

GENDER ACTION LINK:



"Because of gender inequality, women are the 'shock absorbers' of economic crises triggered by debt and harmful IFI practices" (Dennis, 2007)

IFI debt harms poor women and undermines gender justice

Debt is not gender neutral. Although national budgets and public debt audits often bypass gender considerations – particularly women's unpaid reproductive labor in the 'care economy' – debt impacts men and women, boys and girls, differently. In most cases, debt hits poor women the hardest.

With the global financial crisis pushing millions into extreme poverty, and rapidly expanding international financial institution (IFI) lending promising to saddle developing countries with new debt, poor women in the Global South now face increasing hardships. At the G20 summit in April 2009, world leaders agreed to give the IMF \$750 billion to support countries in economic turmoil, with \$50 billion going to developing nations (Watkins, 2009; Weisbrot, 2009). However while low-income countries (LICs) desperately need an influx of cash to cover significant financing shortfalls, history demonstrates that new IMF debt will deepen the feminization of poverty and undermine gender equality in two keys ways.

First: Debt-ridden governments will be forced to squeeze budgets and raise new revenue at the expense of poor people in order to service IFI debts. Budget cuts and higher taxes, however, will disproportionately affect poor women. Government budgets and IFI loans that fail to account for women's unpaid care work as family health providers, educators, cooks, housekeepers and natural resource managers, indirectly position women as 'shock absorbers' for spending cuts on health care, education, water, gas and other essential services; poor women and girls must assume those care responsibilities, often sacrificing their own education and income earning potential to care for sick family members, educate children, fetch water and fuel, and provide meals (Elson and Çagatay, 2000). Likewise, taxes raised on common household goods in order to service IFI debts force poor families to limit expenses and search for additional income. Due to gender inequality, it is often young girls who must forgo schooling, hospital visits and even food to make ends meet, and women who must enter the informal labor market, including sex work, to earn additional money (Dennis, 2007).

Second: IFI debt opens poor countries to austere economic policy conditions attached to loans. Although many IFIs now claim they no longer support conditionality, recent civil society research reveals the IMF, for example, continues to impose tight fiscal and monetary conditions on poor countries currently receiving economic crisis loans (Muchhala et al, 2009). The following points address the gender impacts of common IFI loan conditions.

Public Sector Downsizing: IFIs often force indebted countries to lay off and cap salaries of public sector employees in order to service debts. Because men are still considered 'primary breadwinners' throughout the world, women as 'secondary breadwinners' are often the first fired and last rehired. This disproportionate firing of female employees deepens gender inequality and increases the feminization of poverty (Gender Action, 2006).

Trade Liberalization: For decades the IFIs have forced debtor governments to unilaterally eliminate barriers to trade and scale up export production. This trade liberalization, however, can cause massive job loss as heavily subsidized foreign goods flood and erode local markets that cannot compete. Because women are often the first to lose their livelihoods, many must enter informal sectors where they face poor working conditions and labor regulations, long hours, exploitation, abuse, sexual assault and even rape (Gender Action, 2006).

Privatization and Public Spending Cutbacks: IFIs force indebted governments to privatize public services, like health care and education, to help service debt. As a result, care work previously provided by states shifts to poor households where, due to traditional gender divisions of labor, women must assume additional care responsibilities for family members (Elson and Çagatay, 2000).

User Fees: Despite claims to the contrary, IFIs still support user fees for essential services in order to help indebted countries pay back loans. However, this has resulted in the exclusion of poor women and girls from lifesaving services, like reproductive health care, antiretroviral medicines, and primary education. User fees have thus led to higher maternal mortality rates in many countries, as well as lower literacy rates for women and girls (RESULTS, no date). Although the World Bank claims it no longer supports user fees for health care or education, Gender Action research finds the Bank currently promotes user fees in health sector projects throughout Sub-Saharan Africa (for example see: World Bank, 2005, p.18).

Banking Sector Reforms: IFIs also impose stringent accreditation criteria on banks in debt distressed countries, which then transfer those conditions to clients. However, because women are less likely to pass stricter financial and educational requirements for loan approval, their access to credit and financial services decreases, ultimately reducing their ability to maintain small enterprises. Despite composing the vast majority of farmers and small-scale entrepreneurs in Africa, women access less than 10 percent of micro rural credit and less than 1 percent of total agricultural credit (Gender Action, 2006; Blackden and Bhanu, 1999 in Zuckerman et al, 2007).



Gender Impacts of IFI Debt and Conditionality in Malawi

The privatization of Malawi's state marketing board (ADMARC) and Strategic Grain Reserve (SGR) — as a condition attached to World Bank and IMF loans and debt — disproportionately and uniquely impacted poor women throughout the country.

Poor Malawi women, for example, faced increased risk of sexual assault and rape when forced to wait into the night for ADMARC maize or scavenge for other food stuffs in rural areas.

Chronic hunger resulting from privatization pushed desperate rural women and girls into sex work and early marriage, increasing their exposure to HIV/AIDS. With the sex work market glutted, the price of unprotected sex plummeted from \$8 to \$0.81, further exposing women and girls to sexually transmitted infections. But sex workers in Malawi explained they would rather die in five to ten years from AIDS than die from hunger today.

Finally, privatization-induced famine in Malawi particularly affected young girls. Some parents sold their daughters into forced marriages in exchange for food, which caused them to drop out of school and exposed them to the HIV virus. Increased sexual activity from sex work and early marriage also increased cases of obstetric fistula, a crippling condition induced by pregnancy at a young age.

In response to these and other harmful privatization impacts, the Malawian government defied the IFIs by subsidizing corn fertilizer. After years of famine and food crisis, the country successfully produced a bumper crop of corn.

(Excerpted and adapted from Gender Action, 2006, p. 7)

WHAT CAN BE DONE?

- **Demand debt relief** and cancellation for low income countries (LICs). The debt LICs carry is largely due to predatory and unjust lending practices in the 1970s (Jubilee USA, April 2009). Thus, LICs need immediate cancellation of this 'illegitimate' debt in order to fund much needed social programs that underpin gender equality and women's rights. Demand that the IMF expand debt relief immediately and use proceeds from gold sales to cancel illegitimate debt for LICs.
- **Demand gender-sensitive policies.** Policy makers must account for gender divisions of labor, the unpaid care economy, and informal labor sectors when creating and implementing economic policies. 'Gender Budget Initiatives' (GBIs) are one effective way to do this.
- **Demand an end to loan conditionalities** that undermine poor countries' sovereignty and increase the feminization of poverty. Also demand an end to conditionalities attached to debt relief through the IMF/World Bank Heavily Indebted Poor Country (HIPC) Initiative. Even debt relief conditionality harms poor women and deepens gender disparities.
- **Advocate for grants, not loans.** Gender justice can only be achieved if poor countries break free of onerous debt and economic conditionality that increase poor women's care work and poverty. Gender justice depends on highly concessional and non-debt creating grants rather than loans.
- **Advocate for an independent, transparent, and gender-sensitive debt resolution mechanism** that accounts for the unequal gender impacts of onerous and illegitimate debt, and promotes equal opportunities and outcomes for men and women.
- **Support public, participatory audits of external debt** that promote equal participation of men and women, and account for the gender impacts of debt and conditionality. Debt audits must apply gender-sensitive criteria in order to capture the feminization of poverty produced by IFI lending.

Resources and Partners!

[African Forum and Network on Debt and Development \(Afrodad\):](#)

A civil society organization that seeks to secure lasting solutions to Africa's mounting debt problem. www.afrodad.org

[Center for Economic and Policy Research \(CEPR\):](#) www.cepr.net

Think tank promoting democratic debate on economic and social issues.

[Development Alternatives with Women for a New Era \(DAWN\):](#)

A network of women scholars and activists from the economic South working for economic justice, gender justice and democracy. www.dawnnet.org

[European Network on Debt and Development:](#) www.euroadad.org

A network of European development NGOs working to change economic policies and ensure that poorer people have their say in decisions that affect their lives.

[Freedom from Debt Coalition \(FDC\):](#) www.fdc.ph

Nationwide coalition in the Philippines conducting advocacy to realize a common framework and agenda for economic development.

[Gender Action:](#) www.genderaction.org

The only organization whose sole purpose is to promote women's rights and gender equality in all IFI investments and activities.

[International Gender and Trade Network:](#) www.igtn.org

A Southern-led network that builds North-South cooperation to develop more just and democratic policy from a critical feminist perspective.

[Jubilee South \(also see Jubilee UK and USA\):](#) www.jubileesouth.org

A network of civil society organizations, campaigns and social movements working to cancel illegitimate debt and promote global economic justice.

[Third World Network \(TWN\):](#) www.twinside.org

A global network of civil society organizations and individuals involved in issues relating to development, Third World and North-South affairs.

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