

The IMF and Gender

A Critical Analysis



Glossary

EM	Emerging Market
FLFP	Female Labour Force Participation
GII	Gender Inequality Index
ILO	International Labour Organisation
LIC	Low Income Country
MDGs	Millennium Development Goals
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SDN	Staff Discussion Note
SRHR	Sexual and Reproductive Health and Rights
TA	Technical Assistance
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Emergency Fund
VAT	Value Added Taxes
WHO	World Health Organization

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Cover photo: The Brick Factory Pt. 2, Myanmar, 2015

1. Introduction

In September 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs), replacing the expired Millennium Development Goals (MDGs) and setting out 17 universally accepted, globally applicable goals to realise sustainable development. Reacting to the adoption of the SDGs, the IMF presented itself as “uniquely positioned to support countries as they pursue the SDGs” and “committed, within the scope of its mandate, to the global partnership for sustainable development”.¹ In particular, it has “undertaken to deepen policy advice on aspects of inclusion [including inequality and gender] and environmental sustainability – core SDGs that are macro-relevant in many countries – and bring it to its operational work”.² It has also committed to conduct related policy-oriented research, including on “deepening economic, gender and financial inclusion”.³

Prior to making these commitments, the IMF had not systematically addressed the gendered impacts of its work, nor considered gender analysis as an integral component of its macro-economic analysis.⁴ The adoption of this new work by the Fund therefore reflects a broadening of the orthodox interpretation of its macro-economic mandate as outlined in its Articles of Agreement. This appears particularly true for initiatives supporting SDG 5, the achievement of gender equality and empowerment of all women and girls, an issue at the heart of deeply entrenched political and societal power structures.

Such a broadening of interpretation and commitment to support countries in achieving gender equality by the IMF is welcome. It not only enables the Fund to better carry out its mandate by providing more comprehensive macro-economic analysis, but it is also key to achieving SDG 5 and realising the rights of all women and girls by recognising the significant influence the Fund has on macro-economic policy and the lives of women and girls around the world. To strengthen this approach, this paper argues such an adjustment also merits critical analysis. While recognising that the Fund’s work done so far in support of gender equality is still in its infancy, this paper aims to contribute to shaping this potentially ground breaking work by providing a critical perspective in three specific ways.

First, this paper asks how far the IMF has already fulfilled its commitment to deepen its policy advice on gender and bring this into its operational work, in particular in a sustainable way. Secondly, the discussion will turn to some of the implications of adopting this broader approach to macro-criticality for the work on gender. And finally, the paper examines what role conventional IMF policy advice plays in supporting the realisation of SDG 5. These questions will be asked in the context of the three core areas of IMF policy advice. Having tested IMF research and policy advice in the context of its mandate and core functions against a survey of literature and research, the findings indicate that the macro-economic policy implications of gender equality and the realisation of SDG 5 will necessitate much deeper engagement by the Fund.



2. IMF Mandate and Functions

Mandate

The mandate of the IMF is stated in its Articles of Agreement, setting out the limits for the scope of its work. With such a mandate, the Fund has been given the unique and specialised role of promoting international monetary cooperation. This includes facilitating the expansion and balanced growth of international trade, thereby contributing to the promotion and maintenance of high levels of employment and real income as well as the maintenance of global macro-financial stability.⁵ The latter role has expanded significantly in the wake of the 2008 financial crisis. The Fund's mandate restricts its field of work to matters that are either 'macro-critical' – those that have influence over national, regional or international aggregate indicators such as GDP and unemployment rates – or that may be influenced by using macro-economic tools, such as the adjustment of trade or fiscal policy. It is within the confines of this macro-economic mandate that this paper will examine the Fund and its relation to gender equality.

The IMF exercises its mandate through its three operational functions, or core business areas: surveillance, technical assistance and lending. Lending provides the institution with its greatest direct influence over countries' macro-economic policy making because loans are provided only if agreements are made on policy reforms. These are the known as conditionalities.

Surveillance

Established in Article IV of the Fund's Articles of Agreement, IMF surveillance monitors risks to national and global economic stability. The Fund reviews country policies annually and regularly monitors national, regional and global economic and financial developments via periodic reports.⁶ Fund surveillance of its member states is conducted through annual country visits and regular discussions between IMF staff and country officials. This interaction provides the basis for a country's annual surveillance study, known as its Article IV report, which is submitted to the IMF executive board. The board's views on the report are subsequently shared with the country under review, constituting the Article IV consultation, and are then published by the IMF, subject to the permission of the country under review.

The IMF's surveillance function has a significant impact on countries' macro-economic policies. Surveys indicate a large share of low-income countries (LICs) and emerging markets (EMs) see the Fund as their key external advisor on macro-economic policy decisions, with "no other institution coming close to that position."⁷ A 2014 Surveillance Review report indicated EMs and LICs are likely to turn to the Fund for ad hoc advice outside regular consultations, with nearly "90 per cent of LIC and 60 per cent of EM respondents" indicating that they had approached the Fund in this way.⁸

Technical Assistance

The second function of the IMF is the provision of technical assistance (TA). TA is designed to strengthen the human and institutional capacity of countries in developing their macro-economic policies. Comprising 27 per cent of the Fund's spending and often accompanied by training, TA is limited to the "core areas of expertise" of the Fund, which are "macro-economic policy, tax policy and revenue administration, expenditure management, monetary policy, the exchange rate system, financial sector stability, legislative frameworks, and macroeconomic and financial statistics".⁹

About half of all IMF TA was received by low-income and developing countries in 2015, while 40 per cent targeted emerging and middle-income countries. A 2012 IMF TA evaluation survey found that 92 per cent of responding agencies indicated that their staff "values IMF training more than training by other providers on similar topics".¹⁰

Lending

The Fund lends to its members when they experience actual or potential balance of payments problems – in short, a financial crisis or risk of one. To provide emergency finance, the Fund's lending facilities are designed to be loans of last resort, aiming to "ease the adjustment policies and reforms that a country must make to correct its balance of payments problem and restore conditions for strong economic growth".¹¹ The IMF is thus the institution that provides an emergency loan when a country can no longer access it from any other source, such as financial markets. IMF loans come with required economic policy conditions, known as conditionalities, which the member state agrees to undertake in order to receive the financing.

In 2015 the IMF provided \$2.7 billion in concessional lending, meaning charging zero interest, to 17 low-income countries, plus \$112 billion in non-concessional lending to nine countries.¹² During that year, 58 low-income countries held outstanding debts to the Fund.¹³ The volume of loans provided by the Fund, and therefore its influence, grows during times of financial crisis, as each of the five major international debt crises since the 1970s have demonstrated.¹⁴ In the aftermath of the 2008 financial crisis, the Fund has increased its lending firepower from \$250 billion to nearly \$1 trillion.¹⁵ The IMF is the leading international institution shaping macro-economic policy, most directly through its lending conditionalities; however, it is also a gatekeeper, effectively deciding which macro-economic policies are permissible, even in advanced economies.¹⁶

3. The IMF's recent work on gender equality

Since 2013, the IMF has explored the relevance of gender equality to macro-economic growth and stability. This work has so far comprised research and operationalising some of the research findings into the Fund's surveillance function. Research produced by the IMF is explicitly not intended to represent the institutional view of the IMF and does not necessarily inform its policy.¹⁷ However, the research on gender conducted by the IMF, explored in more detail below, has informed a formal guidance note, a type of document used to translate new evidence and policy approaches into practice. The *Guidance Note for Surveillance under Article IV Consultation* was published in March 2015 and classified gender as one of the "structural issues that staff may wish to consider", without further instruction.¹⁸ Reflecting that guidance, some of the research findings were operationalised and adopted into pilot surveillance activities throughout 2015. The IMF has also committed to increase coverage and in depth analysis throughout 2016 on inequality, climate change and energy policies in addition to "gender issues".¹⁹

Research findings

The IMF began to systematically undertake research considering gender equality in 2013 with the publication of the Staff Discussion Note (SDN) *Women, Work and the Economy: Macroeconomic Gains from Gender Equity*, which examined the macro-critical features of female labour force participation (FLFP). Based on the idea that gender gaps in the labour market impose economic inefficiencies, its main finding was that there is ample evidence that when women are able to develop their full labour market potential, "there can be significant macro-economic gains", but that major global gaps in FLFP remain.²⁰ It considered evidence of structural constraints facing women to achieve equal labour force participation such as gender gaps in education and health, as well as high fertility rates. The research made recommendations, most of which focused on macro-economic policy including tax and public expenditure reform. Amongst the recommendations were replacing family with individual income taxation; publicly financed parental leave schemes; public elderly care; comprehensive, affordable and high quality child care; pension reform and investment in pro-women education and infrastructure. Finally, the SDN recommended policies on social and legal anti-discrimination enforcement, increased awareness of legal rights and provision of alternative resolution mechanisms.

A 2015 SDN, informed by the World Bank's *Women, Business and the Law* publications, highlighted how legal barriers can constrain female labour force participation with often major macro-critical impacts. It argued that legal restrictions can create economic inefficiencies as they "restrict access to productive resources and economic choice and prevent the efficient allocation of (labour) resources".²¹ A subsequent 2015 SDN entitled *Catalyst for Change: Empowering Women and Tackling Income Inequality* focused on the linkages between gender and income inequality, which reinforced

the previous findings that both gender and income inequality significantly impede economic growth, finding moreover that "moving from 0 (perfect gender equality) to 1 (perfect gender inequality) on the gender equality index, or GII, can cause an increase of 10 Gini points".²² This suggests that gender inequality should be considered a major source of income inequality.²³ It argued for a focus on complementing redistributive policies with i) correction of gender-based legal restrictions, ii) tax policy reform, iii) fiscal space for priority expenditures such as infrastructure, health and education, iv) well-designed family benefits, v) gender responsive budgeting, and vi) making financing more available to women.

Surveillance

The SDNs' findings have so far only impacted upon one of the three core functions of the Fund: surveillance. The inclusion of data, analysis and, to a limited degree, recommendations featuring female labour force participation was piloted in at least nine Article IV reviews in 2015, including Chile, Costa Rica, Germany, Hungary, India, Japan, Korea, Mauritania and Sweden. Gender equality has not as yet been included in any IMF lending or TA programme.

The breadth of this pilot surveillance work varies widely per review. The 2015 Article IV review of India is limited to one sentence welcoming the improvement of labour market flexibility as a way of boosting falling female labour force participation rates.²⁴ The Article IV review of Sweden demonstrated that even in countries with relatively small gender gaps there is "room for improvement [because] gender equity in participation rates and hours worked could lift Sweden's potential output by 6 per cent."²⁵ The most comprehensive analysis is found in the 2015 Article IV review of Chile, which includes a separate annex on women in Chile's labour market. The review pointed out that narrowing the gender gap in Chile could lead to important macro-economic gains, citing GDP losses due to economic gender gaps equivalent to 17 per cent of GDP.²⁶ The study recommended broad reforms to correct Chile's labour force gender gap, including i) extending early-childhood education and childcare services, ii) improving flexibility in hours of work and promoting a better transition to full-time, permanent jobs, including through strengthening workers' rights to request changes in working hours and the possibility to "reverse" from part-time to full-time hours, iii) investing in transport infrastructure, iv) ensuring a desired take-up of policy measures, through measures like non-transferable or "take-it or lose-it" paternity leave and facilitating access to available subsidies for women workers, and v) reducing gendered occupational segregation through policies that improve gender equality in the labour market.

The Fund's initial attempts at deepening policy advice on gender and operationalising its own analysis are so far limited. Its analysis relies almost exclusively on examination of female labour force participation, which comprises only one element of gender equality. Collectively, the Article IV reports do not draw upon the full breadth of research findings on the barriers to gender equality and the reports vary widely in scope. The operationalisation to date of the findings through surveillance represents only 5 per cent of the Fund's membership and only one of the Fund's core functions. The concern remains that existing activity does not provide a route to graduating this work from pilots to further institutionalisation via Guidance Notes. As such the sustainability of this new approach, despite the obvious benefits to fulfilling the core of the IMF's mandate, remains in question.

4. Reconsidering Macro-Criticality

The Fund's recent work on gender equality prompts the question of what the IMF understands to be 'macro-critical' – the term it uses to indicate what falls within the IMF's scope for policy interventions, and consequently what lies outside of its mandate.

As discussed in Section 3, the bulk of the IMF's recent work on gender applies an FLFP lens. This is a natural choice for piloting gender analysis in a macro-economic review. Identifying the connection between gender inequality and a potentially significant increase in labour supply, and therefore potential economic growth, is relatively straightforward. While the amount of potential growth benefit varies per country, gaps in FLFP are prevalent across all countries and the 2013 SDN demonstrates the significant gains to be made in every economic context. For the purposes of establishing gender equality as macro-critical and therefore relevant to the Fund's mandate, the consideration of FLFP is thus a welcome first step.

However, gaps in FLFP cannot be considered in a vacuum, detached from the shifts in power relations and conditions required to enable women to join the formal labour market, such as safety, health, freedom from unpaid care burdens and quality of work. Without considering these complex and interrelated structural, social and economic gender inequalities as underlying causes and FLFP gaps as a symptom of those causes, the IMF's analysis and policy advice will remain incomplete.

Violence, for example, affects women and girls in their ability to attain livelihoods and economic participation in a variety of ways. Some women are prevented from working in the formal sector by violence, while others may be prevented from controlling their income at home through violence. Violence is also often experienced by women at or on their way to the workplace and can restrict girls in accessing their education, such as when child marriage forces girls to leave school prematurely.²⁷

Violence against women and girls can therefore not only be a cause of FLFP gaps, but it is also integrally linked to other areas that are recognised as being 'macro-critical', such as health and education, as studies from the World Bank have indicated.²⁸ The World Bank further estimated lost productivity resulting from intimate partner violence alone ranged from 1.2 to 2 per cent of GDP annually across countries, not including costs associated with long-term emotional impacts and second-generation consequences.²⁹ Addressing and preventing violence against women and girls requires a variety of measures by a variety of institutions and stakeholders. Some measures, such as creating fiscal space to protect minimum social spending floors for public expenditures on prevention and awareness education, fall directly within the IMF's mandate. It is therefore crucial that the Fund recognise the macro-critical dimensions of violence against women and girls when prescribing macro-economic policies.³⁰

The link between underlying structural gender inequalities and the macro-critical mandate of the IMF is also revealed by the recommendations made in several 2015 Article IV reviews for comprehensive public childcare provision as a means of increasing FLFP. This approach implicitly recognised that women disproportionately carry the burden of child care. If that barrier were to be recognised comprehensively however, promoting women's sexual and reproductive health rights (SRHR) would naturally follow as another way of shifting this time burden away from women. Extensive evidence from the WHO, UN Women, UNFPA, UNICEF and others has documented how promotion of SRHR can lead to significant micro- and macro-economic gains as it reduces healthcare costs, improves productivity and increases rates of education.³¹ Just as with violence against women and girls, SRHR is therefore not only integrally linked to established macro-critical issues, but can also be considered macro-critical as a standalone issue. Yet, while the 2013 SDN recognises fertility as a factor in determining FLFP, it falls short of recommending the importance of sufficient fiscal space to provide critical SRHR services. Comprehensively addressing unpaid care burdens as barriers to female labour force participation would also entail recognising that women do not only disproportionately carry the burden of care for children, but also spend significant amounts of time on other types of unpaid care work, such as caring for the sick and elderly and water and firewood collection.³² Policy advice that neglects these structural barriers will remain incomplete.

This analysis can be extended to a range of other interrelated structural inequalities, such as occupational gender segregation; the gender pay gap; lack of decent work for women; women's power in decision making; access to and control over land, property and financial services; the role of men and boys in achieving gender equality; and addressing deeply-rooted social and cultural norms and power structures. All of these inequalities have macro-critical dimensions and thus could fall under the purview of the IMF.

Similarly, just as the exclusion of women from the labour market causes economic inefficiencies, so does the exclusion of other groups, such as persons with disabilities, who represent 15 per cent of the total population but are disproportionately represented among the poorest and most marginalised, and are excluded from opportunities to access and develop jobs and livelihoods.³³ Achieving full and productive employment and decent work, including for persons with disabilities as described in SDG 8.5, should therefore also be considered part of the IMF's mandate.

However, this is not to say that the Fund should endeavour to provide advice on how to combat violence against women or deliver SRHR services, or provide lending for specific gender equality programmes. Not only would such activities fall outside the mandate and expertise of the IMF, but they fall within the scope of other institutions such as the World Bank, UN Women and national governments, with which the IMF should collaborate to better understand the gendered dimensions of macro-economic policy. Rather, within its unique and specialised role of promoting global economic growth and financial stability, the IMF should expand its understanding of what it deems macro-critical in recognition of the full macro-economic spectrum of gender equality.

5. Conventional Policy Impacts

The IMF has long faced criticisms of the macro policies it imposes through lending conditionalities. The criticisms have highlighted conditionality-driven reforms that have caused regressive shifts in the distribution of power, income and wealth, and which disproportionately affected women and men living in poverty. The IMF's approach has subsequently evolved, in particular in the last decade. The IMF now claims to have moved towards a focus on reducing the number of conditionalities and providing greater country ownership. This has included endorsing the use of social protection floors in low-income countries to safeguard minimum spending on social provision such as health or education. Since July 2015, the Fund has committed to providing Rapid Credit Facility loans to low-income countries at zero per cent interest permanently. Scepticism persists, however, as to whether the IMF's approaches to its most influential functions have fully reflected these changes.³⁴ Despite the IMF's professed move toward fewer conditionalities, greater country ownership and (in the case of LICs) recognition of the need to protect key social provisions, recent studies have identified the IMF's influence on macro-economic policy through its surveillance function as a main contributing factor to the implementation of deep and prolonged austerity measures in developing countries.³⁵

The ILO comprehensively investigated this question for the period following the 2008 financial crisis. It examined IMF government

spending projections contained in the *World Economic Outlook* database for 187 countries, covering the period between 2015 and 2020, and IMF country surveillance reports for 183 countries from 2010 to 2013.³⁶ It found that, after an initial period where the IMF discouraged excessive cuts to spending and contractionary fiscal policy, the IMF subsequently strongly advised public spending cuts and austerity measures across the board from 2010 that were premature in terms of economic recovery.³⁷ Two IMF papers that year called for large-scale fiscal adjustment to be initiated immediately, "even in countries where the recovery is not yet securely underway".³⁸ The ILO review argued that these "suggested reforms became mainstream policy advice in a majority of countries around the world after 2010 and shaped the direction embraced by the economic adjustment programmes agreed with countries facing a sovereign debt crisis".³⁹ Austerity measures recommended by the IMF since 2010 included the elimination or reduction of subsidies (in 132 countries); wage bill cuts or caps (in 130 countries); rationalising and targeting of safety nets (in 107 countries); pension reforms (in 105 countries); labour market reforms (in 89 countries); and healthcare reforms (in 56 countries), as well as broadening consumption taxes (in 138 countries) and privatising state assets and services (in 55 countries).⁴⁰ Four of these conventional policies will be examined below in light of the IMF's commitment to gender equality in the context of the SDGs.

Wage bill cuts or caps

Cutting, capping or freezing public sector wages remained a frequent IMF policy recommendation. These reforms are attractive because public sector wages comprise what is often the largest share of national budgets, but such measures often have a depressive effect on salaries of teachers, health staff and local civil servants. In its lending arrangements, the IMF included wage bill ceilings as a criterion in 17 countries between 2003 and 2005, positioning wage bills cuts directly within IMF conventional policy.⁴¹ This trend continued, as 96 developing countries and 34 high-income countries in total considered this policy stance according to Article IV reports from 2010 to 2013.⁴² More recently, in Zimbabwe, the IMF called for the government to "reign in employment costs" from 82 per cent of government spending to 52 per cent by 2019.⁴³ Similarly, the 2015 IMF review of Jamaica argued that "efforts are urgently needed to sustainably lower the wage bill by creating a smaller and more effective public sector. Such efforts should begin immediately since they will take time to yield results."⁴⁴

In the context of the IMF's commitment to gender equality, cutting, capping or freezing wages or recruitment in the public sector is perhaps one of the most clear-cut ways in which macro-economic policy can undermine gender equality, as such policies disproportionately affect women.

Women make up 58 per cent of the total public sector workforce in OECD countries, as compared to the whole economy where female employment as a share of total employment only reaches 45 per cent.⁴⁵ The public sector is also one of the main employers of women in developing nations. ILO data for 49 developing and transition countries show that the share of women in public sector employment exceeded their share in total employment in a majority of countries.⁴⁶ Women tend to have more opportunities in civil service due to governmental policies on equality of opportunity and treatment, as well as flexible working hours and relative job stability. Wage bill cuts also often include teachers and nurses, which are positions predominantly held by women. However, within the public sector women are also often clustered in lower-level and lower-paid administrative positions, which are more vulnerable under IMF-proposed public sector wage cuts. Recommending increasing FLFP while cutting or capping the public sector wage bill can therefore be contradictory and requires gender impact analysis.

Labour market reforms

Reforms in the labour market commonly prescribed by the IMF generally include lowering minimum wages, limiting salary adjustments to cost-of-living benchmarks, decentralising or limiting collective bargaining and thereby weakening unions' bargaining power, and relaxing dismissal regulations. Commonly called labour flexibilisation, such measures were considered by 49 developing and 40 high income countries as reflected in the Article IV reports of 2010 to 2013.⁴⁷ In Germany's 2015 Article IV report, the IMF argued against measures to strengthen the negotiating power of workers to increase wages.⁴⁸ After the 2008 financial crisis collective bargaining reforms were also a notable criterion in IMF lending programmes to Portugal, Greece, Spain and Romania. In the latter case, a 2011 Standby Agreement abolished the national collective agreement that had previously set the national minimum wage and basic conditions for all Romanian workers. An ITUC report noted that "in the eighteen months since the labour reforms were introduced in Romania, collective bargaining has been reduced by two-thirds."⁴⁹

In the context of an economy where women's position in the formal labour force is already disproportionately vulnerable, labour flexibilisation measures can further set back gender equality as it undermines the quality and conditions under which women work. UN Women has found that collective action, or union-based bargaining, has in fact been crucial to improving women's access to decent work, introducing childcare services, lowering gender pay gaps and attaining safe working conditions.⁵⁰ In that light, Germany's 2015 Article IV review calling for increased high quality childcare while discouraging measures to strengthen the negotiating power of workers seems inconsistent.⁵¹ The 2015 Article IV review of India also found that legal reform to allow women to work night shifts was reported as a successful move towards attaining higher FLFP.⁵²

It neglected, however, to include recommendations for expenditures on supportive interventions such as safe transport provision to safeguard against such reforms potentially exposing women to more violence, as illustrated by the recent multiple high-profile rape cases in India related to women returning late at night from work.⁵³ Therefore, without policy measures ensuring the protection of the quality and conditions under which women join the formal labour force, labour flexibilisation measures can significantly undermine gender equality and the achievement of SDG 5.

Healthcare reforms

Healthcare reforms endorsed by the IMF have often comprised increased user fees and co-payments, rationalising healthcare benefits for vulnerable groups, and expenditure cuts in public health centres and hospitals, including reductions in medical personnel.⁵⁴ The impacts of the latter can be further compounded by public sector wage bill cuts, which often also target medical personnel. Such reforms were considered in 34 developing countries and 22 high-income countries between 2010 and 2013.⁵⁵ In Jordan's 2015 Article IV review, the IMF endorsed the adoption of measures "to reduce health funds outlays, focused on streamlining the eligibility criteria for medical treatment".⁵⁶ The 2015 Article IV review of Austria similarly called for cutting "about a quarter of current health expenditures [or] 2 per cent of Austria's GDP".⁵⁷ Cambridge scholars argued in 2015 during the height of the Ebola crisis that the IMF had promoted policies in Guinea, Liberia and Sierra Leone between 1990 and 2014 through its lending conditionalities that "contributed to underfunded, insufficiently staffed and poorly prepared health systems in the countries with Ebola outbreaks".⁵⁸

Health care reforms as endorsed or required by the IMF have gendered impacts in three specific ways. Women and girls have different and arguably more health care needs than men and boys for biological and societal reasons. For example, globally, 830 women suffer preventable deaths every day due to complications from pregnancy and child birth.⁵⁹ Women also tend to have less access to regular medical care and are more likely to be malnourished. Cutting national health care budgets or rationalising benefits may therefore disproportionately impact women's and girl's health simply because they have a greater need for it.⁶⁰

Second, increasing user fees and co-payments directly and disproportionately impacts women and girls because of their lack of access to resources and inequitable decision-making power on how to spend household resources. Women are less likely than men to be in a position to afford increased user fees for their own care. Girls are especially vulnerable to being cut off from health services as fees increase and their health needs are de-prioritised by restrictive social norms.⁶¹

Finally, health care reforms impact women and girls disproportionately because the burden of replacing these services with unpaid care work most often falls on them. Such policies can simply shift the work predominantly to women and girls, as demonstrated by data from, amongst others, the World Bank, UN Women, the ILO and the OECD.⁶² This dynamic of shifting unpaid care work to women and girls goes largely unrecognised, but it raises two key challenges to the IMF's approach. First, an increased healthcare burden on women's time is a direct obstacle to their participation in the labour market. Even in the European Union, for example, where FLFP gaps are relatively small, "25 per cent of women report care and other family and personal responsibilities as the reason for not being in the labour force, versus only three per cent of men".⁶³ The IMF's recognition of FLFP gaps as macro-critical therefore suggests that any health care reforms it advocates should also be recognised as impacting upon and potentially undermining women's economic empowerment. Second, unequal care burdens expose women and girls to greater health risks, causing more strain on the health care system and undermining their ability to participate in the labour force. A prominent example is the case noted above of Liberia, Guinea and Sierra Leone in the wake of the Ebola crisis. Studies found that the disease disproportionately affected women and girls, largely because of their wide-ranging roles as caregivers, nurses and mothers, as well as economic agents in the informal sector".⁶⁴ Therefore, if gender gaps are deemed macro-critical, health care reforms that undermine gender equality must be considered inconsistent with pursuing economic growth as well.

Value-Added Taxes

A revenue-related approach the IMF often recommends to countries as a way to stabilise their fiscal position is revising consumption-based taxes, such as increasing Value Added Taxes (VAT) or removing exemptions to them. As reflected in Article IV reports between 2010 and 2013, 93 developing countries and 45 high-income countries considered these policies, making it "the most prominent revenue side [policy] considered in response to fiscal pressure".⁶⁵ In its most recent 2015 Article IV reviews, the IMF called strongly for VAT increases in, amongst others, Indonesia, the Bahamas and the United Arab Emirates. It urged them to implement VAT policies immediately, resist any temptation to weaken VAT regimes, and consider VAT increases as a fast and simple way to achieve big revenue gains. During the 1990s, the spread of VAT was vast and it became a crucial component of tax systems across the world, raising about \$18 trillion in tax receipts – roughly one-quarter of all government revenue.⁶⁶ The IMF provides a substantial amount of TA on how to administer VAT, implicitly endorsing this approach to raising revenue. A 2001 IMF publication celebrated that "well over half of all countries that have introduced a VAT during the last twenty years made use of [IMF] Fiscal Affairs Department advice in doing so, and the proportion has been rising."⁶⁷

For example, Kenya enacted VAT reform in September 2013 that "reduced the list of VAT exempt items from 400 to 30 and applied a flat rate of 16 per cent to everyday goods [including electricity]".⁶⁸ As reported in its 2011 Article IV report, the draft VAT bill "reflected input from the IMF's Fiscal Affairs and Legal Departments".⁶⁹

VAT is a regressive tax, or one that sees the proportion of an individual's income expended on that tax fall as income increases.⁷⁰ Consequently, poorer women and men pay a disproportionately high percentage of their income in VAT. This is aggravated by evidence across countries showing that women spend a greater amount of their earnings on the consumables often targeted by VAT, such as food, clothes and medicine, as a result of their high care-related work burdens.⁷¹ Imposing VAT, rather than more progressive forms of taxation, can therefore disproportionately impact women negatively.

From macro-critical to a comprehensive analytical framework

As the preceding chapters have demonstrated, the approach adopted towards gender equality in the IMF's research since 2013 and operationalised in certain surveillance reviews since 2015 is to add FLFP to the list of issues considered macro-critical. While this recognition is indeed important, the IMF's approach nonetheless requires substantial adjustment as it fails to analyse how conventional IMF policies may already impact gender equality, including upon the capacity of women to engage in decent paid work. This is reminiscent of an 'add women and stir' approach to gender equality that does not challenge the structurally gendered dimensions of conventional IMF policy advice.⁷²

Article IV reviews, for example, are designed to focus only on the most important macro-economic developments, creating competition amongst issues to be considered. Adopting gender equality only as an additional issue therefore risks side-lining it when a country is dealing with many other urgent macro-economic issues. Instead, the Fund should examine how its conventional macro-economic policy advice and orthodox approach to assessing policy impacts could be adapted to promote gender equality.

The previous chapter demonstrated how four conventional IMF policies can at times undermine gender equality. Providing conventional policy advice while simultaneously acknowledging the significant potential macro-economic gains from closing gender gaps therefore seems inconsistent and can certainly be counterproductive. While outside the scope of this briefing, a case could also be made for how other conventional policies that the IMF prescribes impact on gender equality. For example, the ILO study cited in Section 4 also identified rationalisation and further targeting of safety nets, and privatisation of state assets and services, as macro-economic policies commonly prescribed by the IMF, considered by 107 and 55 countries respectively between 2010 and

Former UN Special Rapporteur on Extreme Poverty and Human Rights Magdalena Sepúlveda Carmona recently argued that the Fund's approach to social protection is focused on streamlining and targeting only the most vulnerable or poor populations, contrary to the ILO's alternative approach of universal social protection, and could further undermine gender equality. Sepúlveda noted that such unintended consequences appear in conditional social cash transfer programmes, which can use women as instruments to improve their family's lives while increasing their unpaid care burdens.⁷⁴ Privatisation of state assets also often leads to increased user fees, which, as argued above, can disproportionately impact women and girls.

Similarly, many of the arguments on the gendered impacts of health care reforms made above can equally apply to streamlining other public services such as education, infrastructure and social services. Each of these services has disproportionate direct impacts on women and girls as recipients of those services as well as the indirect impact of shifting largely unpaid workloads to women and girls. The ILO and others have also recently published evidence of the possible negative consequences of export-led growth strategies on women's lives in LICs, while others have now published research demonstrating how insufficient international efforts to end tax avoidance and evasion is a gender equality issue.⁷⁵ In order to comprehensively and coherently address gender equality and contribute to SDG 5, the IMF should critically analyse all of its conventional policy advice from two distinct gendered approaches that were developed in the earliest feminist writing on structural adjustment.⁷⁶

First, it should be recognised that all IMF policies impact men and women differently, even if they seem superficially 'gender neutral', as they necessarily operate in highly gendered and unequal economic and social contexts. Notably this argument was endorsed in paragraph 22 of the 2013 IMF SDN on macro-relevant gender gaps. Economic gender gaps exist in nearly every conceivable indicator. For example, women now represent 40 per cent of the global formal work force, with only 50 per cent of women above the age of 15 working in formally recognised employment as compared to 75 per cent of men.⁷⁷ Globally, it is estimated women earn 52 to 60 per cent of men's annual earnings.⁷⁸ Gender-based occupational segregation – whereby women and men tend to be employed in different occupations (horizontal segregation) and at different levels, grades or positions of seniority (vertical segregation) – is widespread, persistent and resistant to change.⁷⁹ Jobs typically performed by women are also widely considered less valuable from the outset, and powerful positions of all kinds are predominantly occupied by men. For instance, out of the 49 finance ministers and central bank directors of the G20 who met in Ankara in November 2015, only four were women. In developing economies, women are 20 per cent less likely than men to have a bank account and have consistently less access to financial services.⁸⁰

In virtually every country in the world, men spend more time on leisure each day while women spend more time on unpaid care work, such that women work more hours (paid and unpaid) than men every day despite their prevailing unemployment and underemployment.⁸¹

Second, and more fundamentally, the argument can be made that rather than endorsing neutral macro-economic policies that operate in unequal contexts, the IMF's macro-economic policies are themselves gendered, as they are predicated upon the hidden labour of women, such as unpaid care burdens, which underpin the overall labour force. Policies focusing on increasing labour force participation that do not recognise, redistribute and reduce women's unpaid care burdens can only exacerbate such structural barriers to equality. While an extensive account of this analysis lies beyond the scope of this briefing, the UK Gender & Development Network's 2016 briefing *Making the Case for Macroeconomics in Gender Equality Work* offers a clear analysis that is applicable to the IMF's approach.⁸²

In the wake of the Fund's new findings recognising gender gaps as a significant macro-economic issue, it is incumbent on the Fund to ensure not only that none of its policies exacerbate existing gender gaps, but that they actively promote gender equality as a core part of achieving its mandate across all three of its core functions.

6. Conclusion

In the context of its commitment to support the SDGs, the IMF has undertaken to deepen policy advice and conduct research on gender inclusion. Its approach to gender equality requires a critical and comprehensive analytical framework because the IMF is a key actor in shaping the macro-economic policies that will make the achievement of women's and girls' rights possible.

This paper has shown that, to properly assess the potential of the IMF's latest work targeting gender equality, it is necessary to also consider the Fund's conventional policy advice and how it may impact and at times even undermine gender equality.

The IMF's gender-specific work has so far been limited to research, which is not designed to represent the views or decisions of the Fund, and piloting of gender analysis in some surveillance reports. The surveillance pilots have suffered from a failure to make full use of the IMF's research findings, and their results have consequently been highly varied. Perhaps most importantly, the research findings have as yet only been incorporated into one of the IMF's three core functions. From an institutional perspective, therefore, the IMF's gender work has thus far been limited and has not been made institutionally sustainable, as there remains an urgent need to explore the implications for the IMF's TA programmes and design of its lending conditionalities.

Second, this analysis has demonstrated that the rationale used by the Fund to consider gender equality as macro-critical, and therefore part of its mandate, can be applied to a wide range of issues that are currently not part of the IMF's analysis or policy recommendations. While the Fund's commitment to SDG 5 broadens its conventional interpretation of what it deems to be macro-critical, this needs to be accompanied by a more comprehensive understanding of the full macro-economic spectrum of gender equality.

Finally, this analysis has shown that conventional IMF policy advice, which is most often fiscally contractionary and places emphasis on indirect tax revenue collection, has specific effects on gender equality. Elements such as wage bill cuts, labour market and healthcare reforms, and VAT enhancement are still commonly prescribed by the IMF and widely implemented at the national level. Each of these policies carries unintended negative impacts on gender equality in a variety of ways. Without critically and comprehensively reviewing its work from a gender perspective – and adjusting its conventional policy advice accordingly – the IMF is at risk of providing inconsistent and counterproductive policy guidance.

Therefore, rather than falling outside the scope of its work, the IMF's commitment to gender equality should be understood as squarely fitting within its mandate and furthermore as required by it. To avoid a limited approach to gender equality the IMF should systematically institutionalise the findings of its gender work across its core functions. To do so comprehensively and consistently, the Fund needs to move beyond FLFP and expand its understanding of what it deems macro-critical in recognition of the entire macro-economic spectrum of gender equality, provide critical gender analysis and reform its policies accordingly to enhance gender equality.

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