted the market; sex workers claim that prior to the food crisis they could charge US$8 for unprotected sex and US$1-2 for sex with a condom. Since the food crisis, rates have sharply plummeted to US$0.80 without a condom. Workers would rather die a little later from AIDS than die from hunger today. World Bank structural adjustment policies caused this tragedy. I heard such stories first hand in Malawi.

With the food and financial crises hitting Malawi, this situation must be getting worse.

Mozambique – where IFI policies weakened poor women's and men's employment terms

Mozambique's successive IMF and World Bank policy-based loans mandated a new labor law which increases labor flexibility in five ways: One, retrenchment costs are reduced, including severance pay. Two, wages are paid in the form of piece-rates rather than fixed wages based on time worked. Three, company downsizing and use of short term labor is facilitated. Four, precarious hiring practices replaced long-term employment contracts; and, five, employing foreign nationals is made easier. On visiting Mozambique, I was surprised to find that a country that had maintained an average per capita income growth rate of about ten percent for a decade to be as impoverished as is Mozambique, with extraordinary high rates of illiteracy and HIV/AIDs, especially among females. This anomaly exists because a handful of TNCs own a few very large, capital intensive, export-oriented projects which employ too few Mozambiquans and enrich a small elite along with the TNCs. IFI policies and loans that support TNCs and elites and enforce anti-labor policies, have deepened poverty in Mozambique especially among women who compose the majority of the poor, the illiterate, and the ill.

***Serbia and Montenegro* --** where IFI labor and financial sector deregulation weakened women's livelihoods and security

Serbia and Montenegro are now two independent republics but when Gender Action reviewed their World Bank policy-based loans in 2004, the two republics were united. In Gender Action's publication, Structural Adjustments' Gendered Impacts: The Case of Serbia and Montenegro, we showed that the World Bank and IMF structural adjustment loans (SALs) formed the primary response to a devastating decade of civil war. After Serbia and Montenegro rejoined the World Bank in 2001, at least 80 percent of initial Bank operations were SALs. This high proportion of adjustment operations characterizes economic reforms in transition countries more broadly. Gender Action's analysis shows how Serbia and Montenegro's SALs fail to acknowledge or mitigate the harmful impacts on men and women. Here are a couple of examples:

- Like in many countries, in Serbia and Montenegro, women comprise the majority of service sector workers providing finance, education, and health services, and the majority of textile industry employees. The World Bank Private and Financial Sector Adjustment Credit required the governments to privatize the textile industry and other smaller enterprises and downsize the public sector including in finance, health, and education without regard for the gender impacts. Women's precarious economic position in these sectors made them especially vulnerable to lay-offs. Women constituted the majority of the newly unemployed and informal sector employees with few assets to become self-employed.

- Another World Bank loan called the Serbia Social Sector Structural Adjustment Credit reformed pension, labor, and employment laws. It encouraged self-employment but failed to acknowledge the barriers that prevent women from succeeding in small businesses. For example, women lacked collateral to access loans since men own most of the property. Serbia's new labor law, promoted by the World Bank, eliminated previously required collective bargaining and weakened labor's power. Women now comprise a larger percentage of the unemployed than previously. Women have been hurt most by the Bank policy conditions.

Now I would like to present sector examples. In our **Mapping Multilateral Development Banks' Reproductive Health and HIV/AIDS Spending** Gender Action assessed the quantity and quality of Multilateral Development Banks' (MDBs') spending for reproductive health and HIV/AIDS. Mapping demonstrated a decline in World Bank and little African Development Bank, Asian Development Bank, and Inter-American Development Bank loans and grants for reproductive health and HIV/AIDS. Mapping also showed how harmful loan "conditionalities" such as restricting public spending undermine poor countries' ability to address these key public health issues. Mapping provided important evidence for conducting advocacy to improve MDB performance in achieving reproductive health and HIV/AIDS goals. Gender Action is launching an advocacy campaign now to hold IFIs accountable.

Looking at health more broadly, the financial crisis is undermining efforts to address the worldwide crisis in health care. According to one projection, the financial crisis could increase the infant mortality rate by between 3.0% and 10% and the malnutrition rate among children by 10%. Determinants of people's access to health services, including poverty, unemployment, and inequality are deepening.

Africa still has less than 1% of the global financial resources for health while it carries more than 24% of the global burden of disease, including the exploding HIV epidemic.

Conditionalities

I have mentioned conditionalities already. Despite claims by the World Bank and IMF that they have reduced loan conditionalities, research demonstrates that they have actually increased (Gender Action 2006). These imposed policy conditionalities often bypass democratic processes, ignoring parliaments and congresses.

Among IFIs, the IMF has played a disproportionate role in deepening poverty, curtailing social including health spending, and contributing to the global financial crisis. The IMF plays a gatekeeper role, signaling to all multilateral and bilateral donors whether every developing country is a worthy candidate for so called aid. The IMF must approve a country's macroeconomic program in order for that country to access grants and loans from virtually all bilateral and multilateral financiers. The IMF provides quick-disbursing loans which poor countries often find irresistible during a financial crisis, called stabilization loans, which help a country buy imports and finance required reforms. IMF loan conditionalities require countries to implement harmful reforms such as cutting public spending and laying-off civil servants in the name of efficiency and productivity. The IMF has focused heavily on cutting public employment and capping public sector wages. The poor, especially women, are always the losers from these reforms.

The IMF was losing influence prior to the crisis because poor countries decided to avoid taking IMF loans with their harmful conditions. But the crisis has renewed need for funds from the lender of last resort – the IMF.

Privatization

IMF and World Bank loans relentlessly promote privatization – the transfer of control of public owned resources from the government to the private sector. Privatization has shifted control of health, education, energy, water and other social services to the private sector. Privatized health care limits access to those who cannot afford to pay for the services, eliminating the pre-privatization notion that health care is a citizen's right that needs to be provided for free which was a cherished belief in most countries outside the US. Privatization often results in loss of jobs and unaffordable health, water, education and other basic services. Women leave jobs to care for sick family members.

Privatization is accompanied by imposing User Fees.

User Fees

User fees also exclude the poor from health services.

User fees bar women and girls from accessing reproductive health services such as family planning, antenatal care, delivery care and post-abortion care. Studies have found that women feel the effect of user fees for health services most acutely. When poor people to lose access to public health services, women quit jobs and lose previous income in order to care for sick family members.

Comparative data show that the poorer the country, the larger the amount of out-of-pocket health fees, which is the most inequitable source of health financing.

> *"In rural Uganda, 43% of people falling sick do not seek health care due to a lack of money" (Action Aid 2002).*

Although the World Bank claims that it no longer promotes user fees for primary health care and education, there are exceptions.

Gender Action found that the World Bank funded Multisector HIV/AIDS Project in Ghana includes government cost recovery programs such as patient user fee co-payments for anti-retroviral drugs that make these drugs unaffordable for the poor (World Bank 2005F:73). The new health, nutrition and population (HNP) strategy includes language condoning and reviving user fees (Gender Action 2007).

I will end with a positive example: The elimination of user fees has proved to be successful in some countries where its removal in primary education has resulted in huge increase in school enrollment. Action Aid cites Tanzania as an example of a country where user fees were eliminated for primary education in 2002 with the support of the World Bank, and as a result school enrollment surged – perhaps by as much as 1.5 million children (Action Aid 2002).