

Gender-Just Macroeconomics



Engaging the
IMF and World Bank

All aspects of gender equality are impacted by macroeconomic policy. Yet, macroeconomic policy formation remains largely the domain of economists, free from the scrutiny and input from civil society. The IMF and the World Bank are key shapers of macroeconomic policy at the global, regional and national level.

Advocates for gender-justice stand to benefit from a stronger understanding of how these powerful institutions shape macroeconomic policy: how they reproduce inequality, how they can be challenged and how they can be directed to promote gender-justice, to create an economy that works for everybody. So join the conversation and find out how to get involved today!



Macroeconomics affects every aspect of gender equality

What is macroeconomic policy?

Macroeconomic policy is the economic rules and decisions taken about an entire economy at the national and international level. This includes how governments spend and receive money, called fiscal policy, as well as how it controls the supply of money in the economy, including managing inflation, called monetary policy. Macroeconomic policy usually focuses on overall indicators like unemployment levels, national output and government debt without considering how these indicators affect and are affected by gender equality.

Macroeconomic policy impacts the economic status of individual women and men, without necessarily considering it. For example, macroeconomic policy is where decisions are taken on how much a government can spend on healthcare and education, or other public services like childcare or pipes to carry clean water. It also determines who and how much tax people pay. Questions macroeconomic policy makers answer

are, for example, should income you receive through owning land or investing in shares be taxed equally as income received through regular employment? Should there be an added tax on cigarettes and alcohol, or bread and sanitary products? Macroeconomic policy makers are also concerned with the ability for businesses to grow and make profits, often seeking to influence how much workers' rights should be protected

and their ability to collectively bargain for fair working conditions.

Thus, macroeconomic policy affects every aspect of women's and men's economic lives.

For that reason, macroeconomic policy also affects every aspect of gender equality.

First, the economically dominant position of men reinforces a whole range of structural gender inequalities. Violence against women and girls, for example, is intimately linked to the unequal relationship between men and women in the home and at work. The exclusion of women from public decision-making and influencing is also determined by their economic status, because they may lack the spare time and resources to participate, or even because they lack the social standing to be heard and respected in public forums. Likewise, when women's work is underpaid, they remain financially dependent on spouses and families. This lack of economic autonomy and access bolsters stereotypes and

repressive social norms. The level of public services provided also directly impacts men and women differently, not only because women and girls are in particular need of certain services, like those that provide sexual and reproductive health and rights, but also because women and girls disproportionately carry out unpaid care work. If public services are cut back the burden of care disproportionately shifts to women and girls, straining their time and resources even more.

In short, all gender equality work stands to benefit from a stronger understanding of macroeconomic policy and practice: how it reproduces inequality, how it can be challenged and how it can be directed to promote gender justice.

The IMF and the World Bank, also known as the Bretton Woods Institutions, or BWIs, are key shapers of macroeconomic policy around the world. Understanding how they work and what they do are therefore important steps in achieving gender-just macroeconomic policy.

How the BWIs shape global macroeconomic policy

IMF

What is it?

The IMF, short for the International Monetary Fund, or the Fund, is a member organisation, where countries are the members. They share resources in the Fund so that they have a pool of available money to lend to a member country when it needs financial assistance. The Fund's primary purpose is to "promote international monetary cooperation".

The work of the Fund is restricted to matters that are either:

- **'macro-critical'** – issues that influence major economic indicators like employment or GDP at the national, regional or international level;
- or
- issues that may be influenced by using macroeconomic tools, such as the adjustment of trade or fiscal policy.

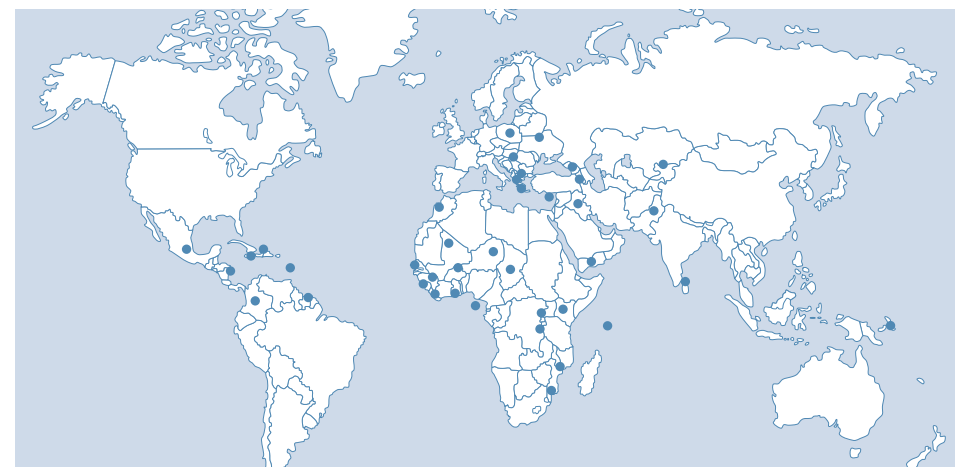
What does it do?

The IMF's work can be divided into three main activities:

1 Lending: The IMF lends to governments when they are heavily in debt and can no longer pay back existing loans. The Fund is a lender of last-resort, meaning a government will have exhausted all other borrowing options before turning to the Fund. Before providing a loan, the Fund decides on a number of macroeconomic policies the government has to commit to in order to receive the loan. These are called **conditionalities**, and compromise a countries' ability to make its own economic decisions. Lending provides the IMF with its greatest influence over national macroeconomic policies because loans are only provided if conditionalities are met.

In 2015 the IMF lent almost \$115 billion to 26 countries, while 58 countries still owed money to the Fund.

2016 IMF Loan Programmes



2 Surveillance: The IMF monitors and publishes a report on the macroeconomic status of each of its 189 member countries each year, in addition to regional and global reports. Known as **Article IV reports**, they contain macroeconomic policy recommendations and forecast economic growth and stability. These reports are highly influential in shaping policy decisions.

3 Technical assistance: The Fund also provides technical assistance to help and train countries develop their macroeconomic policies and build the capacity of their public sector to collect the data needed to formulate

and implement policies. The Fund spends a third of its budget on technical assistance.

4 Other work: The IMF research department produces macroeconomic policy research covering a wide range of topics. The IMF, with the World Bank, also sets the Debt Sustainability Framework, which is used to assess how much debt countries can responsibly take on while receiving more loans, and is used by many other potential lenders and investors to determine the financial and economic strength of a country. More recently the IMF has also begun to address some aspects of tax avoidance and evasion issues.

World Bank

What is it?

The World Bank Group comprises five international public organisations that lend money and provide grants to developing countries for specific development projects. It has two goals: to end extreme poverty and promote shared prosperity. **In 2016, the World Bank committed to providing over \$61 billion in loans.**

While it is not the job of the World Bank to provide macroeconomic policy advice like the IMF, the World Bank does influence macroeconomic decision-making, in particular in shaping the investment climate of developing countries.

Doing Business Rankings

The Doing Business Rankings (DBR) is one of the Bank's flagship publications and ranks countries according to how favourable their business environment is. The DBR is a highly influential publication often used as a tool

by investors to judge the business environment of a country. It also gets a lot of media coverage.

The DBR has been criticised by civil society groups, trade unions, and an independent panel appointed by the president of the Bank for using flawed methodology in determining what makes a favourable business environment and for containing inherent biases.

Knowledge Bank

The Bank is also a highly influential source of knowledge, providing policy advice, research and analysis, and technical assistance to developing countries, on anything from specifics like how to reform pension systems or privatise water systems, to vital global development statistics.

Proclaiming itself the authority on development policy and practice while at the same time being a major lender, the World Bank has often been criticised for pushing a particular style of development in favour of some of its member countries.

Governance

The highest decision-making bodies at the IMF and World Bank are the board of governors, made up of finance or development ministers and the heads of central banks. They oversee a board of executive directors who take important day to day decisions at the institutions, like approving loan programmes.

Rich countries dominate voting power within the IMF and World Bank boards, which lies with the largest and most open economies or those countries that contribute most to

the institutions' funds. Consequently, countries that receive loans from these institutions are thus **structurally underrepresented** in the BWIs governance structures.

This underrepresentation is made worse by the historic agreement between the United States and European countries to always select a European to lead the IMF and a US national to head the World Bank. This 'gentlemen's agreement' is still in place today and reflects the undemocratic way in which these powerful institutions are governed.



Christine Lagarde
Managing Director, IMF



Jim Yong Kim
President, World Bank

What do they say?

Even in 2016, the macroeconomic policies the IMF and the Bank overwhelmingly recommended to or imposed on countries included reducing subsidies, privatising publicly-held institutions, rationalising social safety nets, cutting wages and the number of public sector employees, restricting labour rights, reducing pensions, cutting public services, in particular health care, and increasing value-added taxes.

Historic criticism

These policies have been criticised for decades by a wide variety of civil society, trade unions, academics and human rights defenders. Most of this criticism has historically focused in particular on the fact that a country is forced or pressured to implement policies designed by an undemocratic international institution that deeply affect its society and the economic lives of its people. For example, trade unions have frequently criticised the IMF for undermining the right to collective bargaining and reducing the minimum wage as part of labour reform under its loan programmes, and the Bank for encouraging the erosion of labour rights with its DBR.

Groups fighting for tax justice have also long criticised the BWIs for promoting increased value-added taxes, which can be regressive and target the poor.

Moreover, human rights defenders have historically stood against the many austerity measures the IMF promotes, such as cutting crucial public services and privatising publicly-held institutions, often increasing user-fees. Such measures can widely impact the enjoyment of social and economic human rights, in particular for the most vulnerable in society.

BWIs and gender equality

The policies most often prescribed by the BWIs, in particular austerity measures, can have disproportionate impacts on women and girls. When public health care services are cut or access is reduced by the introduction of user-fees, women and girls have less access to vital sexual and reproductive health care services, for example, and carry the additional burden of care now shifted to them. Specialist domestic violence services are also often cut under austerity measures, as well as public sector jobs where more women tend to work.

The way in which the BWIs shape macroeconomic policy also instrumentalises women to **work for economic growth**, with little regard to issues like working conditions and wage equality, rather than making the economy **work for women**. In particular, without explicitly recognising, reducing and redistributing the unpaid care work of women that the current economic system is built on, the economic policies of the BWIs will remain inherently biased and reinforce structural inequalities that penalise the poorest women and girls in particular.



IMF's evolving position?

Historically, the IMF believes it has not engaged in gender equality, either as something it strives to achieve; something that influences its work; or as something it recognises it has an impact on. In other words, gender equality was not considered 'macro-critical' to the IMF. In support of achieving the Sustainable Development Goals (SDGs), however, and in particular SDG 5, the achievement of gender equality, the IMF has started to explore gender as an emerging issue. For example, in some countries the IMF now acknowledges that closing gender gaps in labour force participation can have positive impacts on the macro-economy. This work is still in its infancy.

While the IMF has made a major step in recognising the 'macro-criticality' of some elements of gender equality, it has a long way to go in ensuring its work truly contributes to achieving SDG 5 and does not continue to undermine gender equality. The following are three central criticisms to the IMF's latest gender work.

IMF's latest gender work

1 The IMF's new gender work has evolved since 2013 from research demonstrating the 'macro-criticality' of some gender gaps, to official policy guidance, to inclusion in surveillance reports, and finally approaching inclusion in a lending programme. In this way, gender is becoming institutionalised as part of the Fund's work.

However, so far, only some of the recommendations made in the IMF's research have been used in only a handful of surveillance reports and

two lending programmes. This is far removed from comprehensively applying a gender lens to all its work across its three main activities.

2 The IMF's gender work relies heavily on pointing out gender gaps in labour force participation, which comprises only one element of gender equality and will not necessarily lead to increased gender equality if considered in a vacuum.

Such an approach can maintain or exacerbate gender inequality if

detached from the shifts in conditions required to enable women to join the formal labour market on equal footing to men, such as safety, health, education, freedom from unpaid care burdens and access to decent work. This approach also ignores other 'macro-critical' elements of gender equality, like violence against women and girls and sexual and reproductive health and rights.

Without considering intersectional and interrelated structural, social and economic gender inequalities in recognition of the full macroeconomic spectrum of gender equality, the IMF's approach will remain incomplete.

3 Most importantly, the IMF's new gender work does not address how its conventional policy advice, like cutting social services and restricting labour rights, overwhelmingly undermines gender equality. Not only do these policies operate in unequal societal contexts but they are also in themselves premised on structural inequalities. The majority of the IMF's current macroeconomic policy advice is therefore **gender blind rather than gender neutral**. Without adjusting all its policies to support gender equality, the Fund cannot meaningfully contribute to the achievement of SDG 5.

Evolution of IMF Policy



Bank's latest gender work

In December 2015, the World Bank released its new gender strategy for 2016 to 2023. The strategy outlined the Bank's objectives related to gender equality and suggested how they are to be operationalised within the institution, noting that SDG 5 is at the centre of the strategy.

Just like the IMF's approach, however, the strategy largely instrumentalises women by focusing on how they can contribute to economic growth and poverty alleviation, while paying little attention to the quality and conditions of women's work. The gender strategy also largely does not recognise the macroeconomic dimensions of the Bank's work, leaving out an important piece of the gender equality puzzle.

In August 2016, the World Bank adopted its new Environmental and Social Framework (ESF), which is considered by many as weakening crucial existing social and environmental protections for the most vulnerable in Bank projects and operations. Despite intense

lobbying by women's groups, the ESF hardly mentions women and it fails to include a freestanding gender safeguard.

Projects funded by the World Bank are also increasingly reported to violate women's human rights. Examples include forced labour by pregnant women in agriculture projects such as in Uzbekistan in 2016, and sexual assault of school girls by highway construction workers such as reported in Uganda in 2015.

Ultimately the IMF and World Bank should acknowledge, via formal Board-approved policy positions, the obligation not to undermine but rather to promote the fulfilment of gender equality through their role in shaping or determining the macroeconomic policies of developing countries.

Conclusion

The IMF and World Bank are powerful institutions that impact the economic lives of women and men around the world, maintaining and exacerbating structural gender inequalities. Instead of undermining the achievement of SDG 5, the IMF and World Bank should recognise their obligation to develop macroeconomic policies that promote gender equality and work for all women and men across the world. It is up to civil society to hold these institutions to the principles of accountability, transparency and participation. By demonstrating solidarity and calling attention to the gendered impacts of the macroeconomic policies the BWIs advise and impose, civil society has the power to move the IMF and World Bank towards gender-just macroeconomic policy. The next pages explain what you can do to demand gender-just macroeconomic policies and have your voice heard.

Get involved

The formation of macroeconomic policy is not a politically-neutral, technical process to be left up to economists alone. It is a highly political process and should reflect the values, priorities and principles of the society it governs.

As public institutions, both the IMF and World Bank have made commitments to be **transparent, accountable and participatory**.

It is up to civil society to hold these powerful institutions to these commitments and demand gender-just macro-economic policy.



How to engage

- **Reach out to the media.** The IMF and World Bank keep track of how they are reported on and are keen to present positive public profiles.
- **Participate in consultations.** The IMF and World Bank hold public consultations inviting civil society input on a variety of issues, from the development of the Bank's Gender Strategy to the Debt Sustainability Framework. Lists of ongoing and upcoming consultation processes are available online.
🌐 tinyurl.com/WBcons
🌐 tinyurl.com/IMFcons
- At the national level, **find out what the IMF and World Bank are saying to your government** in its Article IV report or country partnership framework. IMF resident representatives in countries and World Bank country offices are responsible for engaging with civil society and are your first point of contact for concerns about national policy advice.
🌐 tinyurl.com/IMFresreps
🌐 tinyurl.com/WBcoffices

- **Stay up to date with civil society organisations working on these issues,** get in touch and find out how you can collaborate with and support their work. You can find a list of some civil society groups on the last page of this booklet.
- Finance or development ministries appoint and govern the positions of IMF and World Bank Executive Directors. To influence big decisions, like the approval of a lending programme, **speak to your national or regional Executive Director's office, or your finance or development ministry.**
🌐 tinyurl.com/IMFedirectors
🌐 tinyurl.com/WBedirectors
- **Attend the Spring and Annual Meetings of the IMF and World Bank.** It is where the latest issues are discussed, ministers meet, and civil society from across the world come together at its Civil Society Policy Forum.
🌐 tinyurl.com/sandameetings

Resources

- BWP, The IMF and Gender Equality; A Critical Analysis, 2016
- BWP, IMF on gender and income inequality: from research to implementation, 2015
- GADN, Making the case for macroeconomics in gender equality work, 2016
- GADN, Breaking down the barriers: Macroeconomic policies that promote women's economic equality, 2016
- GADN, Gaps and UK SRHR Network, Turning Promises into Progress: Gender Equality and Rights for Women and Girls – Lessons Learnt and Actions Needed, 2015
- Balakrishnan, Heintz, Elson, Rethinking Economic Policy for Social Justice: The radical potential of human rights, 2016
- UNWomen, Progress of the World's Women 2015-2016: Transforming Economies, Realizing Rights, 2015

Diane Perrons, Gendering the Inequality Debate, 2015

Christian Aid, Taxing men and women: why gender is crucial for a fair tax system, 2014

GenderAction, Gender Toolkit for International Finance Watchers, 2013

Fawcett Society, The Impact of Austerity on Women, 2012

Organisations





Just a few organisations working on these issues are:

ActionAid, AFRODAD, EURODAD, LATINDADD, Asian Peoples' Movement on Debt and Development, Asia Pacific Forum on Women Law and Development, AWID, Bretton Woods Project, Christian Aid, Gender Action, Gender and Development Network, Jubilee Debt Campaign and Oxfam International.

This booklet is part of the Gender Equality and Macroeconomics (GEM) Project, a collaborative effort between the Bretton Woods Project and the Gender and Development Network that aims to expose and challenge the way current macroeconomic policies, particularly those promoted by the International Monetary Fund and World Bank, undermine gender equality. Working with allies globally, the GEM Project is looking to strengthen civil society efforts to encourage decision-makers to promote gender-just macroeconomic policies.

The GEM project is funded by The William and Flora Hewlett Foundation.

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The Bretton Woods Project is an ActionAid-hosted project, UK registered charity no. 274467, England and Wales charity no. 274467, Scottish charity no. SC045476. This publication is supported by a network of UK NGOs, the C.S. Mott Foundation, the William and Flora Hewlett Foundation and Rockefeller Brothers Fund.

**!get
involved**



CRITICAL VOICES ON THE WORLD BANK AND IMF