GenderAction
1875 Connecticut Street NW |Suite 1012 | Washington DC 20009 USA | tel 202-587-5242|
fax 202-667-4201 | www.genderaction.org

The Gender Impacts of Debt and the IFIs
Suzanna Dennis/Gender Action
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I am here today to provide an introduction to the gender impacts of debt and International Financial Institutions (or IFIs) such as the World Bank and International Monetary Fund (or IMF).

There are three ideas I hope you will take away when you leave this room:

1. When poor countries cut spending to repay rich-country creditors, it often comes at the expense of poor women and girls and achieving development targets such as the Millennium Development Goals (MDGs).

2. Debt brings countries under the thumb of IFI creditors. The IFIs then mandate policy reforms such as privatization as conditions attached to their loans. These conditions tend to hit women and girls hardest, and also undermine MDG targets.

3. There are ways to challenge the feminization of poverty caused by debt and harmful IFI practices.

To understand these issues, let's examine them from the perspective of a young girl named Kayla.

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Kayla is nine years old. She lives with her mother, two sisters, and one brother outside the capital city of a poor country that is heavily in debt.

Kayla's family is happy, but life is hard. They miss their father who works in a mine in a neighboring country. He used to send money home, but the checks have gotten smaller and smaller.

Kayla went to school when it was free. Since the government started charging school attendance fees to boost their revenue to repay debts, Kayla's mother took Kayla and her sisters out of school but kept Kayla's brother in school.

Kayla's mother used to work in a textile factory owned by the government. A few years ago the government—following the advice of the World Bank and IMF—closed the factory, saying it was too expensive to maintain. Now Kayla's mother sells fruits and vegetables at a stand outside their home. She works long hours, and sometimes she does not make enough money to cover her expenses.

Kayla's grandfather got sick this year. Now Kayla takes care of him at home while her other sisters help their mother. There used to be a free government clinic nearby where the family could go when they got sick. At the advice of the IMF, the government shut down Kayla's neighborhood clinic and many others in order to cut public sector wages.

Theory

You are right if you guessed that Kayla's story is fictional. However, it *is* typical of <u>the lives of many poor women and girls living in countries in the global South</u> like Bolivia, the Philippines, and Mozambique.

<u>Debt and IFIs impact women and men through two related ways</u>:

1. ONE, governments take money away from public services to pay down their debts, and
2. TWO, debt opens up countries to harmful loan conditions imposed by IFIs.
3. <u>Because of gender inequality women and girls are the "shock absorbers" of economic crises triggered by debt and harmful IFI practices</u>.

Let's look at how debt and IFIs impact people, and particularly women and girls more in depth.

(1) <u>FIRST, government budgets are squeezed to pay foreign creditors at the expense of poor people</u>.

   a. This results in cutting <u>funding for public programs</u>, often in health and education.

   b. Governments can also <u>raise revenue to pay debts</u>, for example by increasing taxes. They can also impose user fees, such as in education and healthcare, often at the instigation of creditors like the World Bank and IMF.

- These measures shift the burden of health and education onto women and girls. For example:
    - Girls are the first to be taken out of school when governments impose user fees.
    - Women and girls make up for shortages in healthcare and rising costs by caring for sick and elderly family members. This further impoverishes them because they must forgo time at school, or earning money.
    - These impacts clearly go against meeting the MDGs, particularly the Gender Equality target.

(2) SECOND, having unpayable debt opens a country up to often harmful policy-based loan conditions mandated by the World Bank and IMF.

   a. These conditions constrain countries' sovereignty and policy space, or their ability to have options in designing national policies.
   b. Examples of typical IFI loan conditions are privatization of state owned businesses, cutting labor protections, slashing public sector employees' wages, trade liberalization and eliminating corporate taxes.

- Women often bear the brunt of economic contractions and restructuring. For example:
    - When state-owned companies and the public sector downsize, women are often the first to be fired and the last to be rehired because they are assumed to be the secondary breadwinners in the family.
        - Often they are pushed into insecure jobs in the informal sector—such as street vending or prostitution—to provide for themselves and their families.
    - As jobs become more scarce people have to travel far away to find work. Since men are more mobile, women are often left alone to care for the

family. Men are known to use prostitutes or start second families during their time away. At best, this disrupts families. At worst, it leads to transmission of deadly diseases such as HIV within households.

(Pause)

There is hope.

Debt relief <u>can</u> help ease the burden on poor women and girls and help achieve the MDGs. For example:

- Kenya and Uganda <u>abolished user fees for primary school after receiving partial debt relief</u>, which led to an immediate increase in girls' enrollment;
- Burkina Faso, Chad, Senegal, and Tanzania <u>used funds from debt relief to increase provision of basic healthcare, including prenatal care</u>; and
- After receiving debt relief, Benin and Niger used funds to <u>increase access to safe water</u>. In many poor countries, traveling long distances to fetch safe water is the responsibility of women and girls, and is often a reason girls are not allowed to attend school.

But debt relief is often too little, too late, and comes with harmful strings attached that limit countries' policy space.

That is why we must question the <u>fundamental legitimacy</u> of sovereign debts.

- Many poor country debts have already been paid back ten-fold, but the terms were so bad that countries are still paying them down.
- Often loans were for 'White Elephant' projects that stuffed the pockets of corrupt dictators and their international partners decades ago, with the <u>full knowledge</u> of the creditors.

Gender Action, Jubilee and others are campaigning to show the odious, illegitimate and unpayable nature of many debts through participatory citizens' debt audits. We hope that these audits will empower citizens and governments to repudiate odious, illegitimate and unpayable debts.

Gender Action is also working with Jubilee and others to end World Bank policy-based loan conditions, for example, through the upcoming 15th donor replenishment of the World Bank's low-income country financing arm, the International Development Association.

In conclusion:

1. As we saw in Kayla's story, when poor-countries tighten their belts to repay debts to rich-country creditors, it often comes at the expense of poor women and girls and achieving the MDGs.
2. Harmful IFI loan conditionalities such as slashing public sector wages tend to hit women and girls hardest.
3. There are groups in the global North and South working to abolish debt and harmful conditionalities.

Now I'd like to open the discussion to questions and comments.