

## V. The IMF's role in creating an enabling macroeconomic environment for women's rights and gender equality

This volume has set out to examine the Fund's impacts on women's rights and gender equality. It did so by examining the Fund as a key shaper and enforcer of macroeconomic policy around the world. In particular, the IMF's recent commitment to women's economic empowerment and the SDGs has invited the authors to challenge its approach to achieving these goals and suggest alternative macroeconomic frames and policies.

If the IMF were to reconceptualise its function and responsibilities in the manner proposed by the authors, it could ultimately come to play a positive role in creating an enabling macroeconomic environment for the achievement of human rights, including women's rights and gender equality.

In this regard, it has a long road to travel. Until very recently macroeconomic policy was widely considered to be technical, apolitical and 'gender-neutral' and is still overwhelmingly treated as such in practice. Transforming the IMF into an institution that meaningfully contributes to the development of gender-just macroeconomic policies is a complex and lengthy process with few obvious fixes. The appropriate role of the Fund should therefore be constantly questioned. Within that context this volume concludes with suggestions based on each of the chapter's conclusions on what the Fund should do to play a positive role, and perhaps more urgently, on what the Fund should not do, or stop doing, in order to support the enhancement of women's rights and gender equality.



Somali women and girls wait to see a Burundian medical officer serving with the African Union Mission in Somalia

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## What the IMF should do

Perhaps the most important role the IMF *should* play in creating an enabling macroeconomic environment for women's rights and gender equality is in supporting its member states to develop efficient and progressive ways of collecting sufficient tax to create the fiscal space needed to invest in social welfare. While noting that the Fund is already doing some work in these areas, this would involve further deepening the Fund's policy advice in lending, surveillance and TA on; 1) strengthening tax administration's revenue related functions; 2) tackling illicit financial flows and preventing cross-border tax abuse and harmful global tax competition; 3) developing capacity to increase revenue streams from sources that are more progressive by design, such as corporate, wealth and property tax. The Fund should undertake this work with the understanding that democratic governments have the sovereign right to determine their tax systems, so long as they do not undermine other governments' right to do the same, and that meaningful and democratic international cooperation is imperative to re-write the rules of the global tax regime to ensure that multinational companies and high-net wealth individuals contribute their fair share. Working according to the understanding that supporting countries to collect their taxes in a progressive manner is the principal way in which the Fund can contribute to the achievement of women's rights and gender equality, as well as of the SDGs, would signify a major necessary shift in the Fund's understanding of how gender equality relates to macroeconomic policy.

Subsequently protecting the fiscal space created by the focus on increased revenue generation through progressive and equitable means to invest in women's human rights, including through the sustained support for social and care infrastructure, is the second positive way in which the IMF could enhance a supportive macroeconomic framework.

Third the IMF must formally recognise that women are concentrated in the informal economy. It should adopt policies that recreate the link between employment and social policies, such as increasing contributions to social security systems and supporting social protection policies to enable formalisation, support women to contribute to the economy and improve their earnings through work, and support collective bargaining and freedom of association.

Only after these steps have been taken should the IMF consider providing in-depth macroeconomic policy advice on closing certain gender gaps, such as female labour force participation rates. While the Fund's work on female labour force participation rates is still in its infancy, Chapter IV of this volume argues that increasing female labour force participation rates will never be empowering for women in itself without

improving working conditions in the labour market and creating social protection systems that go beyond the Fund's current social safety net approach.

A number of other initial concerns have also been raised amongst civil society on the IMF's gender-focused work in terms of process.<sup>1</sup> The Fund's approach to this work, in particular in surveillance, still seems varied and ad-hoc. This mirrors the "idiosyncratic factors" recently identified by the IEO in the Fund's approach to determining the 'macro-criticality' of social protection, which the IEO determined was largely up to the "varying levels of expertise and interest" of individual country staff members.<sup>2</sup> This is evidenced by the fact that only one in five of its membership has received the Fund's gender-specific policy advice and by the extreme variation in content and scope of its policy advice, which ranges from single sentences on female labour force participation to full pages of analysis on issues far beyond the Fund's traditional scope of work, such as child sex ratios and "patriarchal attitudes".<sup>3</sup> In short, there is still no systematic, binding guidance for IMF country teams to determine which dimensions of gender equality are 'macro-critical' for specific countries. So far, there are also no known documented cases of IMF country teams consulting with women's rights organisations or informal workers' organisations on its explicit gendered policy advice in bilateral surveillance or lending programmes. In order to achieve its stated objectives, address the concerns raised by this volume and achieve transformative results on the ground, it is imperative that the Fund seek and benefit from the input of women's rights groups as it designs and evaluates its policies, as well as trade unions and civil society more broadly. Finally, the IMF has not institutionalised this work by acquiring in-house gender expertise or dedicating a department or team to strengthening or coordinating this work, risking its sustainability within the institution.

More generally, as the IMF steps up its work explicitly addressing various gender gaps, it should enhance its collaboration with experts in the field of women's rights and gender equality, as the Fund lacks this expertise. This includes in particular UN Women, the ILO and UNICEF, special procedure mandate holders of the UN Human Rights Council, who have recently stepped up their work on the relationship between macroeconomic policies and human rights, as well as civil society experts. This recommendation echoes the conclusion of the IEO's recent report, which noted that the Fund's approach "meshed less well" with rights-based organisations and that "in an area ... where the IMF is not a global leader and must rely heavily on other agencies for in-depth expertise, there is no alternative to the Fund cooperating, and being seen to cooperate, with others willingly and constructively."

### What the IMF should not do

Yet, perhaps more urgent to creating an enabling macroeconomic environment for women's rights and gender equality is that the Fund recognise that it should first *do no harm*. There are many of its current policies and practices that the IMF *should stop* pursuing, as they substantially undermine the achievement of women's rights and gender equality.

Chapter II of this volume demonstrated this in relation to the Fund's policy advice on domestic resource mobilisation, overwhelmingly promoting the introduction or increase of VAT across its membership. The authors argued that, particularly in contrast to taxes on corporations and wealth, indirect consumption taxes like VAT are inherently regressive and carry embedded gender biases in their design and implementation that structurally disadvantage women, particularly in the Global South.

Chapter III examined the harmful impacts on women's rights and gender equality of what could be called the Fund's flagship macroeconomic policy advice; fiscal consolidation. The chapter demonstrated how the IMF still presents fiscal consolidation as the only real option to its members undergoing fiscal stress and that all measures related to austerity have specific, disproportionate impacts on women and impede progress towards gender equality. Its authors conclude that the Fund should move beyond the palliative approach which seeks to mitigate the harmful gender impacts of fiscal consolidation through social safety nets and other such policies, and rather to more effectively assess and promote all available policy options, including the politically difficult ones, to ensure the fiscal foundations for sufficient, equitable and accountable public financing to prevent fiscal crises and their gendered impacts in the first place. Among other recommendations, the authors called on the Fund to refrain from promoting fiscal contractions without ex-ante gender and human rights impact assessments and consider alternatives such as tackling tax abuse which might reduce the need for budget cuts in the first place.

Chapter IV assessed the Fund's policy advice relating to labour and how its delinking of employment from social policies impacts women informal workers in the Global South. The authors came to the conclusion that there is no evidence of a shift in IMF advice towards the promotion of greater equality – across gender and class. It argued the bulk of the Fund's current policies redistribute risk to those workers at the base of the economic pyramid and drives women predominantly from the Global South into informal work. The IMF's focus on increasing female labour force participation rates misses the crucial point that the majority of women in the Global South are already in the labour force, but in the unregulated informal economy. Unchanged, the Fund's emphasis on female labour participation will therefore remain ineffective in improving women's lives. The IMF must therefore stop weakening the link

between employment and social protection and undermining collective bargaining rights in particular.

The commonly-prescribed policies of the IMF analysed in these chapters make up just some of the macroeconomic policies the Fund promotes that have gendered impacts. Other areas should be further explored. For example, the privatisation of public assets and services, often promoted by the Fund, is currently being considered by 40 developing and 15 high-income countries, according to IMF surveillance reports.<sup>4</sup> Yet, how many gender-impact and human rights impact assessments have been conducted prior to the privatisation of state-owned enterprises delivering crucial services? Monetary policy has also been found to have gender biases, through embedded gender inequalities in employment, informal activities and households, yet, this field of work remains largely unacknowledged by the Fund.<sup>5</sup> Even the Fund's ongoing review of its Debt Sustainability Framework would benefit from a gender analysis.

In other words, the IMF should recognise the gendered dimensions and general human rights impacts of each of the macroeconomic policies it promotes by conducting 1) gender and human rights analyses on and 2) ex-ante gendered impacts assessments of all its macroeconomic policy advice, not just of those that explicitly relate to gender.

Subsequently, where it finds policies undermine gender equality or disproportionately adversely impact women, the Fund should resist reverting to its standard approach of, at best, mitigating harmful impacts. This approach is evidenced in the Fund's understanding of social protection, which it wrongly sees primarily as a measure that "mitigates the impact of some reform measures on the most vulnerable in society", rather than a universal human right.<sup>6</sup> This volume's chapter on tax policies, for example, was met with responses from the IMF that most harmful biases in VAT policies can be mitigated through exemptions, while other IMF officials responded to evidence that public wage bill cut disproportionately impact women by exploring cutting public wage bills in ways that hurt women less.<sup>7</sup>

These types of mitigation strategies can only marginally address serious concerns expressed by civil society and human rights and gender advocates in a piecemeal way and may be harmful in that these policies likely help to maintain the unequal and gender-unjust status quo. While it is true, for instance, that VAT can be designed in a way where gendered impacts are significantly minimised, the authors of this volume argue that it is the cumulative impact of the combination of policies prescribed and required by the IMF that are so detrimental to women's rights and gender equality. Addressing the impacts of individual policies therefore misses the point. Rather, this volume has demonstrated that the overall macroeconomic

framework and the standard set of policies enforced and endorsed by the IMF maintains structural gender inequalities and only radical, system-wide change that considers a much wider range of macroeconomic policy options will address that.

For the IMF, this means that it must overcome its penchant for “a high degree of groupthink and intellectual capture”<sup>8</sup>

and look beyond the conventional policy package of VAT, fiscal consolidation and labour flexibilisation and consider all available policy options, including those that are politically harder to achieve. Ultimately, it must significantly reduce or altogether discontinue its policy advice that goes against its and its members’ obligations towards achieving women’s rights and gender equality, and human rights more broadly.



Women working in a brick kiln in India

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## Endnotes

- 1 Bretton Woods Project, *CSO submission to IMF interim surveillance review*, 2017.
- 2 IEO, *The IMF and Social Protection*, 2017, para 75.
- 3 IMF, *IMF Staff Report Article IV review of India*, 2017.
- 4 ILO, *The Decade of Adjustment: A Review of Austerity Trends 2010-2020 in 187 Countries*, 2015.
- 5 Levy Institute, *Gender, Finance and Monetary Policy*, 2009.
- 6 IMF, *Protecting the Most Vulnerable under IMF-supported Programs*, Factsheet, 2016.
- 7 Bretton Woods Project, *Making Tax Work For Women's Rights*, CSPF Session Notes, 19 April 2017.
- 8 IEO, *IMF Performance in the Run-Up to the Financial and Economic Crisis*, 2011.

# The IMF and Gender Equality: A Compendium of Feminist Macroeconomic Critiques

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