The Gendered Impacts of IFI Investments
Development in **Africa**: Challenges, Constraints, and Strategies Course

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Exactly one year ago today I addressed Ambassador Joyce Leader's 2005 class.

One year has seen unexpected change in the International Financial Institution (IFI) environment. A number of developing countries have paid their International Monetary Fund (IMF) debts and stopped borrowing from the IMF. Three of the Fund's largest clients, Argentina, Brazil and Indonesia decided to pay off their IMF debts. The IMF is expecting a massive shortfall in its revenues in 2006. The Fund is trying to reinvent itself. But the Fund is by no means going broke.

The World Bank is increasingly becoming a tool of multinational corporations under Wolfowitz. It is also suffering a slowdown in demand for its loans.

Having said that, these institutions still wield enormous power on the policies and living standards of developing country populations.

All the IFIs including the IMF, World Bank and African Development Bank wield significant control over the economies and governments of of the countries of Sub-Saharan Africa. Following up on the IMF, the IMF derives its power from the conditions attached to its loans –macroeconomic policies that borrowing countries are obliged to undertake in order to remain in good standing with the fund – as well as from the "signaling" role the Fund plays among lenders and donors, both bilateral and multilateral. This signaling role, essentially a credit rating given by the IMF, allows the IMF to exercise power in world economies. In the 1980s and 90s, both the IMF and the World Bank experienced a spike in their power during the debt crisis, which precipitated the formal birth of structural adjustment programs in the 1980s. IMF conditionalities encroach on the political and economic space of countries. They do not permit countries to decide their own budget priorities.

While the primary beneficiaries have been interests the IFIs never mention – corporations and investors – the ostensible intended beneficiaries, the poor and governments in borrowing countries, have instead been extensively and continuously damaged by the policies. Perhaps the biggest travesty of IFI conditioned loans on African countries has been IFI-imposed tight social spending with few resources available to combat HIV/AIDS and develop human resources. Stephen Lewis, today the UN Secretary General's Special Envoy on HIV/AIDS in Africa, powerfully exposes the damage of World Bank-IMF macroeconomic conditions in halting the spread of HIV/AIDS in Africa (see eg Stephen Lewis, Race Against Time, Anasi 2005).

Following in the footsteps of Stephen Lewis, in the last couple of years, the large international NGO ActionAid has done fabulous research exposing how the IMF's policy conditionalities requiring countries to tighten their budgets, make it impossible for countries to achieve the Millenium Development Goals (MDGs). These policy conditionalities starve funding for education, health and social programs. ActionAid demonstrates how IMF requirements make it impossible for African countries to combat HIV/AIDS and meet other MDG targets. Today, Sub-Saharan African has 69% of the world's population needing HIV treatment but only 1.8% of the world's health workers. The IMF's low-funding requirements impose public sector wage ceilings that prevent hiring the health personnel and teachers needed to achieve the MDGs or combat HIV/AIDS. Some African countries must double or triple their health workforce to achieve the MDGs or combat HIV/AIDS. IMF overly tight macroeconomic policies, to control inflation and avoid deficit spending, make hiring impossible. Granted the US budget deficit is too high to be sustainable. But the IMF does not permit much lower than US deficit-levels in African countries. The IMF macroeconomic frameworks -- excessively tight deficit reduction and inflation targets -- choke public expenditure needed to control HIV/AIDS and MDGs like education for all. These overly austere policies have increased poverty throughout Sub-Saharan Africa over the last 25 years.

Seguing to Gender Action, Gender Action is the only dedicated advocacy campaign to hold the IFIs accountable on their promises to identify and address gender gaps and promote women's empowerment in all their activities. I'll provide examples of Gender Action advocacy:

Structural Adjustment

Gender Action's work includes monitoring and advocacy around Structural Adjustment Programs.

Is structural adjustment a new concept to any of you?

For newcomers to structural adjustment, WB, IMF, and AfDB Structural Adjustment Loans (SALs) provide quick disbursing loans to developing country clients that commit to improve their balance of payments in exchange for required 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. Moreover, the Bank is rewriting its SAL policy to remove the 25% restriction.

To camouflage SALs, the World Bank packages SALs under a variety of names. 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 the same spirit, the IMF's former notorious ESAF's that stood for Enhanced Structural Adjustment Facilities have been renamed Poverty Reduction Growth Facilities (PRGFs). Such double speak! The PRSP, PRSC and PRGF framework is consistently structural adjustment but the Bank and the Fund do not admit this. Despite diminishing use of the term SAL, because of external criticism, structural adjustment is thriving and occupies an increasing proportion of the WB portfolio.

Today over 30% of Bank loans support SALs, rapidly disbursing loans with onerous conditions.

We found a distinct pattern of SAL neglect to consider gendered impacts across African countries. SAL measures affect poor women and men differently. For example, public expenditure cutbacks tend to increase women's unpaid work and squeeze out their time for income-earning work. Health expenditure cutbacks increase women's home care for sick family members and reduce 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 are female headed because marriages break up or wives become widows. SAL documents did not recognize any of these gendered consequences.

Structural adjustment's social sector spending cutbacks has produced a decline in the availability of drugs and textbooks. You have all heard how H/A patients go untreated in SSA, partly because few public resources have been available while governments are repaying massive SALs. In many African countries – Kenya, Uganda and others SAL health spending cutbacks have reduced the number of health sector professionals available to combat HIV/AIDS. Wherever people are sick and public facilities are insufficient, a situation that pervades SSA, women bear the brunt. They quit income-generating work to stay home to care for sick family members.

Ever since their inception in 1980, SALs have had harmful effects on the welfare of men and women, but the harm to females has been particularly pernicious because SALs have entailed public spending cutbacks that hit women hardest. Stephen Lewis has repeatedly stated that AIDS in Africa has a female face. 70% of the world's poor are female and poverty keeps feminizing.

<u>Projects</u>
The remaining 70% of Bank lending is for projects.
GA's analysis shows that the Bank's investment projects hardly address gender issues. We examined World Bank country portfolios for example in China, the Bank's largest borrower. The Bank's poverty reduction projects in China have ignored trafficking in women and female suicides that affect poor rural young women although both trafficked women and female suicide victims come from the poorest areas of China.

Gender Action also looks at World Bank project investments by sectors across countries. We did this for **Post-conflict Reconstruction.**
GA looked at two types of Wbank interventions:
PC grants PCU several hundred grants for several million $
Less than 5% were designed to target women specifically.
Huge loans in PC countries. DDR target males only. What about female fighters and victims? Gender insensitive operations.

Here are example of large PC loans to two African countries, Angola and Rwanda:

Angola Emergency Multisector Recovery $50 million loan approved 2005
Project objectives:
(a) improve rural incomes and enhance food security in the provinces most affected by the conflict, (b) improve access to essential education and health services in the provinces most affected by the conflict, (c) reconstruct and rehabilitate critical infrastructure, and (d) strengthen capacity of government at all levels to formulate, prepare, implement, and manage medium and long-term development

- Gender analysis: None of the four projects' objectives consider gender issues.
- The project document does not provide any gender recommendations.
- Women and girls are not mentioned as beneficiaries or part of the target population of the project.

Angola Emergency Demobilization and Reintegration Project $33 m approved 2003
Contains no gender analysis whatsoever. Does not recognize the gendered impacts of conflict such as sexual violence. Only targets demobilized male soldiers not females soldiers. Lack of concern for females who filled men's jobs in the latter's absence. Let them lose their jobs. The underlying message is men must be the primary breadwinners. The reality is women are increasingly the primary breadwinners.

Rwanda Public Sector Capacity Building Project 20m approved 2004
Objectives to reduce the skill gap from war and genocide. Focuses on HR development. Remarkably does not discuss gender issues at all.

A new Gender Action project examines the gendered impacts of "**extractive industries**" ie oil pipelines, mining etc. These projects generate prostitution and HIV/AIDs, domestic violence and other gender problems.

PRSPs

I have mentioned PRSPs in our discussion of SALs.

In fact the link between Poverty Reduction Strategy Papers (PRSPs) and structural adjustment is critical because since their inception in 1999, it has slowly become clear that PRSPs are de facto national plans with budgets that "promote the Bank-Fund structural adjustment agenda".

PRSPs are very important. *They are essentially national budgets with plans. Countries used to have their own national plans and budgets but no longer. PRSPs are a prerequisite for World, IMF, UN, and all other development loans and grants. All African countries have had to prepare PRSPs.*

PRSPs claim they promote participatory consultations and country ownership in establishing country development plans and budgets. GA has examined both these processes. Consultations hardly reflect women's or any interests of the poor. They are a boondoggle for consultants. Country ownership? Rwanda. UK consultant wrote it on a UNDP contract. How can PRSPs be country owned when the Bank and Fund Boards must approve them?

Gender Action has worked with women's groups in Eritrea, Malawi, Mozambique, Namibia, Rwanda and other countries in the field to deconstruct their PRSPs for gender and do advocacy to get them to better empower women.

Gender Action has recently decided to no longer engage in PRSPs because five years of experience demonstrates that they breach national sovereignty.

At the time of last month's Bank-Fund spring meetings, civil society organizations launched the first concerted anti-IMF campaign and a new anti-World Bank campaign. These are exciting times.

Take-Away

I would like to end by referring to Stephen Lewis, one of my heroes:
Lewis has visited most African countries repeatedly. He finds "nothing is more commonplace than death" in the hospitals he visits including in the pediatric wards. He likens the AIDS pandemic in Africa to the Holocaust. He says, "It's a true obscenity that all those little lives are lost because the resources aren't available to provide a standard of care routinely offered in industrial countries." He reminisces about the healthier Africa he lived in during the 1960s and 1970s, before IFI-imposed SAL conditionalities. He discusses the "criminal neglect of the last decade, during which countless people have gone to their graves – people who should still be walking the open savannah of Africa". He ends asking how military spending outstrips aid spending by a factor of over 20 times.

Further Reading

www.genderaction.org
www.whirledbank.org
www.50yearsisenough.org
Stephen Lewis, Race Against Time, Anasi 2005 and many articles