Workers at this garment factory in Gazipur, Bangladesh, formed a union with the Bangladesh Independent Garment Workers Union Federation.
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This work is part of the Gender Equality and Macroeconomics (GEM) project, a collaborative effort between the Bretton Woods Project and the Gender and Development Network (GADN), which aims to expose and challenge the ways current macroeconomics policies, particularly those promoted by the World Bank and International Monetary Fund, can undermine gender equality. Working with allies globally, the GEM project encourages economic decisionmakers to promote alternative gender-just policies.
Introduction

In 1995, the United Nations Fourth World Conference on Women in Beijing set out an ambitious platform for action to advance gender equality. This included the understanding that, “Insufficient attention to gender analysis has meant that women’s contributions and concerns remain too often ignored in economic structures, such as financial markets and institutions, labour markets, economics as an academic discipline, economic and social infrastructure, taxation and social security systems, as well as in families and households. As a result, many policies and programmes may continue to contribute to inequalities between women and men.”

Twenty years later, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs), establishing 17 goals to realise sustainable development, which the World Bank endorsed as “fully consistent” with its aims. Central to the SDG 2030 Agenda is gender equality, as articulated in Goal 5 and mainstreamed across the other goals. Goal 5 includes targets on recognising and valuing unpaid care and domestic work through the provision of public services, infrastructure and social protection policies, giving women equal rights to economic resources and ending all forms of violence against women, while other goals include targets to protect labour rights and provide decent work, as well as adopt fiscal, wage and social protection policies to progressively achieve greater equality.

The World Bank is widely regarded as a leading expert on gender equality in development and has committed to promoting gender equality as a critical part of its twin goals of ending extreme poverty and boosting shared prosperity. Its gender strategy for 2016 to 2023, called Gender Equality, Poverty and Inclusive Growth, outlines four strategic objectives: “to improve human endowments”; “removing constraints for more and better jobs”; “removing barriers to women’s ownership and control of assets”; and “enhancing women’s voice and agency”. Yet, despite the focus on women’s socio-economic status through the lenses of income, employment and assets in its gender strategy and, arguably, increasingly at the project level, there has been little focus on the question of whether and how the World Bank impacts gender equality and women’s rights through the macroeconomic policies it prescribes, either through its lending instruments or diagnostic processes.

The World Bank is a significant actor in shaping global macroeconomic policy discourse and can have major impacts on the macroeconomic policies of borrowing countries. The most direct way that the Bank does this is through Development Policy Financing (DPF), the World Bank instrument that provides credits, loans or guarantees to a borrowing country through fungible budget support, conditioned on certain policy reforms, including macroeconomic policy reform.

This briefing explores how the Bank addresses the ways in which it impacts gender equality through macroeconomic policy conditions in Development Policy Operations (DPOs). It will present how the Bank shapes macroeconomic and gender policymaking, examine how DPF is designed and illustrate how gendered impacts are examined in practice in DPOs, by using several recent examples of DPOs. It aims to stimulate further discussion on the linkages between gender equality, macroeconomic policy and the role of International Finance Institutions (IFIs), ultimately to help create an enabling macroeconomic policy environment for gender equality.
1. Setting the scene

1.1 Gender equality and the macroeconomic policy environment

Women and girls face multiple and intersecting barriers to fulfilling their social, political, cultural and economic rights. Globally, women face significant socio-economic disadvantages compared to men, undermining the achievement of gender equality and the realisation of women’s human rights. Despite working longer hours than men, women earn less across all sectors, and are more likely to work in precarious occupations with less security and social protection, as well as in the most vulnerable and lowest paid informal employment. Women are more likely to live in poverty than men in the majority of countries, and face pervasive sexual harassment and violence in the workplace and at home. On average, women do almost two and a half times as much unpaid care and domestic work as men.

All of these inequalities have macroeconomic dimensions that need to be urgently addressed. In 2017, the UN High Level Panel on Women’s Economic Empowerment came to this same conclusion, noting that:

“Macroeconomic policies are crucial enablers of gender equality because they shape the overall economic environment for advancing women’s economic empowerment.”

Yet, the dominant, orthodox macroeconomic policy framework currently in place and promoted by IFIs, in particular the World Bank and IMF, largely fails to address the structural disadvantages faced by women, in particular women’s disproportionate engagement in unpaid care work.

This ‘gender-blind’ approach to macroeconomic policymaking fails to account for the millions of women in low-paid, poor quality jobs, often without basic rights at work. It does not address women and men’s different consumption, production and reproduction patterns, and women’s greater reliance on public services and social protection, like maternity or universal child benefits. Conversely, fiscal consolidation measures promoted by IFIs, like cuts to public spending on care infrastructure and social services, further targeting social safety nets, labour flexibilisation and regressive taxation, disproportionately impact women and further shift the burden of care onto women’s shoulders.

The continued dominance of this policy approach is evident in analysis of spending projections after the 2008 economic crisis, which predict that overall, this set of macroeconomic policies are expected to be applied in more than two-thirds of all countries between 2016 and 2020, affecting more than six billion people or nearly 80 per cent of the global population by 2020. The adoption of this standard set of austerity policies has led the International Labor Organization (ILO) to label the current period as “the decade of adjustment”.

Achieving substantive gender equality must be underpinned by access to ‘decent work’, as defined by the ILO, recognising, redistributing, reducing and valuing unpaid care work, promoting universal gender-transformative social protection and progressive taxation measures, rooted in women’s participation in macroeconomic decision-making. It will require a fundamental transformation of economic and social institutions at every level of society, from households to governments and ultimately, the IMF and World Bank.

1.2 The World Bank and macroeconomic policy

Although the IMF is often considered to be the global arbiter of macroeconomic policy, the World Bank also exerts significant influence over its members’ economies, often in conjunction with the IMF. It does so through its project and policy financing, accompanied by its diagnostics, and its research, rankings and technical assistance.

The Maximising Finance for Development (MFD) approach, which establishes a private sector-first strategy to crowd private investment into infrastructure and social services provision, significantly shapes the World Bank’s macroeconomic policy work. Adopted in 2017, MFD represents the World Bank’s solution to the SDG “financing gap”, established during the 2015

13 Ibid., p. iii.
14 Decent work has become a universal objective and has been included in major human rights declarations, UN resolutions and outcome documents from major conferences including Article 23 of the Universal Declaration of Human Rights (1948), the World Summit for Social Development (1995), World Summit Outcome Document (2005), the high level segment of ECOSOC (2006), the Second United Nations Decade for the Eradication of Poverty (2008-2017), Conference on Sustainable Development (2011) and in the UN’s 2030 Agenda for Sustainable Development (2015).
16 UN Women, Progress of the World’s Women, 2015, p. 4, para. 10.
Financing for Development Conference. The MFD approach is based on the assumption that governments should opt for private sector financing in the delivery of sustainable development first, and only opt for public finance if all efforts to attract private sector finance through de-risking and establishing “enabling environments” for businesses fail. Rather than financing services directly with public finance, MFD thus limits the role of the state to facilitating private investment by transferring risks away from the private sector and absorbing them itself; an approach that remains, “fundamentally incompatible with women’s rights and sustainable development that leaves no one behind”.

Central to the MFD approach is the World Bank’s role in creating an “enabling environment” for greater private investment through its country programs, which includes policy reforms in DPOs. It builds on the World Bank’s Doing Business report, which ranks countries on the basis of business-friendly regulatory laws across ten areas. A Eurodad study of prior actions for DPOs in 2017 found that the most common conditions of World Bank DPOs related to enhancing the role of the private sector. The Eurodad study highlighted a range of policy reform measures, from privatisation, to the facilitation of public-private partnerships (PPPs) in infrastructure and social provisioning, to liberalising energy and telecommunications markets. Yet, a broad range of other macroeconomic policies promoted in World Bank DPOs also facilitate a private-sector first approach. This includes squeezing the public sector and undermining worker’s rights, in favour of private interests through reforms to the public wage bill, labour market reforms and tax reforms.

In addition to its role as a lender, like the IMF, the World Bank also monitors the global macroeconomic environment, with a strong focus on economic growth and productivity. Every year, it produces the Global Economic Prospects report, which analyses regional and global growth prospects and ‘topical issues’ like debt and investment. It also produces Country Economic Updates twice a year for most countries. Its World Development Indicators measure, among other areas, economic growth, macroeconomic vulnerability and debt, private sector development, public sector management, social protection and labour across 217 economies.

The Bank’s Macroeconomics, Trade & Investment Global Practice (MTI) is a joint World Bank-International Finance Corporation (IFC, the private sector arm of the World Bank) team that works with countries through diagnostics, strategies, policy lending and analysis on issues relating to taxation, growth strategies, public expenditures and public debt. The Poverty & Equity Global Practice and MTI also jointly produce semi-annual Macro Poverty Outlook reports for different regions, with forecasts and corresponding datasheets for each country within the region. These, in turn, are designed to guide the Bank’s engagement with borrower countries, through its Systematic Country Diagnostics, Country Partnership Frameworks and lending.

1.3 The World Bank and gender equality

The World Bank first launched a strategy of action to integrate gender into its work in 2001, followed by a Gender Action Plan in 2007, which established the Bank’s approach to gender equality as “smart economics” – a “business case for expanding women’s economic opportunities”. Its overarching gender policy, Bank policy (BP) 4.20, last updated in 2015, established that the Bank “periodically assesses the gender dimensions of development” where it has an “active assistance program”. This policy guides the implementation of what the Bank terms “gender-responsive interventions” in its Country Partnership Frameworks, which establish country-level development goals and guide World Bank support to borrowing countries.

The 2012 World Development Report (WDR), entitled Gender Equality and Development, maintained the Bank’s past approach to gender as an economic interest, with a strong focus on women’s labour force participation and increasing women’s income and assets. It noted that in order to address gender inequality, there was a need for policymakers to examine households, markets and institutions, as well as the interactions between them, with a particular focus on the gender dynamics within the household. The report was followed by other more specific reports, such as Gender at Work (2014) and Voice and Agency (2014).

In 2015, the World Bank launched its gender strategy for 2016 to 2023, called Gender Equality, Poverty and Inclusive Growth, which built on the conceptual framework of the 2012 WDR. The strategy established that,

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22 Bretton Woods Project, Gender-Just Macroeconomics II: The World Bank’s privatisation push, p. 5.
23 Development Committee, Forward Look, p. 5.
25 27.7 per cent of all prior actions in 2017 were intended to enhance the role of the private sector. With 15.4 per cent corresponding to the indicators of the Doing Business report and 11 per cent directly linked to the implementation of the MFD strategy, from G. Brunswijck, Flawed conditions: The impact of the World Bank’s Conditionality on Developing Countries, Eurodad, 2019, p. 2.
31 Ibid., p. 2.
“gender equality is a core development objective in its own right”, but also a “smart development policy and business practice”.\textsuperscript{33}

It contained four strategic objectives to: “improve human endowments, remove constraints to more and better jobs, remove barriers to women’s ownership and control of assets and to enhance voice and agency.”\textsuperscript{34} The strategy had a strong focus on deepening the Bank’s country-driven approach to gender equality, developing a more strategic, results-based approach and establishing a stronger monitoring system.\textsuperscript{35}

The Bank’s gender strategy identified that women are more likely to do care work, which should be redistributed both within the household and “between households and private and public providers”, and that women face “occupational sex segregation”.\textsuperscript{36} However, in response to the draft of this strategy, civil society called for,

“a more comprehensive approach to achieving substantive gender equality that moves away from a strict economic understanding of women’s economic empowerment.”\textsuperscript{37}

These critiques highlighted that the strategy failed to confront the structural causes of gender inequality, not only lacking a coherent human rights framework as a crucial foundation for its analysis, but also failing to identify current macroeconomic policies and trends as a major underlying impediment to gender equality. As a result, the Bank’s current frameworks for analysing its work from a gender perspective have a critical blind spot, largely neglecting the impacts of its macroeconomic policy advice on gender equality.

\textsuperscript{33} World Bank Group, \textit{2016-2023 Gender Strategy}, p. 11.
\textsuperscript{34} Ibid., p. 30.
\textsuperscript{35} Ibid., p. 28-9.
\textsuperscript{36} Ibid., p. 44, 41.
2. How Development Policy Financing impacts gender equality

2.1 Development Policy Financing

Development Policy Financing is one of the financing instruments provided by the World Bank Group to support Development Policy Operations. Between 2005 and 2015, the Board approved $117 billion worth of DPF commitments for 630 DPOs, averaging 29 per cent of total Bank lending, although this rose to nearly 40 per cent in the aftermath of the global financial crisis.38

DPF takes the form of credits or loans issued by the International Development Association (IDA), the Bank’s low-income arm, or the International Bank for Reconstruction and Development (IBRD), the Bank’s middle income arm) depending on the income of the borrowing country, or the Multilateral Investment Guarantee Agency (MIGA) for guarantees.

The World Bank claims that DPF is aimed at supporting “a Member Country’s program of policy and institutional actions that promote growth and sustainable poverty reduction.”29 It is an instrument for general budget support and therefore finance cannot be earmarked for specific projects, unlike the Bank’s Investment Project Financing (IPF). These operations do however contain conditions in the form of policy reforms, specific to the member country, from macroeconomic reforms, to more sector-specific reforms. This briefing focuses on macroeconomic policy reforms, particularly those relating to expenditure and taxation policy, included in several recent DPOs, as a crucial but often overlooked driver of gender inequalities.

Development Policy Operations are agreed between the Bank and borrowing country, whereby policy and institutional actions are decided in the loan agreement and set-out in more detail in a program document. Each DPF operation must be approved by the World Bank’s executive directors, in accordance with the Bank’s Articles of Agreement.40 The Bank claims that DPOs are, “supportive of, and consistent with, the Member Country’s economic and sectoral policies and institutions aimed at broad-based sustainable growth and efficient resource allocation.”41 The extent to which these prior actions are actually agreed in a program document. Each DPF operation must be approved by the Bank’s executive directors, in accordance with the Bank’s Articles of Agreement.40 The Bank claims that DPOs are, “supportive of, and consistent with, the Member Country’s economic and sectoral policies and institutions aimed at broad-based sustainable growth and efficient resource allocation.”41 The extent to which these prior actions are actually agreed in partnership remains a subject of debate.62

DPOs contain legally binding conditions called “prior actions”, often policy or legal reforms, and non-legally binding “indicative” conditions called “triggers”.43 The 2015 World Bank Development Policy Financing Retrospective found that operations contain on average eight prior actions.44 However, each prior action can contain multiple policy or legal reforms.45 To approve operations, i.e. the disbursement of a loan, the Bank must be satisfied that the borrowing country has maintained an “adequate macroeconomic framework”, according to the Bank’s assessment, and will implement the prior actions upon disbursement.46 DPOs are often issued in a programmatic series, with two or three focussed on the same area over a number of years.

DPF is the most direct way in which the World Bank can influence macroeconomic policies and is a key part of the Bank’s engagement with macroeconomics. It is therefore crucial to explore DPF from a gender perspective, to examine how far it hinders or enables gender equality and women’s rights.

2.2 Poverty and social impacts

Despite long-standing civil society objections,47 the Bank’s Environmental and Social Framework (ESF), updated in 2017, which sets out environmental and social safeguards of Bank-financed projects, does not apply to DPOs.48 Yet, in a 2015 report of environmental and social risks in DPF between 2005 and 2014, the World Bank’s Independent Evaluation Group (IEG) established that, “if the World Bank is supporting far-reaching member country reforms that are intended to contribute to the twin goals, then it should seek to understand the impact of those reforms on the poor.”49

Although there are no safeguards for DPF, the overarching policy for DPF prescribes the Bank’s approach to risks in operations. It states that the Bank must determine whether, “specific policies supported by the operation are likely to have significant poverty and social consequences, especially on poor people or vulnerable groups.”50

To determine this, the Bank conducts a Poverty and Social Impact Analysis (PSIA), which is outlined in the program document for each operation. If any prior action is found to have “likely significant effects”, the Bank must summarise “relevant analytic knowledge of these effects”, highlighting the borrowing country’s

40 Ibid., p. 4, para. 11.
41 Ibid., p. 3, para. 6.
42 See for example, Bretton Woods Project, IMF and World Bank’s Influence on Economic Policy Making in Developing Countries, minutes of civil society Policy Forum panel session, 16 April 2016.
44 World Bank Group, Development Policy Finance Retrospective, p. 15.
45 G. Brunswijk, Flawed conditions, p. 1.
49 IEG, Managing Environmental and Social Risks in Development Policy Financing, 2015.
systems for “reducing adverse effects”. If there are significant gaps in the analysis or shortcomings in these systems, the Bank must describe how “gaps or shortcomings would be addressed before or during program implementation, as appropriate.”

There is, however, limited guidance within the Bank on what constitutes “significant poverty and social consequences”. The 2015 IEG report highlighted that there is “no formal definition” of such risks in Bank policy, which it described as “vague”. While there are several guidance notes relating to PSIA, including the 2013 Guidance Note on Using Poverty and Social Impact Analysis in DPLs (Development Policy Lending, formerly the name for DPF), the IEG report highlighted that the variance in usability and quality of these notes, coupled with the fact that there is no formal procedure in policy, has created incentives for “deproritizing” the management of environmental and social risks. The IEG’s more recent 2017 Results and Performance report also noted that management of environmental and social risks in DPF could be “improved”.

In its report, the IEG identified significantly more actions with risks of negative environmental or social effects than were highlighted by World Bank task teams, which indicated, “underreporting of potential risks” and “inconsistent” identification of risks by Bank staff. It stated, “Policies that were identified as having risks in some operations were not identified as risky in other operations that supported similar policies—and without a clear justification based on context”. The use of PSIA was described as “uneven” and left as a “matter of judgement” for staff.

The report further highlighted that, “After a policy action is implemented, there is at present no formal system in place in the Bank to monitor and evaluate environmental and social risks and their mitigation”, pointing to a lack of attention given to negative environmental and social risks in Implementation Completion and Results Reports (ICRs). It concluded, “The policy, procedures, guidance, and practices are characterized by a number of gaps and inconsistencies, vaguely defined concepts, a lack of accountability, and misaligned incentives.”

Although World Bank management questioned the IEG’s methodology and criteria for its report, it did concede that “implementation of the environmental and social requirements of the operational policy…should be further strengthened.” It set out its actions on this in its summary of proposed measures in the 2015 Development Policy Financing Retrospective, such as introducing a new environmental and social effects screening table in DPF program documents, preparing updated guidance on environmental effects and strengthening internal capacity “to undertake due diligence reviews of environmental and social effects”. In the Retrospective, the Bank described PSIA coverage as remaining “inadequate” and stated that “continued attention is needed to ensure that PSIAs are conducted for all prior actions that are likely to have significant effects, especially negative ones.”

52 Ibid.
53 IEG, Managing Environmental and Social Risks, p. xii.
54 Ibid.
55 IEG, 2017 Results and Performance, 2018, p. 20.
56 IEG, Managing Environmental and Social Risks, p. x, xii.
57 Ibid., p. xi.
58 Ibid., p. xii, 47.
59 Ibid., p. xi.
60 Ibid., p. 29.
63 Ibid., p. 40, 41.
2.3 Gendered impacts

In relation to gender, the PSIAs can include a standalone gender assessment, but this is not a requirement and many do not conduct any gender analysis. The Bank's Retrospective stated that, “DPOs have an increasing focus on gender”, with 43 DPOs (out of 599) having at least one prior action focusing on gender between 2005 and approved until 2014.64 By this, it meant prior actions that include, “targeting of supported programs or actions towards women or girls”.65 However, there is less clarity around whether and how the Bank is assessing the gendered dimensions of social and poverty risks regarding prior actions that are not gender-specific, or those that explicitly target women and girls, but may have differential gendered impacts, such as labour market reforms. This is particularly telling and reflective of the IEG’s overall findings relating to inconsistency of PSIAs, as relatively comprehensive guidance on this was published by the Bank as far back as 2013.

In 2013, the World Bank published a guide on integrating gender into PSIAs and a corresponding good practice note.66 The guide stipulated that,

“Gender is a relevant dimension of policy reform impacts that is largely neglected in PSIA.”67

It highlighted that, “Gender integration in PSIA refers to the process of understanding the implications of policy change or a reform for different groups of women and men” and, “that each group is affected differently by social, political, and economic processes.”68 It listed several questions for Bank staff to address to help evaluate the gendered impacts of reforms relating to employment, prices, access to goods and services, assets, transfers and taxes. The guide also suggested that Bank staff account for women and men’s different roles within social and market institutions. It advised that, “women have different networks than men and may not be equally represented in interest groups in the sectors affected by the reform”, which can affect their ability to “claim benefits of a reform and influence its design”.69

However, these guides do not contain any mandatory procedures and it remains unclear how often they are used to inform PSIAs. There is no mention of gender impacts in the Bank policy for DPF – the only document outlining mandatory, official procedures for DPF. Moreover, the IEG highlighted that,

“there is no explicit requirement for input from qualified experts in the official processing instructions,”

64 World Bank Group, Development Policy Finance Retrospective, p. 16, 15.
65 Ibid., p. 17.
67 World Bank Group, Integrating Gender into Poverty, p. 2.
68 Ibid.
69 Ibid., p. 11.

which presumably includes the gender and poverty teams inside the World Bank itself.70 The guide stated that, “[incorporating] a gender perspective in policy design and implementation can help identify opportunities for redressing gender constraints, therefore promoting greater gender equality, which is a fundamental human right.”71

Given this, the following section examines a number of recent macroeconomic policy reforms introduced as prior actions in recent DPOs, which could have disproportionate negative impacts on women. It analyses the World Bank’s PSIAs in relation to these impacts, using the 2013 Integrating Gender into PSIA note as a guide. While this analysis is not a comprehensive stock-taking of the gendered impacts of DPF, the cases below aim to illustrate how PSIAs and gender analysis are operationalised in practice in several cases, raising a number of questions and concerns.

64 World Bank Group, Development Policy Finance Retrospective, p. 16, 15.
65 Ibid., p. 17.
67 World Bank Group, Integrating Gender into Poverty, p. 2.
68 Ibid.
69 Ibid., p. 11.
70 IEG, Managing Environmental and Social Risks, p. xii.
71 World Bank Group, Integrating Gender into Poverty, p. 3.
3. Development Policy Financing and gender equality in practice

3.1 Wage bill cuts and privatization in Serbia

Cutting, capping or freezing public sector wages was a prior action in several recent development policy operations, such as the 2018 Gabon Fiscal Consolidation and Inclusive Growth DPO (P159508), the 2018 Montenegro Fiscal and Financial Sector DPO (P166205), the 2017 Egypt Second Fiscal Consolidation, Sustainable Energy & Competitiveness DPO (P161228) and the 2017 Gambia Emergency DPO (P163285). The World Bank and IMF commonly mandate these reforms, often as part of broader fiscal consolidation programmes, to reduce public expenditures because public sector wages frequently comprise a large share of national budgets.

However, the public sector also tends to be a major source of employment for women in particular, especially in front-line service delivery like teaching and health work. Within the public sector, women are also often vertically segregated in lower-level and lower-paid positions, which are often more vulnerable to public sector wage cuts. Due to higher unpaid care work burdens and gender-specific needs, women are often the most reliant on public services, and are therefore more likely to be adversely affected if such cuts lead to a reduction in public service delivery. When such policies are introduced, women’s labour force participation rates can thus be directly and disproportionately impacted and their opportunities to access ‘decent work’ undermined, while potentially also reducing women’s access to crucial services.

Addressing constraints to women’s participation in the labour force, income earning opportunities and access to productive assets are crucial components of the Bank’s Gender Strategy, which highlighted this as a “frontier area for the Bank”. This concern was also reflected in the Bank’s note on Integrating Gender into PSIAs, which stated that,

“The reforms of public sector downsizing and trade liberalization, women in the public sector can be affected disproportionately.”

It highlighted that such impacts can “take place on multiple levels”, using the example that, “loss of a job and earnings by women, due to the contraction of a sector where women are employed...may well translate into less bargaining power for women in the household.” To examine how the Bank deals with these dynamics in practice, the case of Serbia is particularly illuminating.

In 2016 and 2018, the World Bank issued DPF loans to Serbia to reform public expenditure and public utilities, with the stated aim to “improve public expenditure management.” These loans contained prior actions to both cap the wage bill and contain public sector wages. The first loan in 2016 contained prior actions for the government to adopt the Law on the Ceiling on Public Sector Employees, which determined the limits on the number of employees in the public sector. By the end of 2017, the new law resulted in a net reduction of 28,500 public sector employees relative to the end-2014 baseline.

This was further consolidated by the 2018 follow-up loan, which set a prior action for the government to update institution-level limits on the number of employees in the public sector. Secondly, the 2016 loan required the adoption of the umbrella Law on the Salary System of Public Sector Employees, to “rationalize” the public sector pay and grading system, with a particular focus on the education, health and social protection sectors. This law introduced a new grading system, which established pay scales for each grade “to control and contain wage costs”, “reflecting current market conditions and fiscal constraints.” It also aimed to reduce opportunities for certain compensation arrangements for public administration employees through the law. The 2018 loan contained a follow-up prior action to reform the law to further provide the legal basis for transitioning to the new pay grades.

Serbia has the largest share of people who do not work, especially the unemployed, in the working-age population of the EU. Research shows that, in Serbia, women represent almost two-thirds of workers in the public sector and they are typically concentrated in the lower-paid sectors, such as education, health and social protection, where they face a “hidden” wage gap. In the health sector, 75 per cent of workers are women, especially the unemployed, in the working-age population of the EU.

73 World Bank Group, 2016-2023 Gender Strategy, p. 41.
74 World Bank Group, Integrating Gender into Poverty, p. 5.
75 Ibid., p. 4.
78 World Bank Group, Program ...Republic of Serbia, 2018, p. 15.
79 Ibid.
80 World Bank Group, Program ...Republic of Serbia, 2016, p. 18, prior action #3, trigger #3.
81 Ibid., p.17, 18.
82 World Bank Group, Program ...Republic of Serbia, 2018, p. 16.
83 Ibid., p.16, prior action #3.
84 M. Arandarenko, G. Krstic, J. Zarkovic Rakic, Analysing Income Inequality in Serbia, Belgrade From Data to Policy, Friedrich Ebert Stiftung Belgrade, 2017, p. 4.
86 M. Dokmanovic, Gender Analysis for Serbia, 2016, p. 57.
while this stands at 71 per cent of workers in the education sector.\textsuperscript{87} Prior actions to reduce the number of public sector employees and contain wages, especially in these sectors, are thus very likely to have a direct negative impact on women’s employment rates in particular and a potential depressive effect on the income and economic security of women who already occupy a more vulnerable position in the labour market. \textit{Despite this national context, the PSIA for the 2016 loan did not highlight any “poverty, social or distributional effects” relating to the Law on the Salary System of Public Sector Employees.}\textsuperscript{88}

In the PSIA for the 2018 loan, the World Bank concluded that the legislative changes relating to public sector wages outlined in the prior actions are not expected to have “significant adverse distributional impacts”.\textsuperscript{89} The reason given was that the laws only stipulate the “recategorization” of public workers, and contain “no adverse salary adjustments”.\textsuperscript{90}

In relation to the overall reduction in the number of public sector staff, the PSIA for the 2016 loan did acknowledge that the reform could “adversely impact affected workers”, especially in public administration (education and health specifically), which is “mostly female”.\textsuperscript{91} It further highlighted that the “rightsizing” was expected to have “gender dimensions”.\textsuperscript{92} This was further reflected in the 2018 loan, which stated that “expected staff reductions are larger” in the health and the education sectors, where “workers are mostly female”.\textsuperscript{93} However, it then suggested that monitoring the retrenchment process for affected employees and including women as a priority group for the National Employment Service (NES) would mitigate this impact, without presenting any evidence to this effect.\textsuperscript{94} It is unclear how the NES will fully mitigate the impact of redundancies on these women and their lost incomes, especially in a country with such high unemployment, where private sector wages are low.

These operations built on Serbia’s multi-year fiscal consolidation programme introduced in 2014, which included an overall ten per cent cut to public sector wages (on advice from the IMF) and a hiring freeze, which was followed by an IMF Stand By-

\textsuperscript{87} World Bank Group, \textit{Program …Republic of Serbia}, 2016, p. 31.
\textsuperscript{88} Ibid., p. 53.
\textsuperscript{90} Ibid., p. 30.
\textsuperscript{91} World Bank Group, \textit{Program …Republic of Serbia}, 2016, p. 31-2.
\textsuperscript{92} Ibid., p. 55.
\textsuperscript{93} World Bank Group, \textit{Program …Republic of Serbia}, 2018, p. 54.
\textsuperscript{94} Ibid., p. 31-2.
Arrangement in 2015. Collectively, these earlier measures already caused teachers and health workers to strike in November 2014. Zoran Savic, head of the Union of Employees in Health and Social Services, told news agency Reuters at the time:

“We’ll maintain only a minimum level of work, which means only urgent cases, children, and pregnant women will receive treatment.”

He noted that the union’s members earned on average 45,000 dinars a month, or approximately 450 USD.96

In this context, using the Bank’s 2013 Integrating Gender into PSIA note as guidance, questions are raised as to why the Bank did not anticipate that these prior actions could have significant distributional and disproportionate impacts on different groups of women, mirroring the IEG’s concerns about underreporting risks.

Following the guidance, there seems to be no evidence of the Bank asking how women and men may be differently impacted by the reforms as beneficiaries of the consolidated public services, nor did it recognise that existing gender inequalities can affect women’s ability to make use of the compensatory measures of a reform. There is also no evidence of the Bank a-priori exploring proposed alternative policy approaches to contractionary wage bill reforms, such as countercyclical stimulus policies recently proposed by the IMF,97 or taking steps to support progressive income tax.

In the years since these reforms, the Serbian government has also weakened labour protections, removing mechanisms for ensuring labour rights are protected, and even abolishing specialised labour rights courts.98 While these policies are not directly the result of World Bank prior actions, it speaks to the need to understand the broader policy context in examining how gender equality is affected in a particular country, and it is especially the cumulative impact of fiscal consolidation policies that can be particularly devastating to women’s rights.99

In this sense, Serbia also serves as a particularly revealing example of another macroeconomic policy proposed by the World Bank; the privatisation of public enterprises. Privatising public sector companies can have many negative impacts, from increases in prices for users and restricted access to services, to worker redundancies. As has been well-established, these changes often carry disproportionate impacts on women, particularly due to greater unpaid care work burdens, lower wages, labour market segregation and other entrenched gender inequalities.100

In 2015 and 2016, the World Bank issued DPOs aimed at structural reform of the state-owned enterprise sector in Serbia, with the aim of reducing state support for the sector and unlocking the privatisation of enterprises in the government’s Privatisation Agency (PA) portfolio. The first reform included prior actions to enact a new privatisation law and amendments to the bankruptcy law, which would remove protections for indebted companies and allow creditors to trigger bankruptcy.101 As part of this reform, the DPO also contained prior actions for resolving 140 companies within the PA using the capital sale or asset sale model, and for 188 PA companies to be resolved through bankruptcy.102 The second loan issued in 2016 contained a follow up prior action for all remaining enterprises in the PA portfolio to be privatised and for the government to initiate formal bankruptcy procedures on those that could not be privatised.103

The Bank acknowledged that the privatisation reforms were “controversial” and would “impact a large number of workers”, especially where enterprises are made bankrupt.104 The PSIA focused solely on the impacts of anticipated job losses from the reform (expected to be 30,000), not the “overall poverty impact”, which it concluded would be too difficult to estimate.105 It highlighted that workers made redundant from the privatisation process would likely find it difficult to become reemployed and may need to find work in the informal sector.106

The PSIA also stated that the impact of compensation schemes for workers made redundant in the past due to privatisation, like the government’s Transition Fund, did not have a lasting impact on household budgets and emphasised the limited impact of the NES scheme, especially for older workers.107 Despite this analysis, resourcing financial assistance schemes for compensation and the targeted expansion of the NES were the prior actions introduced as part of the loan, in response to this PSIA.108 Moreover, while the PSIA highlighted concerns with lacking financing of previous compensatory schemes, the corresponding prior action on financial assistance for workers made redundant called for this assistance to be capped for “financial sustainability”.109

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96 Reuters, Serbian teachers, doctors announce strikes over pay cuts, 2014.
98 See Dokmanovic, Gender Analysis for Serbia, for gender analysis of Serbia’s labour laws, labour rights violations against women and the abolition of specialised labour rights courts, p. 19-21, 57.
101 World Bank Group, Program document for a proposed development policy loan in the amount of Eur 88.3 million to the Republic of Serbia for a first programmatic state-owned enterprises reform DPL, 2015, p. 18-19, prior action #1.
102 Ibid., p. 19, prior action #2.
103 World Bank Group, Program document for a proposed development policy loan in the amount of Eur 89.8 million to the Republic of Serbia for the second programmatic state-owned enterprises reform operation, 2016, p. 23, prior actions #1 and #8.
104 World Bank Group, Program document…state owned enterprises reform DPL, p. 18.
105 Ibid., p. 31, 30.
106 Ibid., p. 31.
107 Ibid., p. 32.
108 Ibid., p. 25, prior actions #7 and #8.
109 Ibid., p. 25.
This illustrated that, where measures to mitigate the poverty and social impact were applied in response to concerns raised in a PSIA, by its own analysis, they were evidently not adequate in addressing those concerns. Other prior actions to support redundant workers in the 2015 and 2016 loans included removing disincentives for formal employment and encouraging participation in public works programmes. However, these prior actions did not fully address the concerns raised in the PSIA that workers made redundant will find it difficult to regain employment in the formal sector.

In the gender assessment, the PSIA focused on cultural norms relating to gender differences, highlighting that women are “more resourceful” in supplementing the family income, and are “more likely to adapt to their changed circumstances by continuing to engage in their traditional roles as home makers and primary care takers for their family members.” This essentialising of women’s role in the household fails to account for the harmful impacts of privatisation on women workers, instead further entrenching gender stereotypes.

This DPO was followed by a complementary loan series to Serbia in 2016 and 2018 (discussed earlier in the chapter). Aside from wage bill cuts, this loan series focused on “the transformation of energy and transport sector public enterprises.” The 2016 loan supported the government’s commercialisation of the public electricity utility Elektroprivreda Srbije (EPS) including a prior action to increase electricity tariffs by 3.8 per cent. The accompanying PSIA highlighted that the electricity price increase will increase the poverty rate and included a gendered analysis that female-headed households are more vulnerable to the energy price increases. Yet, in responding to this identified risk, the Bank introduced a prior action to better target the energy bill discount program to “cushion” the impact for the poorest households, without concrete proposals to ameliorate the identified disproportionate impact on female-headed households.

The Bank has included similar measures to liberalise publicly-owned enterprises in several DPOs in recent years, including the Third Governance, Opportunity and Jobs DPO for Tunisia in 2016 (P150950) and the Grenada Resilience Building credit (P151821) in 2016.

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110 World Bank Group, Program document …state owned enterprises reform DPL, p. 27, trigger #8.
111 Ibid., p. 35, 44, trigger #7.
112 Ibid., p. 34.
113 World Bank, Program …Republic of Serbia, 2016.
114 Ibid., p. 20, prior action #4, trigger #4.
115 Ibid., p. 32.
116 Ibid., p. 23.
3.2 Labour market flexibilisation in Turkey

As previously highlighted, the World Bank considers increased female labour force participation as critical to achieving its twin goals of ending poverty and promoting shared prosperity. It notes that women are more likely to work in informal employment, especially in the Middle East, North Africa and South Asia, where men are four times as likely to work full-time jobs. Women account for the majority of temporary and short-term contract workers, often concentrated in precarious occupations at the bottom of the global supply chain, with low or no employer contribution to social protection, and minimal job security.

At the same time, the Bank considers increased flexibility of employment as conducive for entrepreneurial activity – this is a key topic in its Doing Business analysis, which emphasises “flexibility in employment regulation and aspects of job quality.” By flexibility, the Bank generally refers to issues such as the length of working hours, the minimum length of employment before a worker is entitled to severance pay, and unemployment protection schemes. These types of labour market policy approaches are particularly strengthened by MFD, which strongly prioritises Bank support for an “improved investment environment”, and therefore “private sector solutions” in its work.

The ILO adopted a framework of ‘decent work’ indicators in 2008, which included an indicator on the stability and security of work. This indicator measures precarious employment in terms of the short-term nature of employment contracts and instability, as employers may terminate contracts upon short notice. Women account for the majority of temporary and short-term contract workers, often concentrated in precarious occupations at the bottom of the global supply chain, with low or no employer contribution to social protection, and minimal job security.

The Bank has included measures encouraging flexible work in several recent DPOs, including the 2018 Jordan First Equitable Growth & Job Creation Programmatic DPO (P166360), the 2018 Uzbekistan Reforms for Transition DPO (P166019) and the 2016 Poland Growth and Resilience DPO (P149781), as well as supporting changes to collective bargaining rights in the 2017 Bosnia and Herzegovina: Public Finances DPO (P149768).

The 2017 DPF loan to Turkey aimed to support the participation of women and other groups in the labour market by supporting flexible employment. In order to increase female labour force participation, it contained the prior action requiring the enactment of a Law on Amending the Labor Law and Public Employment Services Agency. This legal reform contained a provision to legalise formal temporary work contracts. The Bank anticipated that this would increase female labour force participation by giving temporary and part-time workers, more likely to be women, greater access to the labour market.

Although it is not included as a prior action, the World Bank also suggested that the government reform the severance pay system to make it less costly to dismiss workers in future. It also argued that these legal changes could complement other “flexible work modalities”, aimed at reducing labour costs.

In its corresponding PSIA, the World Bank concluded that this measure would have a “positive effect” on female employment, also reflected in the corresponding note on Integrating a Gender Lens. Yet, the assumption that flexible employment benefits women’s entry into the labour force has been much critiqued in academic literature. Not only can such an approach further entrench women’s greater unpaid care work burdens by reinforcing gender stereotypes that women do not work full-time, it can also disincentivise governments from addressing gender wage gaps as its economy becomes more reliant on precarious and lower-paid, or “feminised” work. Moreover, this PSIA fails to assess the impact of formalising temporary work contracts on the quality or conditions of women’s existing employment, such as potentially increased precariousness of women’s working conditions and reduced job security of women in particular.

The Integrating Gender in PSIA note asks World Bank staff to address the question “Does the reform have an impact on the quality of jobs for men and women?” In fact, women in Turkey are already concentrated in part-time work, with less access to social security compared to male counterparts. Women’s groups, such as KEIG, have long-argued

118 World Bank Group, 2016-2023 Gender Strategy, p. 41.
119 Ibid., p. 17.
120 R. Balakrishnan, L. McGowan and C. Waters, Transforming Women’s Work: Policies for an Inclusive Economic Agenda, Solidarity Center, AFL-CIO, Rutgers University, 2016, p. 7-8.
122 Ibid., p. 63-65.
126 World Bank Group, Program Document for a proposed loan in the amount of eur 350.9 million (us$400 million equivalent) to the Republic of Turkey for the resilience, inclusion and growth development policy financing, 2017, p. 19, prior action #4.
127 Ibid., p. 19.
128 Ibid., p. 20.
129 Ibid., p. 32.
130 Ibid., World Bank Group, Turkey Resilience, Inclusion and Growth DPO, Integrating a Gender Lens, 2017.
131 Balakrishnan, McGowan and Waters, Transforming Women’s Work, p. 12.
133 World Bank Group, Integrating Gender into Poverty, p. 7.
134 R. Asimovic Akyol, Turkish women’s informal work - a complex story, Al Jazeera, 2014.
for greater access to full-time, more secure jobs. These reforms come amidst growing opposition to labour unionisation by the Turkish government, including weakening worker’s rights.

In contrast, the 2018 development policy credit for Bangladesh recognised that women face barriers to accessing quality jobs, rooted in unpaid care work and gender-based discrimination in the labour market. It contained prior actions to ensure greater protection of workers, including enforcement of labour and safety standards through the Bangladesh Labour Act. Of course, these are two different country contexts. However, this significant difference in approaches to implementing the PSIA does reflect the IEG’s findings of unevenness and of PSIs relying heavily on the judgement of individual country staff, raising concerns of policy coherence and consistency in analysis.

3.3 Targeted social protection in Mongolia and Montenegro

Women’s concentration in precarious, informal work means that they tend to have less access to social protection than men in general, particularly for gender-specific life course risks like maternity benefits, as well as income-based schemes, like pensions. In 2019, the UN Commission on the Status of Women established in the agreed conclusions of its 63rd session that, “universal access to social protection plays a central role in reducing inequality, eradicating poverty in all its forms and dimensions and promoting inclusive growth... It [the Commission] recognizes that social protection systems can make a critical contribution to the fulfilment of human rights for all, in particular for those who are trapped in poverty and those who are marginalized or in vulnerable situations and subject to discrimination.” In 2015, UN Women established that, “Context-specific assessments of gendered risks and vulnerabilities are an important precondition for designing gender-responsive SPF standards [social protection floors].” It recommended that policymakers, “build on targeted programmes to create universal schemes that they tend to have less access to social protection than men in general, particularly for gender-specific life course risks.”

Despite officially adopting the ILO standard of universal social protection in 2016 – which stipulates that while schemes may only reach specific groups such as children, this is not determined by income or wealth – the World Bank continues to promote targeted social protection measures. These schemes are commonly based on proxy means testing (PMT) and are often used to mitigate potential negative social impacts of other policy reforms on vulnerable groups in DPF. This approach to social protection, presented in the Bank’s 2019 World Development Report, has been widely criticised for ignoring the ILO’s Social Protection Floors standard and supporting a narrow approach. It has been demonstrated that the PMTs used to target social protection schemes, as promoted by the Bank, are actually “highly inaccurate, commonly excluding over half of the intended beneficiaries, with many performing much worse.”

As a result, these schemes systematically underserve the majority of people living in poverty from accessing social protection. Women are more likely than men to be excluded from social protection schemes, yet generally have a greater need for social protection, because of disproportionate care burdens and other entrenched gender inequalities.

In 2017, the World Bank issued a DPO to the government of Mongolia, with one of the stated aims being “strengthening the social protection system” during fiscal adjustment. The
operation aimed to achieve this through extending a poverty targeted cash benefit program in the form of the ‘Food Stamp Program’, using a proxy means test.\textsuperscript{149} This program came in conjunction with IMF loan conditionality that reformed the, once universal, ‘Child Money Program’, to be targeted to only the poorest 60 per cent of households, based on a proxy means test, from 2018.\textsuperscript{150} As a result of this measure and its associated high exclusion-error rates, it is estimated that, “over 400,000 children will now be denied income support.”\textsuperscript{151}

In the corresponding PSIA, the Bank stated that the DPF is “gender neutral or positive”, referring specifically to the beneficial impact of “poverty targeted” programs, such as the ‘Food Stamps Program’, on female-headed households.\textsuperscript{152} It stated that “the expansion of the food stamp program, changes in social security contributions have potential impacts on poverty”, without further expanding.\textsuperscript{153} Firstly, this does not acknowledge the impacts of the social protection cutback mentioned above. Secondly, by further expanding the means-tested programme through its DPO, the World Bank endorsed the IMF’s failed approach to social protection, despite ample evidence demonstrating that the most effective means of reaching those living in poverty is supporting universal schemes,\textsuperscript{154} and the unambiguous rejection of this approach from the rest of the international community.\textsuperscript{155} The gender analysis also fails to account for the majority of women who do not reside in female-headed households. It also does not address specific concerns about the gendered implications of targeting programs,\textsuperscript{156} nor does it account for differences between girl and boy recipients as beneficiaries of the programme.

A further example of the Bank’s approach to gender and social protection in DPF is a 2017 DPF loan to Montenegro, which contained a prior action to explicitly remove a gender-specific social protection programme. As part of reforming the social security system, this prior action required an amendment to the Law on Social and Child Protection to abolish the lifetime social protection payments for mothers of three or more children.\textsuperscript{157} affecting 22,000 women.\textsuperscript{158} The reason given for this prior action was that the original programme was a “work disincentive” for women, which supposedly led to a withdrawal of activity from the labour force – as well the fact that the policy failed to achieve its intended “fertility objective”, as it mainly benefitted older women.\textsuperscript{159}

In the PSIA for this loan, the Bank argued that the benefit reform will have a positive impact on labour market engagement and labour income, particularly for female workers. It did recognise that these changes will also “increase the poverty headcount” and inequality in the short run.\textsuperscript{160} However, it concluded that this will be mitigated by the temporary compensatory packages and a 20 per cent increase in a means-tested child allowance.\textsuperscript{161} While the Bank did recognise women as differentiated beneficiaries of the reform as (potential) workers, it failed to differentiate women in its analysis of the increased poverty headcount and inequality as beneficiaries. Finally, in this example, the Bank relied on the positive effects of anticipated growth taking place over the longer term, without evidence this will actually materialise. In the meantime, mothers with three or more children are adversely affected by a direct reduction in income, which, given their expected disproportionately high unpaid care burdens, could be anticipated to have potentially devastating consequences.

\textsuperscript{149} World Bank Group, Program document...first development policy financing, p. 26, pillar II prior action.
\textsuperscript{150} Ibid., footnote 7; Development Pathways, Mongolia and Kyrgyzstan lose out in their struggle with the IMF over the targeting of child benefits, 2018.
\textsuperscript{151} Ibid.
\textsuperscript{152} World Bank Group, Program document...Mongolia, p. 40.
\textsuperscript{153} Ibid., p. 39.
\textsuperscript{154} Development Pathways, ILO, Exclusion by Design: the effectiveness of the Proxy Means Test, 2017.
\textsuperscript{155} Philip Aiston, The IMF’s approach to social protection and the crisis of multilateralism, Bretton Woods Project Observer, Summer 2018.
\textsuperscript{156} J. Gonzalo Jaramillo Mejia, Questioning women’s role as the sole recipients of benefits: contrasting evidence on gender-sensitive social protection programming, Development Pathways, 2019; Gender and Development Network, Femnet, How social protection, public services and infrastructure impact women’s rights, 2019; G. Brunswijck, International financial institutions, social protection and gender-missing the target, Europol, 2019.
\textsuperscript{157} World Bank Group, Program document...for a proposed first fiscal and financial sector resilience policy-based guarantee in the amount of our 80 million to Montenegro, 2017, p. 13, prior action #5.
\textsuperscript{158} Balkan Insight, Montenegrin Mothers Threaten ‘Radical’ Action Over Benefit Cut, 2017.
\textsuperscript{159} World Bank Group, Program...Montenegro, p. 2.
\textsuperscript{160} Ibid., p. 20, 21.
\textsuperscript{161} Ibid., p. 20, 26, prior action #5.
Unsurprisingly, protests from affected women demanding the government reverse its decision took place earlier in the year. Local news agency BalkanInsight reported that Dragica Kovacevic, aged 57, from the town of Niksic, a mother of four, was on the street for the fifth day and night in a row, saying she will be there as long as she can stand it.\textsuperscript{162} The report went on to say:

"Asked what the government would do to help the thousands of women depending on state aid, Markovic [the Prime Minister] said the decision to cut the benefits would not be altered. ‘They should go home and be with their children.’"

3.4 Regressive taxation in Colombia

The World Bank’s influence on macroeconomic policy is not limited to expenditure policy, but also extends to taxation policies, with prior actions relating to reforming taxation in several recent DPOs. Regressive taxation, whereby a higher proportion of an individual’s income is paid in tax as the total amount of income decreases, can generally exacerbate inequality and undermine gender equality.\textsuperscript{163} Indirect consumption taxes like value-added tax (VAT) are widely recognised to often carry harmful impacts on women, because women have disproportionately lower incomes and tend to spend larger shares of their income on household consumption needs.\textsuperscript{164} This is compared to more progressive taxes that are directly linked to income and wealth, such as personal income tax (PIT), corporate income tax, capital gains tax and property tax.

The Bank’s \textit{Integrating Gender into PSIAs} guidance already recognised this in 2013, stating that, “Implicit biases in taxation interact with gender differences in types of employment, consumption behaviour, and property rights, leading to different impacts. For instance, women predominate in unpaid care work and informal employment, so they may be less affected by direct income taxes than men. However, women also tend to spend a larger portion of their income on household items, such as food, clothing and health care, which means that an increase in taxes on the goods and services has a greater impact on them and their dependents than men.”\textsuperscript{165} Nonetheless, the Bank’s recent tax policy advice in DPF demonstrates this understanding does not always translate in practice.

The 2017 DPF loan to Colombia, for example, aimed to support fiscal consolidation measures and increase fiscal space through reforms to tax policy, as well as expenditure.\textsuperscript{166} It contained prior actions for the government to adopt a tax reform to increase VAT from 16 per cent to 19 per cent, while simultaneously lowering overall corporate tax rates.\textsuperscript{167} In doing so, the Bank emphasised the importance of “maintaining equity in the system” and applied the personal income tax to dividends, or income from corporations paid to shareholders.\textsuperscript{168}

In its accompanying PSIA, the Bank stated that, “the reform of indirect taxes is expected to reduce disposable income along the expenditure distribution”, meaning households that spend more on goods and services in absolute terms would also pay more VAT in absolute terms, but then concluded that “it would have progressive absolute and relative incidence effects [emphasis added]”.\textsuperscript{169} The Bank emphasised that, “essential items that account for a larger share of poor households’ expenditure, such as the basic food basket and medicines”, are still excluded from the VAT, thus ameliorating the most severe impacts on the poor.\textsuperscript{170} Yet, not only did the Bank fail to provide any evidence for its claim the VAT reform would have progressive relative effects, it also failed to assess the gendered impacts of the reform, both in terms of where women are located in relation to men on expenditure distribution and in terms of gender differentiated consumption patterns.

In relation to the corporate tax reform, while the PSIA did not assess the poverty or social impact of lowering overall corporate tax rates specifically, it asserted that reforms to direct taxes would have a “net positive distributional impact”.\textsuperscript{171} It highlighted that this measure could “kick start employment” in post conflict areas and “reduce regional inequality”, although there is no evidence given for this claim.\textsuperscript{172} Then in the same document, it highlighted that changes to direct taxes would have “ambiguous distributional impacts”,\textsuperscript{173} undermining its own distributional analysis, and echoing the IEG’s findings of inconsistent approaches to poverty and social risk. It did not provide for any gender analysis on this particular reform, and once again, it did not suggest any measures to address the potential impacts identified.

Similar regressive tax policy advice was identified in the 2016 Macroeconomic & Fiscal Management Operation for Guinea (P156629), where the Bank implemented a prior action to increase the VAT rate from 18 per cent to 20 per cent, eliminating exemptions on edible oils and flour.\textsuperscript{174}

\textsuperscript{162} Balkan Insight, \textit{Montenegrin Mothers}, 2017.
\textsuperscript{163} K. Lahey, \textit{Gender, Taxation and Equality in Developing Countries}, UN Women, 2018.
\textsuperscript{164} C. Grown and I. Valodia, \textit{Taxation and Gender Equity: A Comparative Analysis of Direct and Indirect Taxes in Developing and Developed Countries}, 2010.
\textsuperscript{165} World Bank Group, \textit{Integrating Gender into Poverty}, p. 10.
\textsuperscript{166} World Bank Group, \textit{Program Document for a proposed loan in the amount of EUR568.3 million (US$600 million equivalent) to the Republic of Colombia for the first fiscal sustainability and competitiveness development policy financing, 2017}, p. 6.
\textsuperscript{167} Ibid., p. 21, prior action #3.
\textsuperscript{168} Ibid., p. 21, 22.
\textsuperscript{169} Ibid., p. 36, 60, 62.
\textsuperscript{170} Ibid., p. 36.
\textsuperscript{171} Ibid., p. 62.
\textsuperscript{172} Ibid., p. 69.
\textsuperscript{173} Ibid., p. 60.
\textsuperscript{174} World Bank Group, \textit{Program document for a proposed development policy credit in the amount of SDR 28.3 million (US$40 million equivalent) to the Republic of Guinea for the first macroeconomic and fiscal management operation}, p. 26, pillar 2 prior action.
Conclusion

The World Bank Group made a commitment to support the SDGs across its products, instruments and services, including DPF, and published a Gender Strategy outlining its plans to promote gender equality across the institution and at the country-level. In its overarching policy for DPOs, it stated that staff must determine whether “specific policies supported by the operation are likely to have significant poverty and social consequences, especially on poor people or vulnerable groups [emphasis added]” and developed the PSIA tool to facilitate this analysis, including guidance on integrating a gender analysis.175

Yet, the recent DPOs outlined in this briefing highlight a number of gaps and remaining questions regarding the Bank’s approach. The cases demonstrate inconsistencies in the Bank’s approach to analysing the potential gendered impacts of reforms introduced through prior actions in the PSIA process, despite the Bank’s comprehensive guidance note on Integrating Gender in PSIA. In several instances, the Bank did not address the gendered impacts of reforms at all, which, according to its own guidance, would “inform policy interventions”, so that staff can “take these gender differences into account” when designing operations.176 Where the Bank did assess potential negative gendered impacts, the proposed measures to reduce adverse effects were not always sufficient in mitigating these impacts or adequately addressing entrenched gender inequalities.

This briefing has demonstrated that, as echoed by the 2015 findings of the IEG, World Bank Development Policy Financing lacks a consistent and robust analysis of proposed policy reforms and their impacts, and builds on the work of Eurodad, the Bank Information Center and others who have consistently raised these concerns.177

Without critically and comprehensively reviewing its Development Policy Financing from a gender perspective, especially in relation to macroeconomic policy reforms, the World Bank is at risk of supporting inconsistent and counterproductive policy reforms, which could undermine its own aim to promote gender equality and contribute to the achievement of the SDGs. Instead, the PSIA should be used as an opportunity to assist borrowing countries to better understand the complex social and gendered implications of various policy options.

The current lack of clarity on whether and how staff should assess these impacts in DPOs is a major constraint to achieving this. Thus, to strengthen and operationalise gender analysis in DPF, the World Bank should, in first instance:

• adopt a formal definition of what constitutes “significant poverty and social consequences”, including in relation to gender equality and women’s economic empowerment;
• publicly re-commit to operationalising the 2013 guidance on Integrating Gender into PSIAs and its corresponding good practice note;178
• ensure each PSIA is informed by those with gender expertise, including the World Bank’s gender department, and ensure inclusive consultation with local women’s rights organisations is included in the design of DPOs.

176 World Bank Group, Integrating Gender into Poverty, p. 3.
178 World Bank Group, Good Practice Note: Integrating Gender into Development Policy Loans, 2012.