

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

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Abbreviations

APMDD	Asian Peoples' Movement on Debt and Development
ARB	Asociación de Recicladores de Bogotá
BWP	Bretton Woods Project
CEDAW	Convention on the Elimination of all Forms of Discrimination against Women
CESR	Center for Economic and Social Rights
FAD	Fiscal Affairs Department
GEM	Gender Equality and Macroeconomics
ICESCR	International Covenant on Economic, Social and Cultural Rights
IEO	International Evaluation Office
IFIs	International Financial Institutions
ILO	International Labor Organization
IMF	International Monetary Fund
INESC	Instituto de Estudios Socioeconómicos
ITUC	International Trade Union Confederation
LIC	Low Income Country
MDGs	Millennium Development Goals
SMSEs	small and medium sized enterprises
ODA	Overseas Development Aid
OECD	Organisation for Economic Co-operation and Development
PWDs	Persons with Disabilities
SDGs	Sustainable Development Goals
TA	Technical Assistance
UN	United Nations
UNDP	United Nations Development Programme
VAT	Value Added Tax
VAWG	Violence against Women and Girls
WHO	World Health Organization
WIEGO	Women in Informal Employment, Globalizing and Organizing
WILPF	Women's International League for Peace and Freedom

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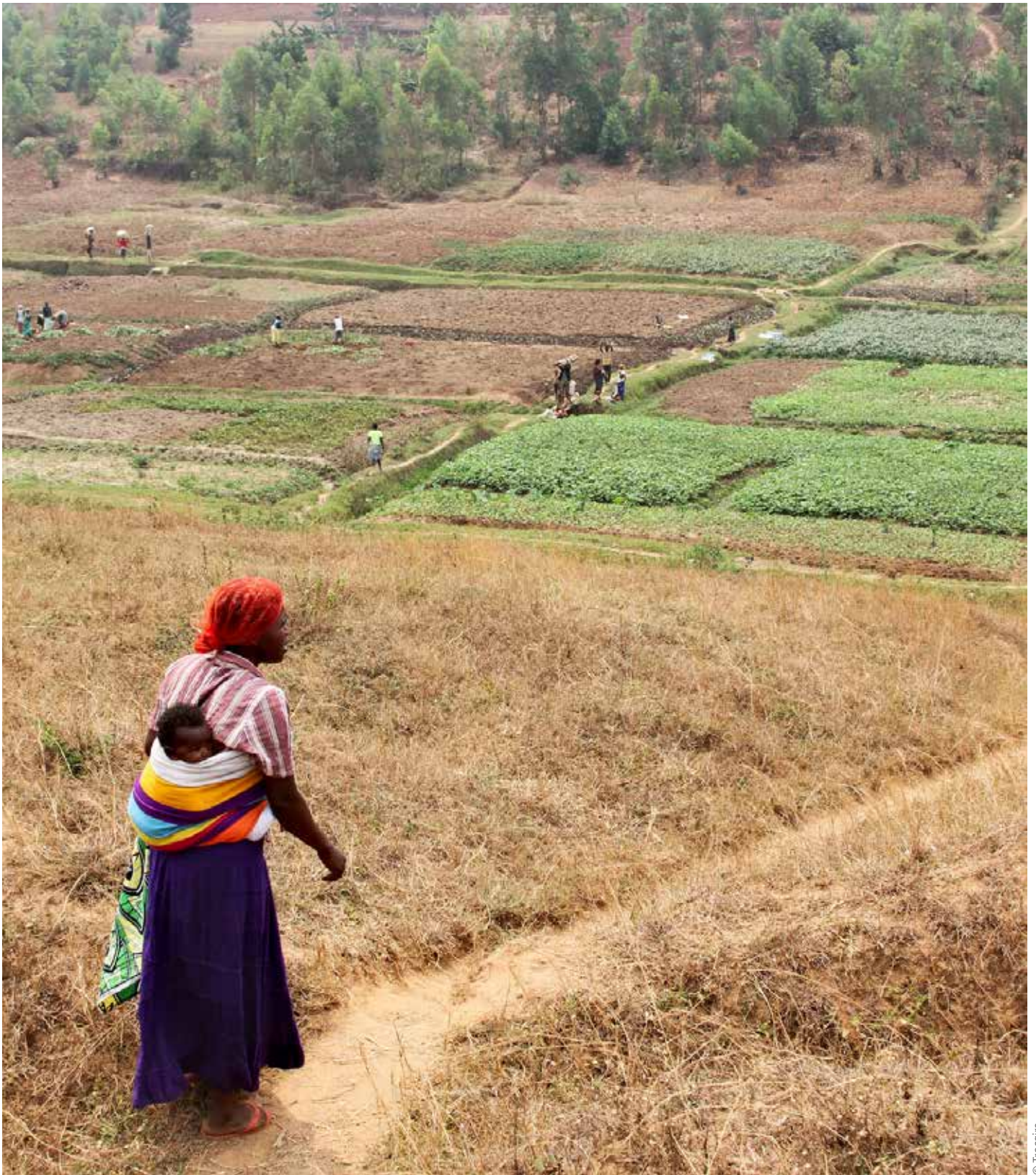
This work is part of the Gender Equality and Macroeconomics (GEM) project, a collaborative effort between the Bretton Woods Project (BWP) and the Gender and Development Network, which aims to expose and challenge the way current macroeconomics policies, particularly those promoted by the International Monetary Fund and World Bank, undermine gender equality. Working with allies globally, the GEM project encourages economic decision-makers to promote alternative gender-just policies.

BWP is an NGO watchdog of the IMF and World Bank and focuses on these institutions to challenge their power and open space for civil society and social movements to contribute to the development of policies that are gender transformative, equitable, environmentally sustainable and consistent with international human rights norms. We do this because the Bank and Fund remain global opinion formers, funders and influential proponents and enforcers of economic and development policies.



Cover photo: A woman helps her child to wash hands before eating in Tawila, North Darfur

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Athanasié Nirere (36), sells beans, locally grown rice, and salt in Rwanda

Executive summary

As a member of the UN system, the International Monetary Fund (IMF) has made commitments to support the Sustainable Development Goals (SDGs), including to “deepen gender inclusion” in pursuit of SDG 5. More recently, the IMF has started to explore gender and income inequality as “emerging issues” and to develop explicitly gendered policy advice. In a recent letter to an UN independent expert, the IMF even claimed to “indirectly promote human rights” by explicitly citing its work on gender equality and its Managing Director’s participation in the UN High Level Panel on Women’s Economic Empowerment as “key examples in this regard”. Some in civil society have called this shift towards a more open understanding of the social dimensions of macroeconomic policy an “IMF Spring”, calling for its protection and hoping it will lead to transformative policy outcomes. However, asking for recognition for taking a more progressive policy stance must be paired with taking responsibility and being held accountable for the ways in which the IMF may be undermining countries’ abilities to achieve women’s rights and gender equality as well.

The authors of this volume contend that the true fulfilment of women’s rights and the achievement of substantive gender equality, as well as a more equal society for all, begin with tackling structural, intersectional barriers faced by women, making macroeconomic policy a crucial arena where systemic inequalities are entrenched and therefore where truly transformative policies and programmes can uproot these disparities.

As the standard bearer and imposer of macroeconomic orthodoxy, the IMF is a key shaper of the rules of the global economic playing field, and therefore a key player in realising an enabling macroeconomic environment for women’s rights and gender equality. While the Fund’s new focus on emerging issues such as gender and income equality represents a significant shift away from its traditional narrow approach, this work is still in its infancy and has not affected the bulk of the Fund’s policy advice. Critically, its continued approach to what it considers non-gender specific policies often contradict its efforts to support SDG 5 and women’s rights generally.

Thus, in pursuing an enabling macroeconomic environment for women’s rights and gender equality, the foremost question should be how current conventional approaches to macroeconomic policy within the IMF impact women’s lives, rather than focusing on how to improve this still relatively limited field of explicit macroeconomic gender work. Now that the IMF, including its board, recognises that at least some elements of gender equality are relevant to fulfilling its mandate, comprehensive analyses must be conducted on the

impacts of conventional IMF policy advice on women’s rights and gender equality and concrete recommendations made to ensure that the IMF’s growing interest in ensuring gender equality is reflected in its impacts on the ground.

While by no means comprehensive, this volume aims to examine some of the most commonly-prescribed macroeconomic policies of the IMF and their potential impacts on women’s rights and gender equality so as to contribute to civil society’s understanding of these issues.

Chapter II by Mae Buenaventura and Claire Miranda of the Asian Peoples’ Movement on Debt and Development (APMDD) explores the gender dimensions of the IMF’s key fiscal policy advice on domestic resource mobilisation in developing countries, focusing in particular on the Value Added Tax (VAT).

Chapter III by Kate Donald and Nicholas Lusiani of the Center for Economic and Social Rights (CESR) focuses on expenditure policy, the other side of the fiscal policy coin. Their contribution addresses the role of the IMF in the defining macroeconomic policy approach of our era: austerity. It assesses the cost of this policy approach to women’s rights and discusses alternative approaches.

Martha Alter Chen and Rachel Moussié of Women in Informal Employment, Globalizing and Organizing (WIEGO) contributed Chapter IV on the IMF’s approach to labour market policies and its impacts on women in the informal economy in the Global South. This chapter also examines the Fund’s recent efforts at increasing female labour force participation and details the inadequacies of this approach.

Though each tackles an individual policy area, the authors of this volume argue that it is particularly the cumulative impact of the combination of these policies that is so detrimental to women’s rights and gender equality, and mitigating and addressing each of these individual policy measures in specific ways misses the point. The volume also attempts to demonstrate that the overall global macroeconomic framework supported by policies developed and disseminated by the IMF is systematically biased against women. The volume therefore asserts that only radical, structural change will address that.

In that regard, while each individual chapter has endeavoured to suggest concrete policy alternatives and solutions relating to their policy themes, this volume closes with a set of policy recommendations to the IMF aimed at creating an enabling macroeconomic environment for women’s rights and gender equality.

Acknowledgements

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Jannatin Aliah (Titin) a teacher in Pengerak village boiling water in her house, Lake Sentarum, West Kalimantan, Indonesia

I. Positioning women's rights and gender equality in the macroeconomic policy environment

Emma Bürgisser and Sargon Nissan, Bretton Woods Project

Women's rights and gender equality: Who is responsible?

Women and girls face multiple and intersecting barriers to enjoying their human rights in the social, political, cultural and economic spheres of life. National governments are principally responsible for removing these obstacles and ensuring substantive equality between women and men. This obligation is enshrined in numerous binding instruments of international human rights law, ranging from the International Covenant on Economic, Social and Cultural Rights (ICESCR) to the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). The commitment of states to work toward gender equality was again in evidence in 2015 with the entire United Nations (UN) system adopting the Sustainable Development Goals (SDGs), and particularly Goal 5 on gender equality and women's empowerment. As a result of these obligations and commitments, states have been an obvious and appropriate focus of civil society's efforts to work toward the universal fulfilment of human rights and gender equality.

In meeting these obligations, it is both necessary and possible for states to pursue gender transformative policies, mitigate unequal outcomes of current policies that undermine women's rights and gender equality, and ensure that the state uses the maximum available resources at their disposal to achieve these goals. In contrast to superficial efforts that help sustain the status quo, the priority must be to address structural barriers that affect women collectively – the assumptions and policies that create and reinforce obstacles to economic empowerment and fulfilment of their human rights. For many states, however, in particular those of the Global South, the space to take these policy decisions is shaped and constrained by the policies of international financial institutions (IFIs), especially those of the International Monetary Fund (IMF or Fund).

This volume focuses on the IMF as an institution governed by member states that are human rights duty-bearers, with obligations that cannot be obfuscated by acting through this international organisation. It also considers the Fund a subject of international law with human rights obligations and responsibilities.

The IMF was established in 1944 and according to its *Articles of Agreement*, is mandated among other things, to promote international cooperation and to facilitate balanced growth and maintenance of high levels of employment.¹ According to the IMF, it “provides policy advice and capacity development support to help countries build and maintain strong economies. The IMF also makes loans and helps countries design policy programs to solve balance of payments problems when sufficient financing on affordable terms cannot be obtained to meet net international payments.” As a member of the

UN system, the IMF has made commitments to support the SDGs, including to “deepen gender inclusion” in pursuit of SDG 5.² More recently, the IMF has started to explore gender and income inequality as “emerging issues” and to develop explicitly gendered policy advice. In a recent letter to an UN independent expert, the IMF even claimed to “indirectly promote human rights” by explicitly citing its work on gender equality and its Managing Director's participation in the UN High Level Panel on Women's Economic Empowerment as “key examples in this regard”.³ Some in civil society have named this shift towards a more open understanding of the social dimensions of macroeconomic policy an “IMF Spring”, calling for its protection and hoping it will lead to transformative policy outcomes.⁴ However, asking for recognition for taking a more progressive policy stance must be paired with taking responsibility and being held accountable for the ways in which the IMF may be undermining countries' abilities to achieve women's rights and gender equality as well.

An enabling macroeconomic environment for women's rights and gender equality: A missing piece

For decades before, and especially since the adoption of the Universal Declaration of Human Rights in 1948, mountains have been moved by the women's movement to advance women's rights and gender equality, from making significant strides in closing the gender gaps in education to nearly achieving universal women's suffrage. Still, much remains to be done. This volume focuses mainly on women's economic rights, which remain largely unfulfilled across the world. These include the right to freely form and join trade unions and bargain collectively, the right to social security and the right to the enjoyment of just and favourable conditions of work with equal remuneration, among others.⁵ While promoting women's economic empowerment through the provision of microfinance became “the world's favourite development idea” around 2005, the year the UN dedicated to microfinance,⁶ relatively little ground has been gained in effectively challenging the larger macroeconomic and institutional framework which shape global and national economies and set out the economic rules of the game women need to play to advance their economic rights.

The authors of this volume contend that the true fulfilment of women's rights and the achievement of substantive gender equality, as well as a more equal society for all, begin with tackling structural, intersectional barriers faced by women, making macroeconomic policy a crucial arena where systemic inequalities are entrenched and therefore where truly transformative policies and programmes can uproot these disparities. The problem with focusing on micro-level initiatives is that it obscures the structures that create gendered economic

inequality in the first place, leaving untouched the economic and other power imbalances, racial divisions, social norms and interconnections that entrench gender-based discrimination across the economic, social and political spheres.⁷ Rather than being technical, apolitical and ‘gender-neutral’, macroeconomic policy reflects social priorities through government spending and taxation, outlines the terms of inclusion in the labour market, the focus on employment creation generally and sets the limits for social spending in a given society. The Fund’s line of argument notwithstanding, macroeconomic policy is therefore highly political.

Every day, women confront structural and intersectional gender inequalities such as gender wage gaps, occupational gender segregation, lack of decent work, disproportionate concentration in the informal economy, workplace violence, lack of access to and control over resources and finance, heavy unpaid work burdens and restrictive norms about appropriate social roles for women. All of these inequalities have macroeconomic dimensions that need to be tackled. When so many women are limited to informal and low-paid forms of employment that do not give them stability or social security, meaningful change will require a structural approach to alter the rules of the game and create a macroeconomic environment that enables women’s rights and gender equality to be achieved.⁸ This year, 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.”⁹

The current macroeconomic framework

The type of economic thinking dominating the current global macroeconomic policy framework and describing our current economics and politics, “or, more precisely, the range of thought allowed by our politics”¹⁰ is that of neoliberalism. While a contested term, neoliberalism places competition at the centre of human relations and purportedly foresees a greatly diminished role for government in the economy. “In its place is the market – the market exchange is seen as an ethic in itself, capable of guiding human action, and spreading out across social life so that it reconfigures relations between ‘governing and governed, power and knowledge, sovereignty and territoriality’”.¹¹ While some of these tenets are now being contested even inside the institution, as evidenced by the 2016 article published by IMF staff entitled *Neoliberalism Oversold*, it is often considered that the IMF remains one of the world’s strongest enforcers of neoliberalism.¹² Commenting on the article, the business magazine *Forbes* put it as:

“Asking if the International Monetary Fund supports economic neoliberalism is like asking if the Pope is Catholic — the answer is so obvious it seems silly to even raise the

question. The IMF has been one of the principle endorsers of neoliberalism – an ideology that promotes free markets, free trade, and small government – for decades.”¹³

Put into practice by powerful institutions like the IMF, this has led to a certain set of ‘conventional’ macroeconomic policies being overwhelmingly forced upon and promoted to governments, in particular after times of economic crisis. While IMF policies support a process of financialisation, which drives people toward an increasing dependence on formal financial services, which also forms an important part of the neoliberal framework, this volume will focus on other policies which are paradigmatic. These policies most often include 1) introducing consumption taxes like VAT, while reducing corporate and trade taxes, 2) fiscal consolidation, or austerity measures, which can involve public wage bill cuts, privatising state assets and social services and rationalising social safety nets, and 3) undermining labour rights protections such as collective bargaining rights. The objectives of these policies neatly align with those of neoliberalism: “to discipline labour, to reduce the role of state and to redistribute income, wealth and power from labour to capital.”¹⁴ The IMF and the World Bank have been severely criticised, particularly in the 1990s for their use of structural adjustment programmes, its critics argue, to facilitate the integration of programme countries into the increasingly globalised neoliberal economic order. Structural adjustment programmes shared a common focus on devaluing currencies, lifting import and export restrictions, balanced budgets and removal of price controls and subsidies.

Most recently, this policy approach has become evident from analysis of IMF spending projections after the 2008 economic crisis, which predicted that overall, exactly this set of ‘conventional’ macroeconomic policies are expected to be applied by 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 2020.¹⁵ 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”.¹⁶

Yet, that does not need to be the case. In fact, there are many alternative ways of approaching macroeconomic policy other than from the neoliberal standpoint. Before the Second World War, “even the most right-wing economist thought of the market as a means to a limited end, to the efficient allocation of scarce resources. It was commonplace to believe that the ultimate ends of society and of life were established in the non-economic sphere.”¹⁷ After the war, there was almost general consensus in the West on the economic ideas of John Maynard Keynes, which centred on the government’s role in managing the economy, focusing on full employment and the relief of poverty, high tax rates, strong tax enforcement and the expansion of public services and social protection. Since the time of Keynes, a wide range of economic approaches have been developed, with neoliberalism being just one of the many approaches to how macroeconomic policy could and

should work, and for what purpose. One of these alternative approaches is feminist economics, which has laid out a set of critiques of the current macroeconomic policy framework.

Feminist critiques of the macroeconomic policy model

Feminist critiques highlight that the dominant macroeconomic policy model fails to take into account the different ways in which men and women interact with the economy, and how the economy itself is a gendered structure, whilst maintaining that macroeconomics is largely technical, apolitical and ‘gender-neutral’, designed to fit only the artificial concept of *homo economicus*.¹⁸ Yet, women and men often have different consumption, production and reproduction patterns, different work experiences, different (levels of) needs of social services, and different social roles, often due to discriminatory social norms and practices. By understanding the economy as gendered, feminist economists “explicitly acknowledge and identify the gendered power relations that underpin the various institutions, transactions and relations that make up the sphere of ‘the economy’, though gender relations within that system can also be transformed and made new”.¹⁹ Working from these foundations, and drawing heavily on the work of the Gender and Development Network, this volume identifies at least five central critiques that are at the heart of the feminist economic literature of the current neoliberal macroeconomic framework:

- **Narrow definition of macroeconomic policy goals**

The goals of macroeconomic policy are typically narrowly defined and often focus on the aggregate expansion of economic growth and financial stability. Yet, giving narrow measures of economic growth and monetary and fiscal targets primacy over broader policy objectives and social outcomes misapprehends what should and can be the ultimate goal of all economic policy; to enable the enjoyment of economic and social rights by all.

- **Gender biases in macroeconomic analysis and policy-making**

Current macroeconomic frameworks fail to address structural disadvantages faced by women, such as women’s disproportionate responsibility for unpaid care work – which includes activities such as cooking, cleaning, taking care of children, workers, the ill and elderly within a household. Unpaid care work is not reflected, measured or valued and yet it directly impacts on the production of goods and services in an economy, as well as women’s and girls’ enjoyment of many human rights. Excluding unpaid care work from national accounting frameworks not only misrepresents countries’ total production levels and women’s contribution; it also biases economic policy and planning, such as by prioritising investments in physical over social infrastructure, which has been shown to be more effective in reducing public deficits and debt.²⁰

- **Insufficient focus on decent work, informal employment and social policies**

Labour markets are gendered and women’s paid and unpaid work is less valued. Across the world, women’s disproportionate responsibility for unpaid care work and gender discrimination within the labour market result in lower earnings and a greater likelihood of being in vulnerable forms of work. In the Global South, women are concentrated in the informal economy and are at the base of the economic pyramid as own account workers and contributing family members.²¹ Current macroeconomic frameworks systematically promote labour flexibilisation that undermines labour rights, reduces social security contributions, and decent work opportunities in the public and private sectors. This deepens existing gender inequalities in the labour market and stifles the social policies that could mitigate the risks and vulnerabilities women face due to their gender, class, race and ethnicity, ability, age and sexual orientation.

- **Failure to maximise fiscal space for women’s rights and gender equality**

Fiscal space necessary to support social policies that enhance women’s rights and gender equality has been deliberately reduced by macroeconomic policy frameworks, severely undermining countries’ ability to fulfil their obligations towards these goals. Drastic worldwide public expenditure cuts, low social security contributions, and debt, paired with a global race-to-the-bottom of corporate income tax rates and other policies have squeezed the fiscal space available to finance investments that can enable greater gender equality. In addition, the rapid push for privatisation disadvantages women more than men due to gender norms, lower earnings and their greater need for health, education and care services throughout their lives. The reduction in social services also increasingly drives the vulnerable, including women, onto a reliance on financial services to meet their basic needs.

- **Absence of women’s collective voice in political and economic decision-making**

Finally, women’s voices and participation in macroeconomic decision-making continue to be largely absent, despite that fact that women’s agency in these discussions is crucial in designing policies that enhance their human rights. More broadly, civil society, including trade unions and informal workers’ organisations, have been systematically side-lined at the macroeconomic policy level.

In contrast to the current macroeconomic framework, a gender-responsive economic structure, argues Diane Perrons, is one that sees the “appropriate role of the economy as working for society, rather than vice versa” – and one that makes the economy, from the micro to the macro level, work for women at each stage of their lives.²² A radical rethinking

of macroeconomic policy, therefore, will mean recalibrating the goals (growth and stability) and assumptions (gender and political neutrality) of macroeconomic thinking, policy and practice, all of which currently reproduce a model of inequality and injustice.

The role of the IMF

With the mandate of ensuring global financial stability, the IMF is often seen to be at the apex of the global economic order and is an obvious space within which to examine the current macroeconomic framework.

While a decade ago, some argued the IMF's influence in the world was so reduced that critics felt able to demand that the IMF either 'sink or shrink',²³ the IMF has subsequently been resurgent, with new loans, more money and an expanded role in the aftermath of the 2008 international financial crisis.²⁴ The IMF now enjoys more financial lending capacity than at any point in its history and in its most recent governance reform doubled its quota, the financial commitment from all its member countries, to \$668 billion as of January 2016.²⁵ Despite the IMF's unreformed governance whereby rich nations still dominate decision-making, it has retained its pre-eminent status as the leading global macroeconomic policy institution and few consider this position under serious threat.²⁶

The most clear-cut way in which the IMF impacts macroeconomic policy is through the conditions for reform, or conditionalities, that it requires when lending funds to countries in need of its assistance. While Christine Lagarde famously claimed the IMF does not do structural adjustment anymore, evidence suggests that, the number of structural adjustment conditionalities have been rising since 2008.²⁷ However, its core operations also include surveillance, including the requirement that each member state undergo an annual 'Article IV' analysis of risks to national economic growth and stability, as well as its extensive technical assistance (TA) programmes, which provide support to over 100 countries and comprise over a quarter of its budget. Through these mechanisms, the IMF prescribes macroeconomic policies. It influences whom and how much to tax, how to spend, how much to save, when and how much debt to pay back, the scale and scope of public sector provision, including essential social services, and indicates whether a country can 'afford' to fulfil social commitments including through subsidies, transfers or public provision.

The risk to governments of IMF disapproval is real, even if only transmitted through surveillance, because it acts as a gatekeeper to other financing, be it from international capital markets where IMF disapproval translates instantly into more expensive financing and pressure on a state's finances or from donors and other international institutions.²⁸ Thus, the IMF acts as the standard bearer and imposer of macroeconomic orthodoxy, key shaper of the rules of the global economic playing field. The IMF's position at the apex of the international financial architecture also affords it legitimacy as the global

expert on all things macroeconomic. This status confers upon its prescriptions a power that is sometimes undervalued.

The need for a radical departure from 'conventional' macroeconomic policy to arrive at macroeconomic policy that enhances rather than undermines women's rights and gender equality equates to a need to challenge the IMF's longstanding assumptions and policy approaches. Providing macroeconomic policy advice that is consistent with realising women's rights and gender equality would affect every aspect of the IMF's mission and mandate, fundamentally reinterpreting the scope of its role. The IMF's recent move beyond its traditional "fiscal-centric" approach, in the words of the IMF's Independent Evaluation Office (IEO),²⁹ to recognise the 'macro-criticality' of issues such as social protection, income equality, and now gender equality, does not mean that it has realised or accepted the need for a radical re-conceptualisation of the norms underpinning the macroeconomic policy framework which it advocates.

The IMF's approach to gender

Traditionally the IMF has considered social issues, including gender equality, to lie outside of its core areas of responsibility.³⁰ Before 2013, the IMF largely did not engage in the issue of gender equality, either as an overarching goal it strived to achieve; as something that influenced the macro-economy; or as something that macroeconomic policy can impact. This is reflected in the Fund's policy advice in bilateral surveillance. An examination by the Bretton Woods Project, with support of ActionAid, of all publically available Article IV staff reports from 1999 to 2014 revealed that the terms 'gender', 'women' and 'female' were only mentioned cursorily in the context of tables referencing the SDGs and were not linked to substantive analysis or policy advice. In other words, gender equality was not considered to be 'macro-critical' to the IMF, the standard adopted in 2012 by the Fund to assess which issues are relevant to the fulfilment of its mandate.³¹

More recently however, the IMF has started to explore 'gender' as an "emerging issue", just as it has with income inequality.³² Beginning in 2013, the IMF published research on the macro-criticality of certain issues relating to gender inequalities, starting with the potential significant macroeconomic gains to be made from increasing female labour force participation.³³ Over the next two years the scope of this work expanded to research on issues such as the relationship between income and gender inequality, in particular relating to the gender wage gap, financial inclusion of women, macroeconomic impacts of gender discriminatory laws, the gendered impacts of economic diversification, and extensive research on gender-responsive budgeting.³⁴

This research culminated in the inclusion of 'gender' in the 2015 *Guidance Note for Surveillance* as one of the structural issues "staff may wish to consider" when developing surveillance reports, along with 'climate change' and 'social safety

nets', among others. The guidance specified that "women's contribution to measured activity and growth is far below potential in many countries" and that "full participation of women in the labour force could deliver significant macroeconomic gains".³⁵

With this guidance the Fund then operationalised its research and officially piloted the inclusion of explicit gender analysis and sometimes recommendations in approximately nine Article IV reviews in 2015, which were very varied in scope and content and were mostly limited to analysis of gaps in female labour force participation. This has rapidly expanded in size and scope. Analysis of 124 surveillance reports from 2016 revealed the Fund is now including explicit gender analysis in more than one in five reviews.³⁶ The scope of analysis in these reviews has expanded to issues previously untouched by its official policy advice, such as the gender wage gap, domestic violence, female infanticide, women's political participation in parliament, and even women's reproductive health.³⁷ In lending, the mechanism through which the IMF has the most influence, 2016 marked the first year a loan programme contained explicit gendered conditionalities. It specifically called on Jordan to increase female labour force participation, including through publically subsidised nurseries, implicitly recognising women's unpaid child care responsibilities.³⁸ Shortly thereafter, the new IMF loan agreement with Egypt included a requirement for the allocation of EGP 250 million (\$13 million) to improve the availability of public nurseries in order to increase female labour force participation as a structural benchmark of the programme. Structural benchmarks are a relatively soft type of conditionality

that carry less severe implications for governments if unmet. A third gendered conditionality is also expected to be included in Niger's upcoming IMF loan programme.

In June 2016, the Bretton Woods Project (the Project) developed three initial critiques to the IMF's approach to gender since 2013. The first was procedurally or system focused, highlighting the Fund's lack of a systematic and sustainable approach towards the few, varied and ad-hoc new pieces of work mentioned above.³⁹ The second critique focused on the content and scope of this work, revealing the inconsistency of the Fund's approach to 'macrocriticality,' as its gender work excluded many macroeconomic dimensions of gender equality, while seemingly arbitrarily including others. This general lack of coherence in approach is not only inconsistent but also makes assessing its impacts on women's lives fractured and problematic.

However, the final and most crucial argument, based on the feminist critiques outlined above as guidance, called attention to the IMF's failure to analyse the ways in which the bulk of its conventional policy advice, or that which does not explicitly focus on gender, can undermine women's rights and gender equality.

The Fund's approach seems to be that it is now content to also give advice on some gender-related issues in addition to its conventional policy advice, purportedly supporting its member countries in achieving SDG 5, as illustrated in the IMF table below.⁴⁰

IMF'S work is well aligned with the 2030 agenda

Domestic and global economic and financial stability	SDG 17
Strong, inclusive, and sustainable growth with poverty eradication	SDG 1-4, 8, 10
Closing infrastructure gaps in a sustainable way	SDG 9
Gender equality and inclusion	SDG 5, 10
Policies to address climate change	SDG 7, 12-13
Creating fiscal space for essential public service delivery	SDG 6
Providing capacity building for strengthening institutions	SDG 16
Providing capacity building to strengthen national statistical systems and to develop SDG global indicator framework	Several SDG indicators

SDGs (Sustainable Development Goals) are 17 global targets set by the United Nations to end poverty, protect the planet, and ensure that people enjoy peace and prosperity.

Reminiscent of an ‘add women and stir approach’, this superficial approach to gender equality does not challenge the structurally gendered dimensions of conventional IMF policy advice.⁴¹ The Project’s summary analysis of potential gendered impacts of commonly-prescribed IMF policies, such as public wage bill cuts and healthcare reforms, revealed that these policies can have disproportionately negative impacts on women’s lives and negatively impact their ability to avail themselves of their rights.⁴² This third critique is crucial because it is the bulk of the IMF’s conventional policy advice that shapes the global macroeconomic framework of today. While the Fund’s new focus on emerging issues such as gender and income equality represents a significant shift away from its traditional narrow approach, this work is still in its infancy and has not affected the bulk of the Fund’s policy advice. Critically, its continued approach to what it considers non-gender specific policies often contradict its efforts to support SDG 5 and women’s rights generally.

Thus, in pursuing an enabling macroeconomic environment for women’s rights and gender equality, the foremost question should be how current conventional approaches to macroeconomic policy within the IMF impact women’s lives, rather than focusing on how to improve this still relatively limited field of explicit macroeconomic gender work. Now that the IMF, including its board, recognises that at least some elements of gender equality are relevant to fulfilling its mandate, comprehensive analyses must be conducted on the impacts of conventional IMF policy advice on women’s rights and gender equality and concrete recommendations made to ensure that the IMF’s growing interest in ensuring gender equality is reflected in its impacts on the ground.

About this volume

While by no means comprehensive, this volume aims to examine some of the most commonly-prescribed macroeconomic policies of the IMF and their potential impacts on women’s rights and gender equality in general so as to contribute to civil society’s understanding of these issues.

This volume has benefited from a collaborative process taking place over the course of several months with a variety of civil society stakeholders. Each contribution benefited in particular from the input of participants in a February 2017 workshop, and Chapter III has also benefitted from comments by IMF staff on an earlier draft.

The Project has solicited contributions from experts that, in each case, have examined some of the core elements of the IMF’s macroeconomic policy advice: domestic resource

mobilisation, expenditure and labour market policy. This could be re-phrased more simply as: how and from whom governments collect money, how governments spend that money, and how governments shape the way women and men interact with the economy through work. These contributions are emphatically not comprehensive treatments of any of these three policy categories. Rather, they use these policy categories as frameworks to explore the significance of the Fund’s macroeconomic policies to gender equality.

Chapter II by Mae Buenaventura and Claire Miranda of the Asian Peoples’ Movement on Debt and Development (APMDD) explores the gender dimensions of the IMF’s key fiscal policy advice on domestic resource mobilisation in developing countries, focusing in particular on the Value Added Tax (VAT).

Chapter III by Kate Donald and Nicholas Lusiani of the Center for Economic and Social Rights (CESR) focuses on expenditure policy, the other side of the fiscal policy coin. Their contribution explores the gendered costs of austerity policies, assesses the IMF’s positive and negative influence over public expenditure decisions and provides proposals to help the IMF better safeguard women’s rights in times of fiscal crisis.

Martha Alter Chen and Rachel Moussié of Women in Informal Employment, Globalizing and Organizing (WIEGO) contributed Chapter IV on the IMF’s approach to labour market policies and its impacts on women in the informal economy in the Global South. This chapter also examines the Fund’s recent efforts to increase female labour force participation and details the inadequacies of this approach.

Though each tackles an individual policy area, the authors of this volume argue that it is particularly the cumulative impact of the combination of these policies that is so detrimental to women’s rights and gender equality, and mitigating and addressing each of these individual policy measures in specific ways misses the point.

The volume also attempts to demonstrate that the overall global macroeconomic framework supported by policies developed and disseminated by the IMF is systematically biased against women. The volume therefore asserts that only radical, structural change will address that.

In that regard, while each author has endeavoured to suggest concrete policy alternatives and solutions relating to their policy themes, this volume closes with a set of policy recommendations to the IMF aimed at creating an enabling macroeconomic environment for women’s rights and gender equality.

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II. The gender dimensions of the IMF's key fiscal policy advice on resource mobilisation in developing countries

Mae Buenaventura and Claire Miranda, Asian Peoples' Movement on Debt and Development

Explanatory note

The Asian Peoples' Movement on Debt and Development stands by its position that international financial institutions such as the International Monetary Fund, together with northern governments, private banks and financial companies bear major responsibility – institutionally and historically -- for the persistent conditions of poverty and deprivation in the Global South. The lending programmes of the IMF, in particular, through which the Fund exercises influence over developing country governments, has and continues to be an important factor in the accumulation of illegitimate, unsustainable debt. It is a key obstacle in the assertion of South peoples of their sovereign right to development, that is,

...[the] inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.” (Article 1.1, Declaration on the Right to Development)

The human right to development also implies the full realization of the right of peoples to self-determination, which includes, subject to the relevant provisions of both International Covenants on Human Rights, the exercise of their inalienable right to full sovereignty over all their natural wealth and resources.” (Article 1.2)

Thus, while we press for lenders to institute substantive changes, such as upholding human rights, we continue to be firmly critical of the Fund, both for its historical accountability (still unrecognised, thereby evading the South's demand for reparations and restitution) and its institutional mandate and organisation which remain in the service of advancing a discredited neoliberal model of the economy and finance. We see the all too belated pronouncements coming from the IMF on gender equality, labour rights, corporate tax dodging and the like, as part of efforts to prove the Fund's relevance at a time when its economic growth models have led to sharp inequalities, enduring extreme poverty, precariousness and uncertainty. But these attempts are not enough; the changes required are much more fundamental and strategic, starting with the very paradigm and governance of the Fund.

The need remains for transforming the international financial system into a global system of sovereign, democratic and responsible financing. This means constituting new international financial systems based on the framework and principles of human rights; internationally established social, economic and environmental standards; sovereignty and self-determination, national ownership and fiscal space; public consent and transparency; and global pacts on integrity and against corruption, among others. It is in this context that APMDD's contribution to this volume should be considered.

II. 1. Introduction

Governments raise revenues in various ways, such as through taxation, borrowings, privatisation and accessing aid. But of these, taxation is the most vital, representing a social contract whereby citizens grant states the authority to collect taxes in the belief that the fruits arising from the exercise of such authority rebound to their benefit and well-being. It has been called the highest attribute of sovereignty, free of conditions that accompany loans and fostering self-reliance rather than dependence on development aid. Bearing the strength of law, it represents a predictable and reliable fund source with which to finance public expenditures as well as long-term development goals. It can shape norms by incentivising contributions to the social good while dis-incentivising social demerits. Carried out fairly and with a strong commitment to the public good, it has the potential to address inequities through the redistribution of wealth and income.

Furthermore, UN member-states are obligated under international human rights law to progressively take positive steps through a range of governmental actions to fulfil human rights, including through budgetary mechanisms. States parties to the Covenant on Economic, Social and Cultural Rights, for instance, commit to do so “to the maximum of its available resources”. More specifically, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), for instance, elaborated that “[t]he duty to fulfil rights places an obligation on States parties to take appropriate legislative, judicial, administrative, budgetary, economic and other measures to the maximum extent of their available resources to ensure that women realize their rights to health care”.

The International Monetary Fund (IMF) continues to wield significant influence over developing countries, even those already out of IMF lending programmes. Many developing countries have also been compelled to change tax policies according to IMF recommendations to access loans from other international financial institutions, such as the World Bank. A major channel for deploying its influencing authority is the annually conducted “policy advice and surveillance missions”

known as Article IV consultations. Through this exercise with almost all countries worldwide the Fund puts forward recommendations that range from fiscal and monetary matters to other areas, such as health services and labour regulations. Enacting a Value Added Tax (VAT) law remains a key tax reform prescription of the Fund, despite studies challenging gains and showing adverse consequences, especially in developing countries (Ortiz, Cummins and Capaldo 2017).

Developing countries have grown more reliant on indirect taxes, with rate increases becoming marked in the 2000s (Aizenman, et al. Tax Revenue Trends 2015). Martinez-Vazquez cited Asia’s indirect taxes which dominated direct taxes by more than 100 per cent. In contrast, global averages of direct taxes were shown to be bigger than indirect taxes by 50 per cent, and in OECD countries particularly, by more than 100 per cent (Martinez-Vasquez et al. 2010). Spurring this trend is the steady decline in all global regions of corporate tax rates, a revenue source that holds more importance for investment-receiving developing countries than investment/capital-sending developed countries. In Asia alone, for instance, average corporate tax rates declined further in recent years (2004 to 2014) by more than 10 percentage points, from 31.2 per cent to 20.8 per cent (Pomerleau 2017). Trade tariffs, considered comparatively easier to collect than VAT, have also declined tremendously in the wake of Fund advice for developing countries to open their markets and embark on trade liberalisation.

This paper seeks to give an overview of the IMF’s policy advice on tax reform, primarily the use of VAT; to show impacts on alleviating poverty, promoting women’s rights and advancing gender equality; and put forward policy and advocacy recommendations for equitable and gender-fair measures in resource mobilisation. Recent publications from the Fund addressing gender equality issues, corporate tax avoidance and evasion, tax competition and the erosion of domestic resources present opportunities to raise a brief critique of the Fund’s work and its impact.

II. 2. The rise of VAT: The IMF's default policy

Resource needs of developing countries

Developing countries face huge resource needs to finance their development. According to the UN Conference on Trade and Development, more than a billion people around the world have been lifted out of absolute poverty since 1990. Nonetheless, an estimated 767 million still remain extremely poor, living below the \$1.90/day poverty line. About 50.7 per cent reside in Sub-Saharan Africa, 33.4 per cent in South Asia and 9.3 per cent in East Asia and the Pacific. They reside mostly in rural areas and have received little or no formal education (World Bank Group 2016).

Improvements in the lives of the absolute poor have not proven substantive either. Now categorised as low-income (\$2.01-\$10/day) (Kochhar 2017 (b)), they face the risk of falling back below the poverty standard in the face of climate change, economic downturns and other shocks. As of 2011, 56 per cent of the world's population was living precariously at low-income levels, with the highest concentrations in Asia and Africa. Between India and China alone, 489 million were pulled out of extreme poverty but 435 million people were added to the global low-income population in 2011 (Kochhar 2017 (a)).

In terms of health, education and housing, advancements made in the developing world are overshadowed by persistent problems that contribute further to deepening poverty. Illiterate adults worldwide number 780 million, of which two-thirds are women (World Bank Group 2016). Millennium Development Goal targets were neither met for health (maternal and infant mortality), nutrition (undernourishment and hunger), nor sanitation. Around one-fifth of under-five children remain undernourished and there remain an estimated 860 million slum dwellers worldwide. (Kenny and Dykstra 2013 cited in World Bank; International Monetary Fund 2015/2016).

Gaps in women's health concretely translate to millions of lives endangered or lost. The World Health Organisation estimated in 2015 about half a million women die from breast cancer each year, often in developing countries without testing, prevention and treatment facilities. Contraceptive needs of 220 million women aged 15-44 are still unmet. In 2013 alone, an estimated 300,000 women died from childbirth and pregnancy complications, most of which "could have been prevented" according to a senior WHO official (Bustreo 2017).

Violence against women and girls also continues to put women's well-being and lives at risk, and yet national machineries intended to play key roles in addressing it have been among the most poorly resourced compared to other government programmes. A 2014 survey of 17 national women's machineries reported shares in national budgets that ranged from only 0.003 per cent to 3.12 per cent and

15 received less than one per cent (UN Economic and Social Commission for Asia and the Pacific 2016).

Against this backdrop of urgent social needs, today immense wealth and income is concentrated in the hands of a very few. The IMF's own calculations indicate that "almost half of the world's wealth is now owned by just 1 per cent of the population, amounting to \$110 trillion – 65 times the total wealth of the bottom half of the world's population" (Fuentes Nieva and Galasso 2014 as cited in Dabla-Norris, et al., 2015). Weak domestic resource mobilisation and redistribution are frequently implicated among the factors contributing to inequality, and tax reform is a consistently proposed measure.

Rising VAT policy adoption in developing countries

VAT has become a key mechanism of tax systems worldwide since it was first implemented in France in 1948, and has covered even more ground with IMF backing. As the name suggests, VAT is charged at every stage of production and is computed on the basis of the value added in the process. It is similar to a sales or consumption tax but differs in the way it is collected. The taxpayer pays VAT on its purchases of inputs and then collects this from its sales. Being a tax on gross and final consumption, end consumers pay the full cost of VAT.

As of January 2016, the OECD listed 167 countries collecting VAT in one form or another (OECD, Consumption Tax Trends 181-184). This is bound to increase further as it is pushed as an alternative to the loss of revenue especially in developing countries as trade tariffs fall and corporate tax competition grows fiercer. For example, the Gulf Cooperation Council countries, in the face of falling oil prices, recently signalled their plan to introduce VAT in 2018. The government of India is also introducing a comprehensive Goods and Services Tax for rollout in April 2017.

A major reason cited for its increasing popularity is its economic efficiency; supposedly with reduced efficiency costs the potential for raising more revenues would be greater. The trend has been described by the IMF as "the most dramatic – and probably most important – development in taxation in the latter part of the twentieth century, and it still continues" (Ebrill, Keen, Summer & Bodin 2000).

VAT as key policy advice and loan conditionality

The IMF, the World Bank and other international financial institutions (IFIs) have consistently championed the adoption and increase of VAT among developing countries. Indeed, as observed by Keen and Lockwood (2010), "[t]he probability of adoption is significantly related to participation in a Fund-supported program" (Cottarelli 2000). During the height of



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Woman laying out leather to dry, Asia

structural adjustment programmes foisted upon the Global South, VAT was a standard conditionality for cash-strapped economies seeking loans, along with privatisation of state facilities, freezing wages, laying off public sector workers and slashing social service budgets. Developing countries in need of cash and reliant on borrowings typically amend their VAT laws under these circumstances.

Though the IMF denies using one-size-fits-all approaches, VAT is a commonplace element of tax-related proposals in IMF Article IV consultation reports and remains a standard structural reform requirement that borrowing countries must undertake alongside cuts in trade tariffs and direct taxes. The 2011 IMF Review of Conditionality indicated that this remains the case. It acknowledged that “between 2006 and 2010, the number of tax policy conditions in Fund programmes increased tenfold”. These include adopting or raising VAT, introducing other indirect taxes, rationalising tax expenditures and reducing corporate income taxes (IMF 2011 Review of Conditionality as cited in Griffiths et al. 2014). Such structural requisites count among the “binding conditions” the Fund considers core areas vital to the

success of its loan programmes. While countries are supposed to have the last say, non-implementation is hardly an option, as countries need to request a waiver by the IMF’s Executive Board which could cause reputational damage in international markets (Andersen 2009 cited in Kentikelenis, Stubbs and King 2016).

In their study, Kentikelenis et al. (2016) found a staggering 55,465 IMF loan conditions from 1985-2014, composed of both core and non-core areas. Of almost 48,000 conditions pertaining to core areas, policy changes on fiscal issues, revenues and taxation numbered 13,756, or 25 per cent. Initially, the IMF’s tax policy advice was limited to setting revenue targets but this eventually broadened to the adoption of VAT as a key tax reform measure and the reduction of trade tariffs.

Egypt is the latest country to have adopted VAT. In August 2016, Parliament passed the Egyptian VAT Act of 2016 and thereafter approved a 13 per cent VAT rate. This change to the Egyptian tax system sought to unlock the first \$1 billion-tranche

of a \$3 billion loan from the World Bank. Welcoming the move and other austerity measures as steps in the right direction, the IMF expressed support through a \$12 billion loan commitment in 2017 to Egypt over the next three years (International Monetary Fund, 2016 (c)).

For countries with VAT laws already in place, increasing rates is a well-established trend. A 2017 International Labour Organisation study of 187 countries reported consumption tax increases from 2010-2015 in 93 developing countries and 45 high-income countries. Among developing countries 27 are in Sub-Saharan Africa, 18 in East Asia and the Pacific, 18 in Latin America and the Caribbean, 14 in Eastern Europe and Central Asia, nine in the Middle East and North Africa and seven in South Asia. The highest percentages of countries implementing consumption tax hikes as part of IMF structural adjustment measures were in South Asia (86 per cent), East Asia and the Pacific (76 per cent) and Middle East and North Africa (75 per cent) (Ortiz, Cummins and Capaldo 2017).

Sri Lanka is a case in point. In June 2016, the Fund approved a three-year \$1.5 billion loan meant to avert a possible balance of payments crisis in the country, on the condition that Sri Lanka embarked on structural reforms which included raising VAT and privatising state-owned enterprises. The measure, however, drew public protests, including a petition filed by opposition lawmakers before the Sri Lankan Supreme Court arguing that amending the VAT law required parliamentary approval.

However, the delay proved only temporary for in September 2016, parliament approved raising VAT from 11 per cent to 15 per cent. The amendment passed with clear support from only 112 MPs voting in favour; 46 MPs voted against it, while 65 MPs were absent. The decision came after a two-week IMF mission to Sri Lanka to discuss the country's pledges, during which head of mission Jaewoo Lee reportedly stressed the importance of government "[expediting] the legislative process of implementing the VAT amendments that are needed to support revenue targets for 2016 and 2017" (Gamage 2016). He also reportedly stated that "[w]e want to see the VAT Amendment Bill to be submitted to Parliament. That will enable us to go to our board with good conscience [and say] that progress is [being] made" (Daily Mirror 2016).

Persistent regressivity in developing country contexts

VAT and other indirect taxes account for up to two-thirds of tax revenues in most developing and low income countries, while this makes up only about a third of tax revenues in developed countries (UNDP 2010). Notwithstanding the pressure of IMF loan conditionality on borrowing countries to adopt and strengthen VAT, the Fund nonetheless credits widening VAT buy-in to its presumably inherent qualities of efficiency and hence, a higher revenue-raising potential compared to other tax measures.

However, VAT has not always produced such clear-cut positive outcomes, as manifested in the experiences of developing, low

income countries based chiefly on agriculture, and marked by large informal sectors, governments captured by elites, weak administrative capacities and low literacy levels, among others.

To varying degrees, VAT policy practice in developing country contexts indicated regressivity, meaning that it exacted proportionally steeper costs from the very vulnerable groups that could have benefited most from the increased revenue, and less from higher income groups. Indirect consumption taxes like VAT are widely recognised as regressive, income-wise, as opposed to progressive income taxes, because they levy the same rate on rich and poor consumers alike, resulting in a greater percentage of income being spent on tax by low-income earners than high-income earners. Proponents, notably the IMF, assert that the gains outweigh the inequitable impacts, which can be cushioned even to a limited extent through exemptions and other pro-poor measures.

Bangladesh's experience with VAT bears noting. It remains in the UN category of 'Least Developed Countries' with a GDP per capita of \$1,404 as of October 2016 and ranked 148th among 186 countries. It has an estimated population of more than 154 million people, of which about 43 per cent fall below the international poverty line of \$1.25/day. Total adult literacy rate as of 2015 barely reached 60 per cent (UNICEF 2017). Up to 48 per cent of the population work in agriculture and other primary sectors (International Monetary Fund 2016 (c)). About 87 per cent of the labour force was employed in the informal economy as of 2010 (International Labour Organization 2017).

VAT became part of Bangladesh's tax policy through the passage of the VAT Act of 1991. A general 15 per cent rate was levied on imports, manufacturing, wholesale and retail sales of goods and services, but with the incorporation in the VAT law of other types of taxes and provisions for exemptions, zero rating and discounted rates, effective rates vary and implementation is complex. It also failed to improve the tax-to-GDP ratio, reported as one of the lowest worldwide (International Monetary Fund 2016 (b)).

Persisting in its push for VAT, as indicated in several Article IV consultation reports, the IMF urged even more rigorous implementation, including the removal of multiple VAT rates (Smith, Islam and Moniruzzaman 2011). In 2012, Bangladesh passed a new VAT law imposing a consolidated, flat VAT rate of 15 per cent on all sectors while preferential rates for cottage industries and small enterprises were also removed. An IMF mission expressed full support for the move although the Bangladesh chambers of commerce and industry had voiced concerns that the flat VAT rate, "will be suitable for large, wealthy corporations, but may be harmful for small and medium enterprises (SMEs)" (Asia Briefing 2017). That same year, the IMF executive board approved a three-year deal for Bangladesh under the Extended Credit Facility which enabled the immediate disbursement of \$258.3 million from the total amount of \$904.2 million (International Monetary Fund, Press Release 2015).

Showing its preference for shifting to VAT and away from direct taxes, the IMF also encouraged revenue-eroding measures specifically in trade. For instance, it noted in its 2002 country report that notwithstanding gains in trade liberalisation, the country's tariff hikes in the previous year "marked a significant step backward" for Bangladesh (International Monetary Fund 2002). It also advised in 2007 that "with nominal protection at 24 per cent, further tariff reductions are needed" (International Monetary Fund 2007). Following IMF advice, Bangladesh saw trade taxes falling from 74 per cent in 2005 to 28 per cent in 2014; corporate income tax (CIT) rates also declined from 27.5 per cent to 25 per cent in the Fiscal Year 2015-2016, resulting in only an 18 per cent share in total revenue (SUPRO, Tax Justice-Africa, Oxfam 2015).

Earlier studies already found evidence of persistent regressivity under the old VAT law even with multiple rates which were intended to soften VAT's adverse impacts on small businesses. Using a 2005 *Household Income and Expenditure Survey*, Faridy and Sarker found the average effective VAT rate of 6.01 per cent to be higher than the effective VAT rates of the four highest income groups. Disparities were even greater at opposite ends of the income range: the VAT burden borne by the highest income level (BDT 20,000) came to only 4.56 per cent while it amounted to 6.92 per cent for the lowest income group (BDT 3,999 and less). In terms of the relative burden of VAT (with exemptions) vis-à-vis monthly household per capita income, the poorest household earning BDT 200 and less had a relative VAT burden of 404 per cent in contrast to only 63 per cent for those earning BDT 3,500 and above. The authors also noted that raising the VAT registration threshold could reduce regressivity, but maintained that "more revenue can be collected by close monitoring of the large taxpayers through risk-based audit programmes".

The implementation of a uniform VAT rate threatens to render the regressivity even more acute. As Hossian found from modelling studies "a single, uniform rate VAT applying to all commodities (as is the case in New Zealand) ... would be highly regressive resulting in wealthier people gaining while the majority of the population would be worse off" (Hossian as cited in Smith, et al. 2011). However, a single VAT rate from 10-20 per cent has reportedly been typical IMF advice, a practice that continues to this day as seen in the case of Bangladesh and other countries.

The IMF and World Bank, for example, provided the Philippine government with comprehensive tax reform proposals that include a more far-reaching VAT through the removal of exemptions for senior citizens, persons with disabilities (PWDs), social housing, cooperatives and electricity transmission (International Monetary Fund (d)). This has been reflected in tax reform packages filed in Congress, except for seniors and PWDs due to public outcry. Package 1, which includes the VAT amendments as a way of offsetting revenue losses from reforms in personal income taxes, will be enacted in May or June this year, according to the Department of Finance of the Republic of the Philippines.

Challenging VAT's efficiency in developing country contexts

Other important features of developing economies are largely ignored by VAT proponents. One of these, pointed out by Stiglitz, is the existence of large informal sectors where many economic activities are beyond the reach of the tax net (i.e. taxes on profits in trading VAT-covered commodities) (Stiglitz 2010). Broad-based taxes are deemed "near impossible" to implement in contexts with high economic informality (Besley and Persson 2014). Thus developing countries with sizeable informal sectors would find VAT a relatively inefficient tool for raising revenues because at that point of their development, VAT cannot as yet reach a potentially broader base.

The usual argument for the VAT is that the VAT is not progressive, but it is efficient. Government should resort to other instruments for dealing with [re] distribution. But for developing countries, the VAT is not an efficient tax; it can, furthermore, lower growth and increase unemployment. Given the absence of other progressive taxes, however, the lack of progressivity of the VAT is of particular concern (Stiglitz 2010 p22-23).

Kenya is similarly situated as Bangladesh in terms of the large numbers of people in low-waged work and having one of the largest informal economies in Sub-Saharan Africa. The share of informal employment has grown from 53.41 per cent in 1994 to 82.73 per cent in 2014 (excluding self-employed and unpaid family workers). And though GDP increased from the mid-2000s to 2013, the magnitude of poor people rose from 17.7 million to 21.5 million over the same period (Mwega, Kimenyi and Ndung'u 2016). Based on the 2004/6 Household Budget Survey, monthly income of informal workers averaged at the national level at a little less than KES 12,000 (about \$115 at current rates) but disaggregated data showed that the average for men was 1.5 times the average for women (Budlender 2011).

Cheeseman and Griffiths (2005) showed outcomes along the same lines in their study on Kenya's adoption and implementation of VAT from 1990 to 2000. Revenues did rise during this period, if only slightly, but at the same time, the tax-to-GDP ratio fell as revenues from direct taxes shrunk and VAT receipts plateaued at the end of the decade. They attributed this failure to raise revenues domestically to "structural weaknesses [such as limited formal employment, low wages and a high dependency ratio] that limit the possibilities for revenue expansion".

A 2010 study by Bird and Martinez-Vazquez on VAT's performance saw growth, though modest, in the tax-to-GDP ratio of countries implementing VAT. However, comparing developed and developing countries with and without VAT, they reached conclusions that add further to doubts over VAT as the "money machine" claimed by the Fund:

The much higher ratio for developed countries with a VAT than for developed countries without a VAT seems compatible with the VAT ‘money machine’ story. However, the tax ratio is lower for developing countries with a VAT than for developing countries without a VAT. Moreover, while the ratio has increased over the last decade for developing countries without a VAT, it has declined for developing countries with a VAT. This is not quite compatible with the ‘money machine’ story (Bird and Martinez-Vazquez 2010 p17).

Revenue trade-offs in shifting to VAT

Kenya remains in the top ten Overseas Development Aid (ODA) recipient countries as of 2014/2015 (OECD 2016). Notably the tariffs lost to trade liberalisation were not recovered from tapping domestic tax revenues, in particular through VAT. A study by Baunsgaard and Keen covering 111 countries over a 25-year period supports this by noting that during this period only high-income countries clearly succeeded in recovering the loss in tariffs due to trade liberalisation from domestic tax revenues. For low and middle-income countries, the picture was less definitive:

For middle-income countries, there is also evidence of significant recovery: there are strong signs that this has been in the order of 45–60 cents of additional domestic tax revenue for each dollar of trade tax revenue, with apparently full recovery when separately identifying the episodes in which trade tax revenues fell. For low-income countries, however, recovery has been far from complete. At best, they have on average recovered no more than around 30 [cents] of each lost dollar. Since many of these countries also face an intense need to enhance revenue to provide sustainable finance for poverty relief and development, and may also face revenue pressures from other sources, the auspices for the prospect and impact of further trade liberalisation are troubling (Baunsgaard and Keen 2011 p22).

Currently, developed countries heavily source their revenues from direct taxes. In contrast, developing countries have become more reliant on VAT and consumption taxes.

In effect, developing countries moved away from “easy-to-collect” taxes and in turn adopted “hard-to-collect” taxes such as VAT, to make up for shortfall in revenues according to Aizenman et al. In their 19-year study of 60 countries, they pointed out the “significant investment in tax collection infrastructure, and spending resources on monitoring and enforcement” of hard-to-collect taxes. Moreover, they found the resulting revenue increase of 12 per cent in low income countries minimal, “less than what was needed to compensate for the drop in the revenue from ‘easy-to-collect’ taxes”. This also led to shrinking the total tax revenue of low income countries by 17 per cent (compared to only 3 per cent for high income countries) (Aizenman and Jinjarak 2015).

II. 3. Embedded gender biases in VAT design and implementation

Using gender as a category of analysis brings out biases that would otherwise be missed in the general assumption that institutions such as national laws and policies are gender-neutral and apply equally to men and women alike. Interacting with various social stratifiers that include race/caste and economic status, gender or the socially constructed roles and behaviours deemed appropriate and ‘natural’ for women and men influence the way they are impacted by policy. The outcomes of policy implementation are thus not the same for men and women due to gender-based differences and their intersections with other factors. These tend to manifest discriminatory effects such that lower income groups, and poor or working women in particular who are also marginally situated in society, culture and the economy, are comparatively more disadvantaged.

Barnett and Grown noted four gender-based “stylised facts” relating to men and women’s economic life that help explain how taxation, including the structure or design and implementation of VAT affects them differently:

1. gender differences in paid employment – including formal/informal employment, wages and occupational segregation;
2. women’s work in the unpaid care economy;
3. gender differences in consumption expenditure;
4. gender differences in property rights and asset ownership

(Cited in Grown and Valodia 2010 p4).

Gender gaps in employment and wages, and in access to and control over resources such as land, education/training and financial services, occur across many countries worldwide. Women are also gender-tracked into services, such as providing care work for private households where wages are low, social benefits nil or inadequate and working conditions generally unregulated. Some key findings in a 2015 UN report on the world’s women noted that:

- Globally, about three quarters of men and half of women participate in the labour force; the gender gap in participation has narrowed in only some regions and remains widest in Northern Africa, Western Asia and Southern Asia.
- Women’s unemployment rate remains higher than men’s in most countries, and the differences remain substantial.
- Women earn less than men across all sectors and occupations, with women working full-time earning between 70 and 90 per cent of what men earn in most countries.

(UN Department of Economic and Social Affairs 2015 p87).

It is also well established that women bear a disproportionate share of the work that goes into caring for household or family members. Care labour is generally rendered in households as part of women’s gender roles, and is most often unremunerated, as this is considered an inherent or natural inclination in women. The UN DESA report observed as well that “[w]omen spend, on average, three hours more per day than men on unpaid work in developing countries and two hours more per day than men in developed countries; when all work – paid and unpaid – is considered, women work longer hours than men”. This extends to shaping consumption behaviour in gendered ways; compared to men, women tend to spend a larger share of their often smaller incomes on household needs (Grown and Valodia 2010).

VAT, a tax borne by all final consumers, is thus particularly regressive for lower earning groups where women in waged work and those engaged in informal livelihoods often abound. Moreover, if gender differences are not taken into account from design to implementation, VAT can end up not only regressive but gender discriminatory as well.

A 2012 World Bank report citing lower productivity and earnings of female farmers and entrepreneurs as compared to their male counterparts also holds relevance for examining the gender dimensions of designing VAT structure. Value added per worker was found to be comparatively less in female-managed enterprises in urban areas – lower by 34 per cent in Europe and Central Asia; 35 per cent in Latin America; and 6-8 per cent in Sub-Saharan Africa. Bangladesh registered the biggest disparity; firms operated by men exhibited average output per worker that was eight times higher than those operated by women (World Bank 2012).

This also resonates with Akram-Lodhi and Staveren’s study of VAT implementation in Vietnam and its impacts on female-managed small and medium non-agricultural businesses. They traced the relatively lower earnings of women’s micro, small and medium sized enterprises (MSMEs) to gender-based differentials in the structures of input costs. Women-run enterprises over-estimated their value added if only because they turned to more costly informal lenders in the face of difficulties in accessing formal credit, while male-managed enterprises reduced their value added by drawing on their access to unpaid family labour. Women’s MSMEs were also largely unregistered, meaning that they were “less likely to be able to redeem tax payments on the higher priced inputs that they obtain because of their lesser scale”. The authors concluded, among others, that “the VAT structure fails to recognise gender-based differences in input cost structures” as well as in VAT registration. Cumulatively, there can be little doubt that the VAT system demonstrates gender bias (Akram-Lodhi and Van Staveren 2003).

Women's MSMEs in countries in the Global South adopting Fund advice on VAT depict similarities in gender-based obstacles that make gainful entrepreneurship more challenging for women than men. In an ILO study of female MSMEs in Pakistan, for example, women spoke of "1) discrimination; 2) limited access to productive resources (e.g., land, skills, technology, networks, information; 3) high registration costs; 4) high transaction costs; 5) high taxes; 6) complicated procedures for women entrepreneurs in joining the formal economy" (ILO 2011). The study further stressed the "gender-blindness" in policy development and implementation, as they failed to appreciate the different needs of women-led enterprises at various stages of growing their businesses (ILO 2011).

Exemptions and zero-rating on specific goods have been

introduced by many governments in an effort to address VAT's regressive effects. The South African government zero-rated food items such as bread, maize, beans, milk, rice, etc., which are items that are mostly purchased by women for their families. Trinidad and Tobago also incorporated zero rates not only for basic goods, but also in their health-related services, education and housing rentals (Commonwealth Secretariat 2004).

Indeed, Valodia and Grown's study makes the case that these measures can at least reduce the indirect tax burden especially for poor and low-income women. Using consumption expenditure in their incidence analysis, they laid down an important assumption that household expenditures constitute gendered terrain:



Workers in vegetable plan, Guatemala

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Across a wide range of cultures, empirical studies have revealed gender differentials in expenditure (citing Haddad et al. 1997; Lundberg et al. 1997; Browning and Bonke 2006; Doss 2006). Women, compared to men, tend to spend a higher proportion of income under their control on goods such as food, education and health care that enhance the well-being and capabilities of children (Grown and Valodia 2010 p5-6).

They concluded that while the incidence of indirect taxes showed no explicit gender bias in their sample, “some implicit gender biases may exist in some countries for specific commodities that are essential for meeting basic needs, providing care, and reducing women’s unpaid work burdens” (Grown and Valodia 2010).

Multiple rates are not encouraged by the IMF as they are deemed to complicate administration. The IMF stated that it would create “classification disputes and increasing compliance costs” that can somehow undermine the effectiveness of revenue collection from VAT. The Fund further asserts that exemptions foster unfair redistribution favouring the rich who can purchase more of these goods in absolute terms and thus accrue more benefits (International Monetary Fund, 2011).

Several developing countries recently cut down on their zero-rated items, despite opposition from the poor and women’s groups. The Kenyan government, for instance, drastically reduced 400 zero-rated items to 30, and subsequently imposed a fixed rate of 16 per cent VAT in 2013 (Masinde 2013). Trinidad and Tobago also removed items related to education, and other basic food supplies such as rice, flour and bread, a move justified according to its finance minister, Colm Imbert, because tax policy is not social policy but fiscal, and that minimising exemptions is the only way to cover the revenue loss from the income tax reductions. He added that implementing a fixed rate would lead to more stable government revenue for public services, which will result in positive effects for the poor, including women (Gail 2016).

Wanjala, Kiringai and Mathenge also found indirect taxes in Kenya as generally progressive due to exemptions and zero-rating of basic commodities. However, they saw that these did

not translate into gender-equal results, but in fact suggested implicit or indirect gender bias:

[F]or all expenditure quintiles, female-headed households bear a greater VAT burden as compared to male-headed households. Despite female-headed households mainly having a greater proportion of their expenditure being exempt, they bear a higher final burden. This is due to the fact that females in general earn lower incomes than males (as earlier explained), which implies that the proportion of tax in their total incomes is likely to be higher than males (Wanjala, Kiringai and Mathenge 2006 p29).

Similarly, the choice over which goods and services should not enjoy preferential consumption tax rates reflects gender biases as well. Sanitary napkins and tampons, for example, are not considered essentials in certain countries such as India where they are levied a 14 per cent Goods and Services Tax.

Poor and low-income women who cannot afford these ‘luxury items’ have resorted to using unsafe alternatives such as cloth or ash (Shetty 2016). A similar policy applies in Slovakia where a 20 per cent rate is imposed on women’s sanitary products and in Australia where, despite proposals to exempt sanitary products from General Sales Tax (GST), a 10 per cent rate remains (BBC News 2015).

Certain excise taxes, or what some specifically refer to as ‘sin taxes’, are also levied as means to counter the regressive impacts of VAT. Imposed on items considered as luxuries and non-essentials, such as cigarettes and alcohol, and on activities like gambling, they are deemed progressive because the tax will presumably fall on those with higher incomes. There is a resulting implicit bias against men who largely consume these products but this is generally considered justifiable, even desirable, because they disincentivise socially harmful behaviour. However, such excise taxes could also negatively affect women, particularly when they have little or no household bargaining power and end up additionally burdened by having to further stretch household budgets to accommodate such expenses (Capraro 2014).

II. 4. Conclusions and initial recommendations

Taxation is said to be the most important attribute of sovereignty. As sovereign nations, countries are supposed to be autonomous in determining the way they exercise their authority to tax, and how to raise revenues for their peoples' needs and development path. This fundamental principle has been violated many times over by the IMF in attaching structural reform as a condition in loan programmes, including shifting away from direct taxes and adopting more indirect taxation measures such as VAT. For many borrower governments, the decision to enact VAT laws was not autonomously made; they were reached without consultation with their constituents or diligent consideration of overall fiscal policy and economic implications and directions.

Technically, borrower governments ultimately decide whether to adopt or increase VAT, but they can be under tremendous pressure to accede to the loan conditions of the Fund. This is evidenced by the common circumstances – described by some as negotiating at gunpoint – in which developing countries came to introduce VAT into their tax systems.

Not only is the IMF's approach to VAT an imposition and an infringement on national sovereignty; it has also been shown to be a flawed strategy in a number of cases in developing countries. From the literature, only developed countries with large organised sectors and a broad taxpayer base, along with some additional factors, have been able to demonstrate VAT's efficiency consistently. Only they have in fact been able to recover tariffs forgone from liberalised trade, and today raise only about a third of domestic revenue from VAT and other indirect taxes.

In contrast, developing countries' large informal sectors and narrow tax bases limit VAT's reach as a broad-based tax, rendering it inefficient. Failing to compensate for forgone trade tariffs, VAT has not ushered in improved tax-to-GDP ratios, which have remained generally at 10-15 per cent among developing countries. Admittedly, a confluence of factors are involved but it is important to note that a number of developing countries implementing VAT have remained dependent on debt and aid, eventually returning to the IMF to borrow again (Griffiths and Todoulos 2014).

This indicates that while VAT revenues have risen (in part due to higher rates), overall revenue collection has remained low and resources are still inadequate for public expenditure. This further means that using VAT is not necessarily more efficient. Instead it has shifted the burden of who bears the heaviest revenue-raising effort with typically regressive and gender-unequal results that are particularly disadvantageous to women. VAT is still promoted by the Fund as a quick-fix money machine, even as VAT performance has failed to show solid evidence to this effect in studies.

The Fund's insistence on VAT must also be examined alongside overarching policy advice for developing countries, such as attracting foreign investment and liberalising trade, which underpin the erosion of revenues from hefty cuts in corporate income taxes and trade tariffs. As raised by Aizenman and Jinjarak, these could actually have contributed to narrowing the fiscal base of developing countries – a condition that seems at odds with the increasing push for VAT to reach as broad a base as possible.

Several gender and human rights issues have emerged in the course of implementation, casting even more doubt on claims that the difficulty in implementing VAT will eventually be worth the effort. A continuing criticism of VAT is its inherent regressivity; as the examples cited in this paper affirm, the tax burden inevitably fell heavily on low income groups as compared to the more well-off. Even with exemptions and zero-rating measures that generally made the VAT structure more equitable and lessened negative impacts on the poor, some regressivity often still remained. Significantly, strengthening progressive income taxes no longer seems to be in the picture as proponents like the IMF insist on VAT as the revenue-raiser developing countries need. It would seem that the large number of poor that lie beyond the tax net and cannot be directly taxed are being deliberately targeted through VAT.

Reducing regressivity also does not automatically translate to equitable and gender-fair outcomes for women. The cases cited highlighted the gendered nature of expenditures and revealed the gender issues in a supposedly neutral tax as VAT. In several instances, indirect tax incidence (measured on the basis of consumption) on non-VAT exempt food commodities turned out to weigh heaviest on poor women. Low income and lack of assets, such as land, were also found contributing to higher indirect tax burdens on women.

Clearly, law and policy and the institutional arrangements and processes around them, including those on tax, tightly intersect with gender. Thus, deciding which goods should be levied excise taxes, exempted and/or zero-rated are gendered decisions, which reveal gender-based assumptions and indicate where biases lie.

Gender analysis has proven to be a valuable tool for women's rights advocates and activists in assessing these biases. By applying gender equality perspectives, VAT implementation has been shown to contain gender discriminatory elements that disadvantage women. The gender biases that have emerged in several cases from its swift and sweeping implementation provide important stepping stones for examining it more deeply in different social, economic, political and geographical contexts and in the many intersections of women's lives.

However, the lack of gender disaggregated data remains a significant impediment in further research and developing gender-fair tax policy. Considering that almost universal ratification of the CEDAW has been reached, there is a basis to compel countries to take concrete steps to remedy this gap, in compliance with their legal obligations as state parties. Efforts at reviewing and reforming the VAT structure and design, and overall tax policy for that matter, must ensure substantive involvement, especially of women from poor and lower income groups, from both rural and urban areas.

Further research on the implications and consequences of using VAT as a major instrument for expanding domestic resource mobilisation is clearly needed. For instance, much ground has yet to be covered on VAT's impacts on the informal sector, where large numbers of women congregate.

Facing many forms of economic and social vulnerability, women in the informal sector are among the hardest hit by VAT through their purchases of basic goods from formal enterprises. It is also asserted that VAT is self-executing and indeed appears to be corruption-proof. This warrants deeper examination not only of tax fraud as a legal issue but as a matter of injustice for the majority of low and middle-income consumers who

inescapably pay VAT. Another area of inquiry could delve deeper into combining exemptions with other mechanisms such as VAT refunds for low income groups to further reduce regressivity. Moreover, we should look more closely at maximising the policy objectives of taxation. This can take the form of designing a VAT with well-targeted gender-equality outcomes in mind, specifically in helping shape attitudes and behaviour towards recognising, reducing and redistributing unpaid care work that women continue to overwhelmingly bear.

Investing substantively in improving tax administration is needed to address these concerns, but not simply for efficiency's sake. This should be undertaken as part of wider processes that re-examine development needs and frameworks from a perspective of social justice and human rights, including women's rights and gender equality.

Finally, a counter-discourse must be mounted more vigorously and comprehensively on strengthening progressive income taxation, especially on corporations and wealthy individuals, and curbing the practices of tax dodging that are causing resource erosion in developing countries, instead of insisting on inequitable and gender-discriminatory measures like VAT.



Saleswoman at vegetable stall, Madagascar

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III. Gendered cost of austerity: Assessing the IMF's role in budget cuts which threaten women's rights

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III. 1. Introduction

Gender-responsive tax and expenditure policies play an absolutely crucial role in realising women's human rights¹ (UN Women, 2015). Public spending does not cure all ills. Yet, meaningful progress towards gender equality simply cannot take place in the absence of significant state support and investment in public policies and programmes aimed at redressing women's socio-economic disadvantages. **A well-funded public sector investing in social welfare has been essential for women's rights for decades.** Services which address the barriers women face in access to education and healthcare need to be funded, decent jobs need to be created and made accessible to women without discrimination, childcare services need to be supported, and equal pay laws need to be legislated and enforced by government institutions. If they are to be sustainable, equitable and accountable, all of these services require robust and redistributive public funding.

In general, fiscal consolidation packages² typically involve a mix of public expenditure cuts, consumption taxation increases, pension reforms, labour market reforms and privatisation of public assets, with the express aim of decreasing public deficits and debts. Not all fiscal constrictions are inherently problematic. Governments must expand and contract the level and type of public financing to manage constantly changing social, demographic and economic climates. Unsustainable debt burdens, further, are detrimental to human rights, as they can crowd out other social investments. Yet, not all adjustments are made equal. Particularly severe, pernicious and arguably un-necessary adjustment measures were common in the global South throughout the 1980s and 90s, and have become a particularly ubiquitous cross-regional policy response to the fiscal imbalances emerging in the aftermath of the 2008 global financial crisis. According to estimates using IMF projections, fiscal adjustment measures are being put into place in two-thirds of countries around the globe between 2016 and 2020 from the wealthiest through to the poorest of countries. Many

of these measures have been judged by several experts to be particularly excessive and un-necessary (ILO et al. 2015). While only two years ago Latin America was characterised by decreasing inequality and buoyant economies, adjustment packages are now being adopted in many parts of the region as commodity prices have dropped (UN ECLAC, 2017). **Fiscal consolidation can affect women's rights in various ways. Yet, it is their cumulative impact that is particularly devastating.** Withdrawal of public childcare services, for example, compounds upon increases in consumption taxes and decreased enforcement of anti-discrimination labour standards to the detriment of women's accessing equal wages and decent work. Likewise, undermining labour protections often leads to more precarious work, higher wage gaps, and increased unpaid care burdens amongst women.

This briefing provides a brief assessment of the changing role of the International Monetary Fund ("IMF" or "the Fund") with regards to one key fiscal consolidation measure: contractions in public expenditure. The briefing explores the Fund's positive and negative influence over public expenditure decisions, and further explains how public spending cuts have an especially negative impact on women's human rights, impeding progress towards gender equality. Subsequently, this briefing includes a case study of Brazil, a country in which the IMF has recently played a significant role in gender-unequal public spending cutbacks. The briefing concludes with a series of proposals to help better safeguard women's rights in times of economic crises. **Ultimately, overly restrictive macro-economic targets to reduce public expenditure have real economic, political and human rights costs, disproportionately shouldered by women, which palliative social safety nets and targeted gender programmes cannot alone alleviate.** To respect governments' standing human rights obligations, the Fund (and its Board which are human rights duty-bearers under international law) should prioritise efforts to implement more robust and more progressive tax and fiscal alternatives which could prevent the pain of fiscal adjustment altogether.

1. In this briefing 'women's human rights' refers to the rights and freedoms set down in international human rights standards aimed at tackling discrimination against women and achieving gender equality, including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). These standards, which have occasionally been referenced in the IMF's work on gender equality, set out a comprehensive and transformative agenda for women's substantive equality which goes beyond the narrower

framing of "women's economic empowerment" and "equality of opportunity" which typically characterises the IMF's approach to gender equality.

2. This article uses the terms 'fiscal consolidation' and 'fiscal adjustment' interchangeably to mean any policies with the express aim of decreasing public debt and deficits. Fiscal consolidation and other related adjustment measures are often referred to in lay terms as 'austerity'.

III. 2. The IMF's influence over public expenditure cuts

Traditionally, the IMF – through its surveillance, technical assistance, intellectual leadership, and lending conditions – has been associated with an orthodox macro-economic view promoting a small and open state, prioritising fiscal prudence over other considerations, including social and economic inequality. Consequently, the twin aims of this orthodox approach to fiscal policy are macro-economic stability and growth, which in theory establish confidence in the sovereign bond markets to keep borrowing costs manageable (Ban 2015). Throughout the 1980s and 90s, the Fund was chastised for pressuring vulnerable governments to embark on structural adjustment programmes which prioritised these limited aims at the cost of increasing poverty and inequality (Cornia, et al. 1987; Garuda 2000), as well as key human rights infringements (Abouharb et al. 2007), including the rights to health (Stuckler et al. 2009; Stubbs et al. 2017), education and social protection. This orthodox ‘expansionary austerity’ approach within the IMF, promoting the narrow goals of stability and aggregate growth over all, worked to constrain fiscal space in many countries in economic crisis. By limiting expenditure outlays, the effect in many countries was a displacement of the key public responsibilities of health, education, and social protection to the private sector, or to households.

After intense pressure and internal reflection, the Fund began to reconsider its stance prioritising these traditional consolidation programmes for countries under fiscal stress. Starting in 1999, the IMF worked to introduce Poverty Reduction Strategies and explicit social spending floors in all Fund-supported lending programs (Independent Evaluation Office 2014). These health, education and social protection expenditure minimums typically set indicative targets to protect the most vulnerable, and have been associated with safeguarding spending in certain low-income countries, according to the Fund’s estimates (IMF, 2017(b)).

At a more macro-level, several IMF research and discussion pieces have admitted the institution’s mistakes in miscalculating how economically-misguided pro-cyclical consolidation measures have been for countries in crisis (Ostry et al. 2016; Spilimbergo et al. 2008), accepting that paying down debt is not always the best answer to every fiscal deficit (Ostry et al. 2015) and evidencing the serious distributional effects of austerity (Ball et al. 2013). IMF research has shown quite convincingly, in other words, that to cut back in times of economic downturn can be counter-productive (Ostry et al. 2016), debunking the “expansionary austerity” myth claiming that public spending cuts are associated with economic expansions rather than recessions. **Crucially, new research from the Fund has shown that more robust and progressive taxation is not detrimental, but critical to public financing in times of economic stress** (Baunsgaard et al. 2009), and that

countries should carefully balance social spending cuts with revenue increases. The Fund has been at pains to show how Fund programs have assisted low- and middle-income country governments to increase revenue (Crivelli and Gupta 2014). Some Fund publications have also emphasized the need to place greater reliance on top-end taxation such as property taxes (Norregard, 2013), financial sector taxes, carbon pricing and better global coordination to counter tax avoidance and evasion (IMF, 2013).

This work has gone hand-in-hand with efforts to explore the ‘emerging issues’ of income and gender inequality. For example, the IMF has produced compelling evidence that — far from driving growth — gaping income disparities actually stymie economic progress, as well as create more unstable financial conditions (Ostry, 2014). Fund researchers have also shown that countries with higher income inequality also tend to have higher gender inequality (Gonzales et al. 2015). The Fund has devoted considerable research efforts to show the economic consequences of gender inequality as well, highlighting the benefits of gender-responsive budgeting (Stotsky, 2016). In practice, some of this research has been operationalised in the Fund’s activities from 2015 onwards. For example, the 2016 Article IV reports (in which the Fund reports on its country missions and policy advice) of Bolivia and Ethiopia included analyses and recommendations on income inequality. The Fund has also provided gender-related policy advice to at least 23 countries through its surveillance, and has now begun to include gender-related conditions in its lending programmes (Lagarde, 2017). In January, 2017, for example, the IMF announced that its \$12 billion loan programme with Egypt will contain gender stipulations, including spending EGP 250 million (\$13 million) to improve the availability of public nurseries to increase female labour force participation as a structural benchmark.

Despite these important advances, however, concerns remain that the Fund continues to promote excessive and unjustified public expenditure cuts. Scholars observing IMF operations at the country level demonstrate that many of the contractionary, regressive conditions in its adjustment programmes have remained, or even increased since 2008, while the social spending safeguards have been less frequently implemented in practice (Kentikelenis 2016(a)) — in contrast to IMF claims. While welcome emphasis has been placed on preserving fiscal space for social protection in some countries, an independent analysis has questioned the IMF’s findings in this regard, suggesting that its analysis is methodologically questionable and “unduly optimistic” (Stubbs and Kentikelenis, 2017). Further, the Fund’s spending safeguard conditions have been found somewhat piecemeal, focused on micro-level budget decisions to mitigate harmful impacts (Kentikelenis



Women carry red chillis to dry, Bangladesh

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2016(b)) rather than macro-level actions to prevent the need for adjustments to begin with. This approach is succinctly summarized by the IMF itself in its May 2017 Regional Economic Outlook for Sub-Saharan Africa, which argues that social safety nets should be strengthened to protect the most vulnerable groups during much-needed fiscal consolidation (IMF 2017(a)). In other words, ***austerity is presented as the only real option, and social protection a palliative remedy to what is perceived to be necessary pain. Alternative fiscal designs which would prevent the need for public expenditure cuts altogether seem to be barely considered.***

To its credit, the IMF has supported developing countries' efforts to improve their domestic resource mobilisation and tax collection capabilities. However, the IMF is still lagging in its promotion of structural tax reforms that would ensure the type of tax progressivity critical for fighting gender and economic inequality (Development Finance International, 2016). ***Revenue that could be brought in by cracking down on tax avoidance and evasion, for example, could dramatically reduce the***

perceived need for public spending cuts. The Fund is providing guidance to developing countries to better tackle these abuses, yet the enabling conditions of these cross-border tax abuses are only very lightly addressed. Despite the IMF's Fiscal Affairs Department's (FAD) leadership on developing methodologies to detect the negative spillovers of financial secrecy jurisdictions, very few IMF Article IV reports provide policy advice (e.g. public beneficial ownership registries, country-by-country reporting standards) to tax haven countries themselves who share much of the responsibility for cross-border tax abuse. Increasing the capacity of tax administrations is a worthwhile goal, but this alone will not change the global structures and incentives which encourage tax abuse. ***In other words, there is no real sign the IMF is moving to support macroeconomic decision-making which structurally provides the fiscal space necessary to reduce income and gender inequality in the first place.*** As will be explored below, the IMF's position may not only be blocking progress on gender inequality, but also pushing states into contravention of their human rights obligations.

III. 3. The human rights obligations of governments in fiscal stress

Under international human rights law, states have a margin of discretion to adopt and implement policies to mitigate the effects of economic or fiscal crisis (UN Committee on Economic, Social and Cultural Rights, 2016). In circumstances where fiscal consolidation may be necessary, government’s policy discretion is not absolute but bound by certain legal norms, including the prohibitions of discrimination and retrogression (Courtis et al., 2014). To avoid contravening the obligations of states under the International Covenant on Economic, Social and Cultural Rights (which has been voluntarily ratified by, and is thus legally binding on 160 countries), any conceived fiscal consolidation measures must:

- Be **temporary**, covering only the period of the crisis
- Be **necessary** and **proportionate**, in the sense that the adoption of any other policy, or a failure to act, would be more detrimental to economic, social and cultural rights
- **Not be discriminatory** and comprise all possible measures, including tax measures, to support social transfers and mitigate inequalities that can grow in times of crisis and to ensure that the rights of disadvantaged and marginalised individuals and groups are not disproportionately affected
- Identify and protect the minimum core content of human rights or a **social protection floor**, as developed by the International Labour Organization (ILO), and ensure the protection of this core content at all times (CESCR, 2012; CESR, 2016 (b); CRC, 2016; OHCHR, 2013)
- Involve genuine **participation** of affected groups and individuals in decision-making processes (CESCR, 2008; Courtis et al, 2014)

Almost all countries which are IMF members, and within which the IMF works, are legally bound to avoid retrogressive fiscal consolidation measures which disproportionately affect women. At the very least, then, the IMF should take these human rights obligations into account and avoid in all circumstances supporting or imposing fiscal consolidation measures which contradict these criteria, to support its members in safeguarding their economic and social rights obligations outlined above. Furthermore, states acting as shareholders and board members of the IMF should take into account this prohibition of retrogression in decisions they make regarding IMF policies (ILC, 2010; CESCR 2016). Considering the full array of human rights norms at play, consensus is building

around the need for governments, and the IMF, to conduct ex ante human rights and gender impact assessments of fiscal consolidation measures (OHCHR 2011, 2012; CESCR 2016).

International human rights law also includes detailed provisions on the steps states must take as a matter of treaty obligation³ to ensure women’s substantive equality (equality with men in practice, not just in law) in all spheres of life and all policy areas including those that are economic. The Committee that oversees the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) has repeatedly said that sufficient public resources are essential for realising women’s rights and eliminating discrimination, and has called on many states to analyse the impact of their budgets on women, (CEDAW 2006 (a); CEDAW 2009; CEDAW 2000; CEDAW 2006 (b)) and has stated that policies to tackle discrimination “must be linked to mainstream governmental budgetary processes in order to ensure that all aspects of the policy are adequately funded” (CEDAW, 2010). The Committee has also often cited the lack of adequate resources — both for “national machinery, institutions and procedures” dedicated to women’s rights (CEDAW, 1988) and for general public services on which women rely, such as health care (CEDAW, 1999) and access to judicial remedies (CEDAW, 2015) — as an impediment to implementation of the Convention (CESR et al. 2016). **The IMF’s efforts to promote gender equality and women’s economic empowerment should take these international standards into account, and take every precaution not to undermine them or facilitate their violation by national governments.**

Although human rights are often side-lined or ignored in disturbing ways, especially in the realm of economic policy-making, it is important to note that they are not just loose aspirations on paper. Rather, they are legally-binding obligations which states have voluntarily committed to, and are accompanied by a variety of adjudication and enforcement mechanisms. Increasingly, governments are being held accountable to these norms and principles in the context of austerity measures, before international, regional and domestic human rights bodies. As well as being codified at the international level, economic and social rights obligations are included in the constitution in 95 per cent of countries, according to the Toronto Initiative for Economic and Social Rights. These protections are increasingly being invoked in domestic courts to challenge IMF policy advice. In more than one case, domestic courts have struck down IMF programmes as being contrary to domestic human rights provisions.⁴

3 Including under the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), ratified by almost every country in the world.

4 See for example, Constitutional Court of the Republic of Latvia, Case No. 2009-43-01

III. 4. Regressive fiscal consolidation undermines women's rights

Although obviously public spending is not inherently progressive or beneficial to women, a well-funded public sector and investment in social programs and public services have been essential for women's economic rights over recent decades, including access to decent employment (Karamessini 2014). In contrast, austerity-related public spending cuts have comprised of contractions in social infrastructure such as education, health, and care services, and physical infrastructure such as transport, fuel and water services (ICRW, 2016), 'rationalisation' of social protection schemes including welfare benefits and subsidies through elimination, shrinkage or stricter accessibility conditions, as well as public wage bill cuts or caps. **All of these measures have specific, disproportionate impacts on women and impede progress towards gender equality**, for reasons that have to do with inherent biases in the nature and focus of these policies, combined with the historical legacy of gender inequality and discrimination, structural disadvantages, biological differences, social norms, and biases in how laws and policies are implemented in practice. Women who are members of disadvantaged groups and subject to intersectional discrimination (based for example on their sexuality, ethnicity, nationality, migrant status, disability, religion, or class) are hit particularly hard. Insisting on public expenditure cuts as the primary fiscal adjustment measure also has political consequences, closing the avenues of what is perceived to be politically possible through government, and thus indirectly disrupting public engagement and civil society participation in public financing debates, where women are already most often marginalised.

Public spending cuts adversely and disproportionately affect women in different ways. In general, the women's rights' impacts of budget cuts occur through three primary channels: i) direct losses in income, ii) restricted access to services, and iii) increased unpaid work and time poverty. All of these are interlinked, and compound upon each other to the detriment of women. Below, we explain each type of impact in more detail, with examples and evidence from select countries where austerity measures have been undertaken. The IMF did not play a significant role in all of the countries included in this section. The purpose is to illustrate not the fault of the Fund in these specific cases, but rather to present the evidence available regarding the impact of significant public expenditure cuts on women's rights, and to argue that the Fund should be taking this into account very seriously when proposing similar cuts in other countries. While most of the countries where data is available are high- or middle-income countries, there is no reason to think that the impacts (and their gendered nature) would be significantly different in the developing countries in which the IMF has influence. If anything, these effects may be more pronounced in low-income countries, which generally have even less-resourced public sectors.

i. Budget cuts directly impact women's income and economic security

There are numerous ways in which austerity directly and disproportionately threatens women's income and economic security. Austerity packages usually involve freezing wages or aggressively cutting back the public-sector workforce. Between 2008 and 2011, governments in 27 out of 45 countries for which data is available instituted such measures, including the majority of EU countries (ILO 2012). Moreover in 2015, 96 developing countries were considering adjustments to the public sector wage bill (ILO et al. 2015).

The public sector tends to be a major source of employment, especially for women (OECD, 2017). ILO data show that the share of women in public sector employment exceeded their share in total employment in a majority of 49 developing and transition countries (UN Women, 2015). For example, during 2014-15, 165,000 civil service jobs were cut in the Ukraine (in part to comply with IMF loan requirements), with further deep cuts projected in future. Women have been disproportionately impacted, as they comprise more than 75% of the civil service, primarily in non-managerial positions (WILPF et al. 2017). **Indeed, due to discriminatory social norms and occupational segregation, women are often concentrated in areas of the public sector that are most commonly cut back, including front-line service delivery** (e.g. nurses, teachers, social workers), lower-level administrative positions, and temporary and part-time positions (UN Women, 2015). Therefore, these cuts push many women into unemployment, precarious work or into the informal economy, with long-lasting damage to their income and assets, and in some cases widening the gender pay gap (Fulton 2011; Rubery 2015).

At the same time, many governments at all income levels have imposed sweeping cuts to social transfers and welfare benefits, for example, unemployment insurance, housing benefit, child benefits, disability benefits, fuel subsidies (ILO et al. 2015). In some cases, the cuts are achieved through more narrow 'targeting' of social protection programs, including in countries where poverty is very widespread and deep-rooted. Indeed, the IMF has recently advised several countries in Sub-Saharan Africa to take such measures (ILO et al. 2015). These programs are an important source of income for many people but especially for women, because of the enduring gender pay gap and other factors which concentrate women more heavily in lower income deciles. For example, the UK Women's Budget Group has assessed that from 2010-2015, the cumulative impact of tax and benefit changes were far more dramatic for women at every decile, amounting to losses of 50 per cent more than men in cash terms and twice as much as a proportion of income (Women's Budget Group 2015). Again in the Ukraine,

many workers in the female-dominated public education sector have reportedly had to take on additional jobs to supplement their income after sharp cuts, while cuts to pensions and child benefits have also disproportionately impacted women's income (WILPF et al, 2017). **These significant hits to women's incomes through reduced wages and/or social transfers can deepen poverty levels, threatening the human rights of women (and their families) to housing, food, social security and an adequate standard of living.**

ii. Receding public expenditure restricts women's access to essential services

Some of the most pernicious effects of public expenditure cuts, with long-term and disproportionate impacts, stem from the way they exacerbate the barriers women often face in accessing quality public services. In some cases, budget cuts have been made directly to programmes and services which primarily benefit women. Funding for gender equality bodies has been cut in Spain, Ireland and the UK for example (European Women's Lobby 2012; Fulton 2011). Meanwhile women's security and right to life has been directly jeopardised by the closure of shelters for women experiencing domestic violence, for example in Spain (CESR, 2015), and the UK. These closures are often forced by sweeping but supposedly gender-neutral cuts in government grants to voluntary organisations, and to local councils and municipal authorities which are then passed on to the detriment of desperately-needed women's services. For example, 32 specialist refuges were closed in England between 2010-2014 (Women's Aid, 2014), against the backdrop of a real-terms cut of 40 per cent in core government grants to local councils (Ryan, 2017).

In many instances, cuts are made to services which benefit the general population, such as healthcare or job training, but which women particularly rely on due to their economic disadvantages or specific requirements (e.g. they depend on healthcare services more because of pregnancy and maternity needs). The introduction of fees for basic services is also a common 'cost-saving' measure under austerity (ILO et al., 2015), which has been proven to increase inequalities in access to care, and which disproportionately affects women due to the gender pay gap, and where they have limited control over the household budget (Johnson et al., 2012).

These cuts, and the simultaneous cuts to the public sector workforce described above, reduce the availability and quality of public services. The Ukrainian government cut 25,000 healthcare jobs, reduced the number of hospital beds, and in some cases forced schools and hospitals to close. (WILPF et al. 2017). **When women face additional obstacles to access quality public services, it can have long-term negative impacts on their human rights to health, education and work, among others** (UN Women, 2015). In some cases, particular groups are explicitly denied services which were available to them before, for example when migrant women are no longer able to access free reproductive healthcare. For example in Spain as a result of Royal Decree 16/2012, migrant women with irregular status

were no longer able to access non-maternity related sexual and reproductive healthcare (CESR, 2015).

iii. Budget austerity increases women's unpaid care work and time poverty

Third, the ways in which austerity measures increase women's unpaid care work and time poverty are of huge significance. Women do the vast majority of unpaid care work around the world: three times as much as men at the global level by one estimate (UN High Level Panel, 2016). For women and girls living in poverty in countries with under-resourced infrastructure and public services (for example where there is limited or no access to piped water, affordable child care or elder care), it can represent a major drain on their time, energy and opportunities, starting at an early age. Heavy and unequal burdens of unpaid care work have been recognised as major obstacles to women enjoying their human rights, including their rights to political participation, health, work and education (Sepúlveda, 2013).

Practically all austerity measures intensify women's burden of unpaid work and their time poverty in important albeit often unrecognised ways. Cuts to (or continued under-investment in) water and transport infrastructure in poorer countries mean women may have to spend long hours collecting water and travelling to jobs, clinics and government offices, often on foot. In some parts of Ukraine, some women reportedly do not find it safe to travel even for emergency obstetric care, because of the bad condition of roads and exorbitant costs of transport (WILPF et al. 2017). When cuts are made to public services such as health, elder palliative and child care, the need for care remains. The responsibility is simply transferred from the public to the private sphere, to unpaid caregivers in the home who, because of entrenched social norms, are usually women (UN Women 2015). For example, in Tanzania, drastic cuts to health budgets under structural adjustment resulted in a shortage of trained health personnel: from 249.4 nurses per 100,000 people in 1994/5 to 162.1 in 2001/2002. The health system has therefore been unable to meet the demands of the HIV/AIDS pandemic, with 'home-based care' relied upon as the alternative, itself inadequately supported and subsidised by the state (Budlender and Meena 2012). More recently, critics have also suggested that inadequate levels of spending on health and social protection systems in sub-Saharan Africa decreased the ability of countries in the region to deal with challenges posed by the HIV/AIDS pandemic and the Ebola outbreak (Rowden 2009, Kentikelenis et al. 2014). Women and girls were most affected by these health crises and part of the frontline response through their unpaid care work at home and in communities caring for the ill.

Ultimately, it is not just that expenditure cuts inadvertently increase women's unpaid care work. Rather, such cuts are made based on the implicit or explicit assumption that women will fill the gaps created. Policy-makers (whether in governments or at the IMF) simply expect households to take on work formerly provided or subsidised by the state, to the detriment of women's earning capacity, education, health and

leisure time. In what Budlender and Meena (2012) term **“super-exploitation”, the cuts create the illusion of efficiency, when really the costs are transferred to women** (UN Women 2015). Policy-makers have largely ignored these hugely gendered economic and social costs, because care work is so often taken for granted and made invisible in mainstream economic assessments and data. Yet, their models and policies for fiscal adjustment would be politically and economically unviable were these gendered costs accounted for.

As the above examples show, austerity policies have had predictable and documented effects on women’s rights that are observable in different national contexts. Especially given their recent emphasis on women’s rights and gender equality, the IMF should exercise extreme vigilance to avoid actions in any country which are likely to have similar effects.

Unfortunately, this does not seem to be the approach the IMF has taken in a number of countries where civil society organizations have raised concerns about the gendered impacts of fiscal consolidation policies. For example, in 2016, the IMF

praised Egypt’s highly controversial Law 18, which aims to decrease the public wage bill but undermines public employees’ labour rights and “disproportionately disadvantages women, who will be forced to compete in a discriminatory unregulated private sector where they earn 35-40 per cent less than their male counterparts” (El-Badrawi, 2017). Similar issues were also recently raised with regards to the pending IMF loan programme to Zambia, where civil society expressed concerns that the Fund’s austerity policies will undermine gender equality (Nshindano, 2017). Recently, the Women’s International League for Peace and Freedom and partners identified IMF-required austerity measures in Ukraine as a major obstacle to women’s economic and social rights there, as well as their participation in peace efforts. As well as slashing public spending as partially described above, the Ukrainian government has also reduced the tax rate for big businesses, increasing the burden on workers and small-medium enterprises, of which women are more often owners (WILPF et al. 2017). The IMF seems to be choosing a similar path in Brazil, a case which we explore in more depth below.



School health services, Bangalore

III. 5. A case in point: IMF support for constitutionalising austerity in Brazil

Brazil's unprecedented and IMF-endorsed decision taken in December 2016 to amend its Constitution to effectively freeze federal public spending over the next two decades provides a case in point of the disconnect between IMF research and IMF policy advice on the ground, with foreseeable impacts on women's rights and gender equality.

Over the past decade, Brazil made meaningful progress in tackling poverty and inequality, largely as a result of strong constitutionally-protected public investments in health, education and social protection (Lustig, 2015). As a result, Brazil was less affected by the 2008 global economic crisis because of the policy responses it carried out, including monetary and fiscal policy stimuli and increased investment in social programmes, which were essential in sustaining consumer and investment demand (Nassif, 2010).

In 2015, the government switched paths by announcing a major fiscal adjustment of \$24 billion, with budget cuts falling principally in the areas of education, social protection, racial equality and human rights (INESC, 2015). Going beyond mere cyclical cuts, the caretaker government went even further in December 2016 by instituting a constitutional amendment which took the unprecedented and extreme step of freezing non-interest public spending for the following 20 years (CESR et al., 2016). While the amendment will be reviewed in 9 years and does protect a minimum spending floor in education and health spending and fiscal transfers to states, it places a fixed cap on public expenditure which poses a significant risk of decreasing social spending per capita. Despite the fact that weakening commodity prices, poor revenue generation (IMF, 2016) and monetary policy-induced high interest rates (CEPR, 2016) are roundly assessed to be the main causes of Brazil's surging fiscal deficits, public expenditure faced the blunt end of reforms. This new fiscal rule will compel the government to decrease its primary expenditure as a percentage of GDP by an estimated 20 per cent and tie the hands of successive governments from now until 2036 (Fórum 21, 2016). As the demand for public services increases as Brazil's population ages and funding effectively decreases, this constitutional amendment and the fiscal consolidation it guarantees will foreseeably undermine progress on several social rights, especially for the most vulnerable groups who depend on public services. The UN Special Rapporteur on Extreme Poverty and Human Rights, Philip Alston, considered the amendment would "place Brazil in a socially retrogressive category all of its own," adding that the move "clearly violates Brazil's obligations under the International Covenant on Economic, Social and Cultural Rights, which it ratified in 1992" (UN Special Rapporteur, 2016). This call reinforced an earlier statement by the Inter-American Commission on Human Rights that the government's turn to harsh austerity may well be in violation of its legal obligations (IACHR, 2016). Civil society across the country and

internationally opposed the measure, and nation-wide protests ensued.

In this context, the Fund's November 2016 visit to Brazil was particularly telling. The Fund's staff came just one month before the constitutional amendment would be voted on, and in the midst of nation-wide protests to prevent its passage. While the Fund was not requested to extend lending services, its recommendations would be critical in setting expectations of international investors, and thus the borrowing costs the government would face moving ahead. According to the Fund, the aim of its visit was to "rebuild credibility and regaining long-term fiscal sustainability." Despite its own recognition that the key driver of the deficit was not over-spending but a fall of 4.8 per cent in real revenue collection (IMF, 2016), the IMF country team chose to focus on the "unsustainable expenditure mandates, including in the social security system" as its main priority. The 'mandates' referred to here were constitutional guarantees of a minimum floor of public expenditure on health, education and other social spending, pegged to objective need and government revenue, as previously prescribed by the Brazilian Constitution. While some IMF board members warned against frontloading too many of the budget cuts and the Fund did call on Brazil to preserve "social safety nets for the most vulnerable", nowhere in its Article IV report did the Fund suggest that the government protect key social programmes, such as childcare, education, healthcare and social infrastructures. Quite the opposite. The Fund's country team insisted that the government's constitutionalisation of austerity would be a "game-changer" in "addressing the structural drivers of public expenditure growth," calling on the government to "remove the obligation to dedicate an increasing share of net federal revenues to spending in education and health" (IMF, 2016).

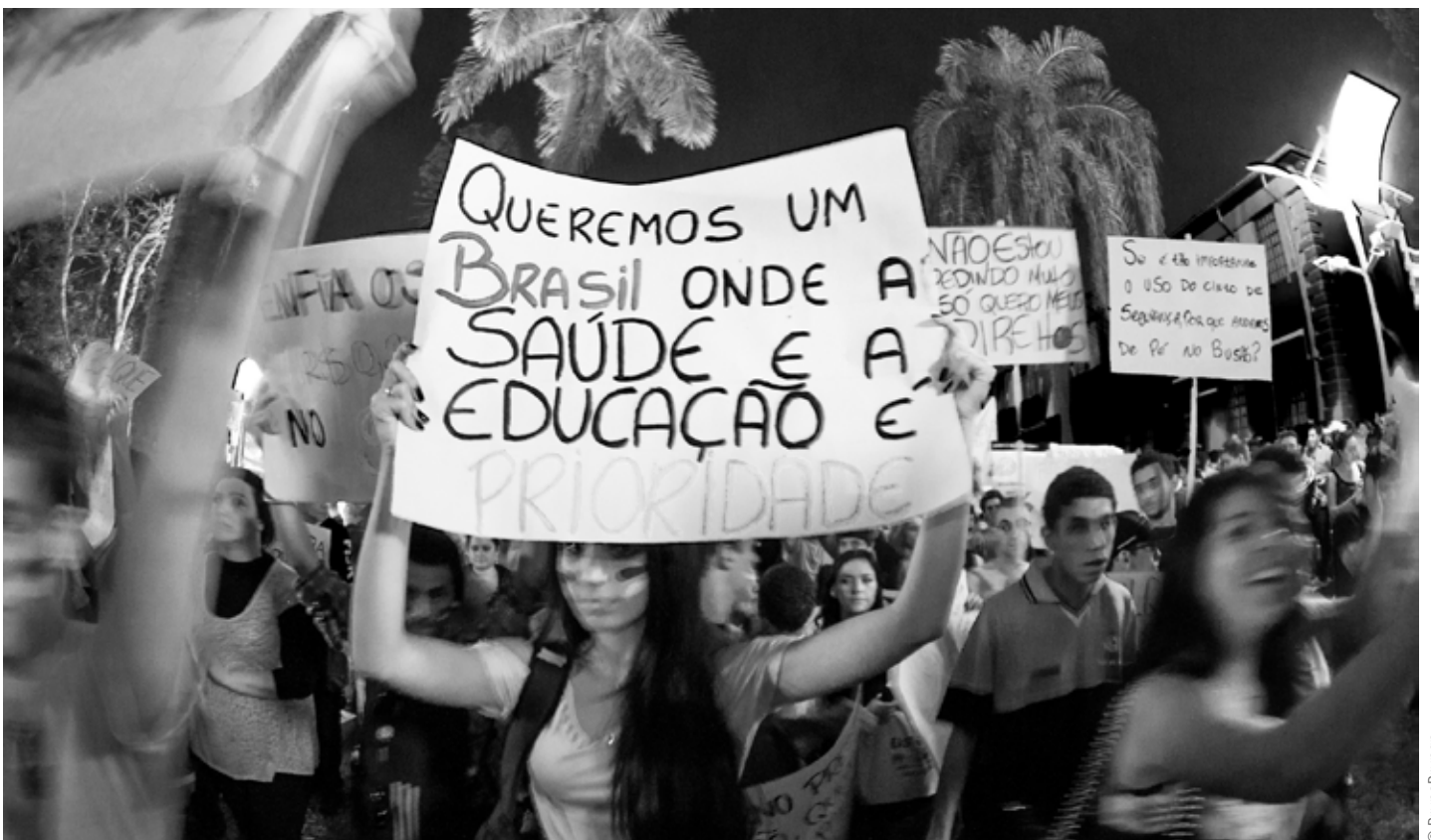
Despite the fact that the Fund consistently failed to forecast the damaging economic effects of budget cuts in Brazil since early 2015 (Reis et al, 2016), the Fund's country team then predicated its positive 2017-2020 forecasts on the passing of the constitutional amendment and social spending cuts. This gave a clear signal to the government and locked-in the expectations of financial markets for a constitutional spending freeze before the actual vote in December. Whether intentional or not, this move by the Fund was not politically neutral in effect, as it gave the government technical cover to move ahead. Opponents faced a more difficult position as the country then faced foreseeably higher borrowing costs if it decided against the new baseline expectation set out by the Fund of a constitutional, semi-permanent public expenditure freeze.

As a result of the decisions made by a caretaker government with explicit support of the IMF, the Brazilian Constitution now freezes real public expenditure until 2036, preventing any

future elected governments without an absolute majority from democratically deciding the proper investments needed to realise human rights for a changing country. While data is not yet available to assess conclusively, the budgetary impacts of the amendment are beginning to emerge. The share of health and education spending within the federal budget dropped 17 and 19 per cent respectively. The budget for violence-against-women and women’s autonomy programmes meanwhile was cut by 52 per cent this year. Funding for food security – essential for low-income mothers in particular – was reduced by 55 per cent (INESC, 2017). Women in Brazil will foreseeably and disproportionately pay the costs through direct income losses, restricted access to public services, and increased unpaid work and time poverty — driving deeper gender and economic disparities. With these and other cuts to health, education and social protection now constitutionalised, progress towards gender equality in Brazil has become even more precarious.

By prioritising excessive budget cuts over other alternatives, such as raising sufficient revenue more equitably, or adjusting monetary policy to decrease interest rates, the IMF country team ran counter to the advice of its own institution’s research findings that public expenditure cuts should be a last option,

as pro-cyclical cuts drive unemployment, increase inequality (Ball et al. 2013), and significantly lower both the level and the durability of economic growth (Ostry et al. 2016). In fact, various progressive financing alternatives remain available to offset the costs of the rising deficit – be they through tax reform, or more progressive budget allocations. While the overall tax take in Brazil is near the top of the region, a plethora of tax loopholes limit its efficacy. The majority of the income of the very rich in Brazil is not subject to tax at all, for example, as the government does not levy taxes on capital income such as dividends. Yet, neither the IMF nor the government heeded the call of international and regional human rights bodies to explore all alternatives before entering into such extreme consolidation. The various financing alternatives were never seriously considered, condemning Brazil to what could be a generational ‘austerity trap’ of decreased public spending followed by dropping economic dynamism, deeper unemployment, fewer public services, and most likely increasing gender and economic inequality. With the IMF’s new emphasis on and stated commitment to gender equality, it should be strongly reconsidering this type of approach, given the documented effects in other comparable contexts.



Brazilian demonstrators with sign reading “We want a Brazil where health and education are considered priorities”

III. 6. Proposals for the IMF to effectively safeguard women's rights in fiscal crises

Safeguarding women's rights during economic crises requires much more than merely compensating austerity's victims.

Continued blind faith amongst policy makers in the 'cut-to-grow' fiscal fallacy has real economic, political and human rights costs, which palliative social safety nets and targeted gender equality programmes cannot by themselves alleviate. To respect governments' standing human rights obligations, including on women's human rights and substantive gender equality, the Fund has a huge role to contribute more to efforts to implement robust and progressive fiscal alternatives which would prevent the pain of fiscal adjustment altogether. Moving ahead, the IMF could play a unique and far more positive role in endorsing macroeconomic policies that promote rather than undermine greater gender and economic equality if it were to discard in all of its operations the myth of 'expansionary austerity', and instead assist governments to enact more progressive financing alternatives. ***Safeguarding human rights and promoting gender equality in times of fiscal crisis requires more than short-sighted fiscal parsimony.*** It demands a progressive approach with a focus on redistributive policies which place the adjustment costs on those most able to pay, rather than punishing low-income women and their families, whose voices are often not heard in mainstream political spaces. To be effective then, taking women's rights seriously in IMF policy advice should move beyond the limited confines of micro-level gender-budgeting decisions on specific expenditures or particular taxes, so as to consider the broader macroeconomic framework, which sets out the overall fiscal space that these micro-level decisions must work within (Elson, 2016). Rather than merely scrambling to mitigate the harmful gender impacts of the default policy choice of fiscal consolidation through social safety nets and other such policies, the Fund should take a step back, re-evaluate and consider all available policy options, including those that may be more politically difficult to achieve, such as assisting countries in implementing more progressive, equitable tax reforms to provide the foundations for sufficient, equitable and accountable public financing to prevent fiscal crises and their gendered impacts in the first place. More specifically, the IMF should:

- Recognise in a board-approved policy position that gender equality, understood as the full realisation of women's human rights and the elimination of gender discrimination, requires substantial and sustained public investment, including in social and care infrastructure, and that promoting a fiscal rollback of the state can be counter-productive in achieving gender equality and realising women's human rights.
- Refrain from condoning or recommending fiscal contractions through lending, surveillance or technical assistance without ex-ante assessments of their impact on gender equality and women's human rights.
- Continue to support social spending floors, but make these adequate to promote meaningful progress in realising women's rights, and consistent with the public expenditure minimums necessary for reaching the relevant Sustainable Development Goals, for example 5 per cent of GDP on healthcare (as has been recommended by the WHO) and 6 per cent of GDP on education (as has been recommended by the Education for All initiative).
- Refine its positions on fiscal caps or ceilings, which are far too blunt an instrument to protect women's human rights, and do not differentiate needed human capital investments from unneeded consumption. Should fiscal deficit rules be deemed necessary to limit debt overloads, expenditures which respect, protect and fulfil human rights, and women's rights in particular, should be exempted from these spending rules because they are inequality-reducing as well as growth-enhancing investments.
- Scale up its civil-society engagement in-country to match its new dedication to inequality and gender issues. This includes mandatory consultation for any Article IV report with experts, such as women's rights groups and labour unions. As the Fund is moving into this new territory, this work should be accompanied by a comprehensive strategy to reach out to civil society and social movements at the national level.
- Recommend that governments guarantee transparency and the right to information on tax, budget and overall fiscal policy matters, including analysis of gender incidence, so that women's rights advocates and others can better assess government decisions and actions on revenue and spending.
- Focus and deepen the Fund's policy advice and technical assistance in raising sufficient domestic revenue in equitable ways. Instead of promoting regressive tax hikes which impact disproportionately on women such as VAT, the Fund should assist countries to make better use of income, capital, property and wealth taxes to increase revenue through progressive taxation and redistribute resources more fairly between women and men.

- Deepen its work at the national level to prevent cross-border tax abuse and harmful global tax competition, in particular, as it poses a serious threat to macro-economic stability in various countries, while also threatening the fiscal foundations necessary for women's rights globally. The IMF's Fiscal Affairs Department's methodologies to detect the negative spillovers of financial secrecy jurisdictions should be applied nationally to identify those countries particularly responsible for the global phenomenon of cross-border tax

abuse, and the Fund should make specific recommendations in its surveillance activities to these countries on how to address the spillover effects of their policies. The Fund could suggest that those governments which pose particular risks of undermining revenue capacity and fiscal space in other countries should conduct impact assessments, consistent with human rights law and new commitments to ensure policy coherence under the Addis Ababa Action Agenda.



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A young girl pounding grain, Yalka village, Burkina Faso

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IV. Turning a blind eye to women in the informal economy

Martha Alter Chen and Rachel Moussié, Women in Informal Employment Globalizing and Organizing

IV. 1. Introduction

Recent research from the International Monetary Fund (IMF) recognizes that macroeconomic policies can help to redress gender inequalities by creating more fiscal space for key public investments in infrastructure, education and health. Such investments reduce the time women spend on domestic chores and caring for their families, giving them more opportunities to engage in paid work. For women home-based workers, who produce goods and services from their own homes, basic infrastructure services make their homes more productive workplaces. The Fund is increasingly interested in gender inequality and the negative impacts this can have on income inequality, economic efficiency and growth (Elborgh-Woytek, et al. 2013, Gonzales, et al. 2015a). Since 2015, the IMF has begun operationalising a small part of its gender-focused research by calling for increased female labour force participation through its surveillance reports and most recently in its lending programmes. Increasing female labour force participation rates is seen as a key driver in reducing inequalities and spurring economic growth.

This briefing argues that the Fund's interest in raising female labour force participation rates does not mark a significant shift in policy, nor a commitment to addressing gender inequality. The Fund continues to promote labour market flexibilisation, restrictive monetary and fiscal targets, cuts to public spending and privatisation. These policies have changed the structure of employment, weakened social protection measures previously linked to employment, and rendered social policies residual to meeting strict macroeconomic targets. Drawing on Heintz and Lund (2012), the briefing argues that IMF policies continue to delink employment from social policy, and this deepens gender inequalities rather than alleviating them. Starting from the experience of women informal workers, we will show how a focus on female labour force participation rates is ineffective in addressing gender inequality if other macroeconomic policies are not also revised.

Today, the share of the global workforce that remains outside the world of full-time, stable and protected employment is significant. Contrary to the predictions of many economists, the informal sector has not only grown, but has also emerged

in new guises and in unexpected places (Chen 2012). Most workers in the Global South, women and men, are in the informal economy, and informal employment is a greater source of employment for women than men in South Asia, sub-Saharan Africa, and Latin America and the Caribbean. While some informal operators enjoy high earnings, informal employment is overwhelmingly characterised by low pay, insecure, and vulnerable employment without access to work-related social protection. Informal workers face greater decent work deficits than formal workers across the four key pillars of the Decent Work Agenda - employment creation, social protection, rights at work, and social dialogue (ILO 1999, ILO 2002).

Macroeconomic policies are not gender neutral; they can either reinforce or reduce gender and class inequalities (Grown et al. 2000, Balakrishnan et al. 2016). The labour market itself reproduces gender inequalities as women are segregated into low-earning occupations and are more likely to be in low paying informal work. Increasing female labour force participation rates without increasing decent work opportunities pushes more women into the informal economy or vulnerable employment in the formal economy. Rather than contributing to women's economic empowerment, this can lead to rights violations and entrenches existing inequalities based on gender, class, race, caste and ethnicity. Sub-Saharan Africa, for instance, has the highest female labour force participation rates alongside the highest rates of gender inequality and poverty (Dieterich et al. 2016).

This briefing first looks at the size and structure of the informal economy from a gendered perspective, as this is where most women work to earn an income. We recognise that the formal and informal economies are intimately linked and that many workers move between the two; however, our analysis is restricted to women working at the base of the economic pyramid in the informal economy to illustrate our key points. Second, it assesses the Fund's policies on delinking employment from social policies and the impacts this has on women informal workers in the Global South. Finally, it explores a few alternative policies that can create more decent work opportunities for women in the informal economy and move towards greater equality.

IV. 2. The informal economy and women’s place at the base of the pyramid

The informal economy

Although its role in economic development has been hotly debated since its ‘discovery’ in Africa in the early 1970s, the informal economy has continued to prove a useful concept to many policymakers, activists and researchers. It now represents a quite significant but largely overlooked share of the world economy and workforce. There are two official international statistical definitions related to the informal economy: the informal sector refers to the production and employment that takes place in unincorporated or unregistered enterprises (1993 International Conference of Labour Statisticians); and informal employment refers to employment without social protection through work—both inside and outside the informal sector (2003 International Conference of Labour Statisticians). The term or concept informal economy refers to all units, activities, and workers so defined and the output from them. Together, they form the broad base of the workforce and economy in many countries, especially in the Global South (Chen 2012).

Using the official international definitions, recent national data show that the majority of workers, both men and women, in low and middle income countries are informally employed. Informal employment is a greater source of employment for women than for men, outside of agriculture, in three out of the six regions for which data are available – South Asia, sub-Saharan Africa and Latin America and the Caribbean (see Table 1). In East and Southeast Asia, the percentage is roughly the same and only in the Middle East and North Africa is informal employment a greater source of employment for men than for women. But, it is important to note that men comprise the majority of the informal workforce in most countries in the Middle East and North Africa because of low female labour force participation rates (Vanek et al. 2014).

Gender segmentation within the informal economy

There is gender segmentation within the informal workforce by status in employment, place of work and occupational group. In terms of status in employment, women in informal employment are more likely to be self-employed than are men, the exception being Eastern Europe and Central Asia. In Latin America, both women and men working in informal employment are about equally split between wage employment and self-employment. The self-employed can be further disaggregated into employers, own-account operators, and unpaid contributing family workers. Own-account operators are those who run single-person operations or family units. Contributing family workers are considered self-employed but work in an establishment operated by a relative, with too little degree of authority over its operation to be considered a partner.

Where women informal workers are more likely than men to be self-employed, they are less likely to be own-account workers and more likely to be contributing family workers. Contributing family workers are the second largest category of the self-employed comprising from 5 per cent of informal employment in Eastern Europe and Central Asia to 12 per cent in South Asia. The percentage of women contributing family workers is at least twice that of men in all regions except Eastern Europe and Central Asia where it is roughly the same. In the sub-regions of Asia, it is three times greater. Employers comprise only between 2 and 9 per cent of non-agricultural informal employment, with the proportion being higher for men than women. Very few women in informal employment are employers: 0 per cent in South Asia, 1 per cent in Sub-Saharan Africa, Eastern Europe and Central Asia, 2 per cent in Latin America/Caribbean, and 9 per cent in East/Southeast Asia (Vanek et al. 2014).

Table 1: Informal work as source of employment for women and men across regions

	South Asia	sub-Saharan Africa	East and Southeast Asia	Latin America and Caribbean	Middle East and North Africa	Eastern Europe and Central Asia
Informal work as % of employment for women	83	74	64	54	35	7
Informal work as % of employment for men	82	61	65	48	47	13

Source: Vanek et al. 2014



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Ahmedabad, India: Bhavna Ben Ramesh sews handmade purses out of her home. She is a member of the Self-Employed Women's Association – a trade union of close to two million women informal workers

In terms of place of work, women are engaged alongside men in public spaces outside the home, including to varying degrees construction, street trade and waste picking, depending on the country, but are less likely than men to be engaged in workshops or factories outside the home; (Chen and Raveendran 2014; ILO and WIEGO 2013). Yet, women are over-represented in two forms of employment that take place in private homes: home-based work (in the home of the worker) and domestic work (in the home of the employer) (Chen and Raveendran 2014; Raveendran et al. 2013).

In terms of occupational groups, home-based production and street vending represent a significant share of the workforce

across cities in South and Southeast Asia as well as in sub-Saharan Africa, and can be an important source of employment for women (see Table 2). Together with domestic workers, these three groups represent a significant share of non-agricultural employment in cities and countries across the Global South. In India, nearly one-quarter of the total urban workforce in 2011-12 was employed in the following four groups: domestic work (5 per cent), home-based work (14 per cent), street vending (4 per cent) and waste picking (1 per cent) (Chen and Raveendran 2014).

Table 2: Home-based work and street vending as percentage of total employment in cities¹

	East and Southeast Asia	sub-Saharan Africa*	Latin America**
Home-based work as % of total employment in cities	7-27	8-21	4
Home-based work as % of women's employment in cities	8-56	13-33	4-6
Street vending/market trading	1-6	10-20	3-9
Street vending/market trading as % of women's employment in cities	1-10	12-32	5-13

*Data available for mainly Francophone West Africa ** Data available only for Mexico City and Lima
Source: See Chen and Roever 2016

¹ These data were prepared through WIEGO's efforts to improve the available data on specific categories of urban informal workers. While the statistics show the significance of these workers, in particular in women's employment, they probably are an under-estimate. Not all countries collect data on these specific categories of workers and, among those that do,

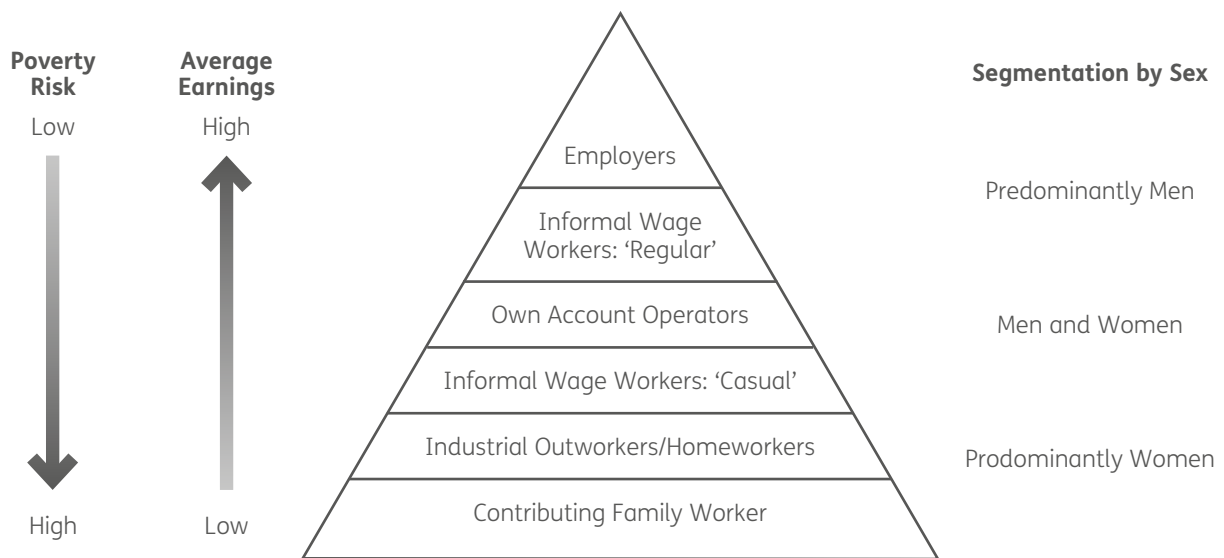
methods often need to be improved. However, the growing recognition of the importance of these specific worker groups is leading to improved data collection and tabulation by national statistical offices.

Gender segmentation in the informal economy mirrors segmentation in the formal economy. Women are more likely to be in jobs that are perceived as ‘women’s work’ such as domestic work and home-based work. These jobs are considered low skilled and are low paid, precisely because they are done by women. Women seek out work that offers flexible working hours even if it leads to lower earnings as many are also the primary caregivers for their children and households (Alfers 2016). Home-based work is an option some women informal workers choose even if it results in lower earnings.

Women in Informal Employment Globalizing and Organizing (WIEGO) has developed and tested a multi-segmented model of informal employment defined in terms of statuses in employment to understand gender segmentation in the informal economy. The five main categories of the International Classification of Status in Employment – employer, employee, own-account worker, unpaid contributing family worker, and

member of a producer cooperative – are defined by the type/degree of economic risk (of losing job and/or earnings) and of autonomy (over the establishment and other workers). WIEGO argues that two additional categories are needed; namely, casual day laborers and industrial outworkers or subcontracted workers. Within these different categories of workers women are disproportionately represented as industrial outworkers/homeworkers and unpaid family workers. WIEGO commissioned several reviews of the links between informality, poverty, and gender that found a hierarchy of earnings and segmentation by employment status and sex as illustrated in Figure 1 below (Sethuraman 1998, Charmes 1998, Chen et al. 2005). The model was later tested using national data in Costa Rica, Egypt, El Salvador, Ghana, India, and South Africa, and across all countries average earnings went down and the risk of being in a poor household went up as workers moved down the employment statuses in the WIEGO model.

Figure 1: WIEGO model of informal employment: hierarchy of earnings & poverty risk by employment status and sex



Source: Chen et al 2004, 2005 and Chen 2012.

High rates of informal and non-standard forms of work mean that many workers do not have access to any forms of social security through their work (ILO 2016a). Women informal workers situated at the base of the economic pyramid are likely to face high levels of risk, exert little autonomy or authority over their earnings and employment conditions, and lack access to social protection and quality public services. In some countries, informal workers, both wage employed and self-employed, may have access to non-contributory social protection, at least de jure if not de facto.

Textbox 1: Access to healthcare – Ushaben’s story

Ushaben lives in Rajiv Nagar, India and runs a small shop with her husband out of the front room of their house. In 2014, she had an operation to remove a growth in her thyroid gland – an ailment that had started five years earlier. Due to a lack of investment, the public hospital does not offer a good service and Ushaben and her husband were forced to borrow from friends and family to pay for her operation in a private hospital. The operation cost Rs. 20,000 (\$314.21). She felt healthy for a couple of months after her surgery, but then started feeling weak again and losing a lot of hair. She would like to go back to the private hospital to see the doctor who performed the surgery, but the costs and time away from the shop are prohibitive. The consultation alone would cost Rs. 100 (\$1.57), and each trip there and back costs her about Rs. 50 (\$0.79). Ushaben’s illness has also affected her work in the shop and reduced her earnings. As an informal worker, she does not benefit from a social protection scheme that can cover the costs of medical care and the revenue she loses when she is unable to work due to her illness.

Source: WIEGO (2014) “Health Access for Informal Workers in Rajiv Nagar, India – Ushaben’s Story”, WIEGO Workers’ Health series, December 2014.



Maryury Ruiz is a recycler and waste picker in Bogota and member of the Asociación de Recicladores de Bogotá (ARB) – Waste Picker’s Association of Bogotá. ARB is an organisation of informal workers

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IV. 3. The impacts of IMF policies on gender equality

Women's place at the base of the economic pyramid as outlined above is in part a consequence of decades of structural adjustment programmes that have broken the link between employment and social policy. Macroeconomic policies promoted by the Fund have not created enough decent work opportunities and weakened the demand for labour. This has made it harder to build welfare regimes financed through capital contributions to social security systems and tax revenue. Structural adjustment programmes have also sought to reduce spending on social policies, seeing them as secondary to meeting strict macroeconomic targets of reducing public debt and inflation (Heintz and Lund 2012, Elson and Catagay 2000, Stubbs and Kentikelenis 2017). Women and men therefore have less access to social protection bestowed either through employment, citizenship or migrant status in cases of ill health, disability, unemployment, and parental leave and benefits.

The link between employment and social policies is necessary for the production of goods and services and social reproduction. The labour force itself is sustained by social reproduction – the work of birthing and caring for the young, looking after households and communities, and imparting shared meanings and values (Fraser 2016). Gendered roles mean that women are disproportionately responsible for social reproduction, particularly through their work in cleaning, cooking and caring for all household members (Budlender 2008). Therefore, macroeconomic policies that undermine both employment conditions and social policies put more pressure on working class women in two ways:

- a) women are in low paid or unpaid work due to a lack of decent work opportunities, declining wages and diminishing household resources
- b) women and girls take on social reproduction with little support from the state limiting their access to resources and depleting their health and capabilities (Fraser 2016, Rai et al. 2014).

The result is that women in low income households, whether engaged in paid or unpaid work, will experience inequality differently from men in their households, and from wealthier women. The review that follows looks at how macroeconomic policies supported by the IMF affect decent work opportunities and social policies from the perspective of women informal workers.

Labour flexibilisation

The IMF has long pushed for labour flexibilisation policies in both the global North and South through its lending and surveillance. Labour flexibilisation includes policies to maintain low minimum wages, increase flexibility in working arrangements and hiring practices, and decentralise collective bargaining agreements.

These policies are a hallmark of IMF loan arrangements in the Global South. A review of IMF conditions in 70 countries in the Global South between 1980 to 2014 shows how IMF conditionalities eroded individual and collective labour rights (Reinsberg et al. forthcoming). This was felt by women and men workers through suppressed wages, unregulated working hours and the lack of legal entitlements to social protection (Standing 1999, Balakrishnan et al. 2016). Under structural adjustment programmes in Africa, Latin America and Asia, the IMF has consistently encouraged labour flexibilisation even in countries where a small proportion of the population are engaged in the formal economy, with the majority employed in the informal economy. Coupled with trade liberalisation, these policies led to the creation of low paying and insecure forms of employment in the export processing sector based on a demand for cheap and docile female labour (Elson and Pearson 1982). These policies prevented homeworkers, the majority of whom are women, from integrating into global production systems and led to new barriers of exclusion for those who produced for domestic markets as cheap imports flooded local markets (Carr and Chen 2004). In Mexico, trade liberalisation in the services sector is said to have decreased the probability of finding formal employment for women with low education levels (Yahmed and Bombarda 2017). In addition, financial and trade liberalisation increased competition making it more difficult for workers to negotiate with employers, leading to a further deterioration of wages and working conditions in the formal economy.

Following the 2008 economic crisis, the IMF imposed labour flexibilisation reforms in European countries such as Greece, Ireland, Spain, Romania and others (ITUC 2013). A review of IMF country reports and government spending projections between 2016 – 2020 shows that 49 low income countries and 40 high income countries are promoting labour flexibilisation policies (Ortiz et al. 2015). The Fund argues that labour flexibilisation is needed to restart the economy after a financial crisis; however, research shows that this leads to more vulnerable forms of employment as labour rights are eroded (Standing 1999, Bohoslavsky 2016).

For instance, reducing social security contributions for workers in the formal sector, in response to a crisis, makes it more difficult in the long-term to finance social security systems and extend these to informal workers. Making it easier to hire and fire people in the formal sector leads to more job losses at a time of economic crisis. This pushes more people into the informal economy. Following the Asian financial crisis, the Fund applied austerity measures which contributed to a decline in male labour force participation, and had a varied impact on female labour force participation. In Indonesia, female labour force participation decreased slightly, in Thailand it remained stable, while in South Korea, Malaysia and Philippines women's participation increased as men lost their jobs (Gosh 2013). Much

of this work, however, was part-time and informal. We see through these examples that labour flexibilisation coupled with gender segmentation in the labour market reaffirm women's role in low paid and informal work. Therefore, female labour force participation rates are not an effective measure of gender equality in the labour market as discussed below in Textbox 2.

Textbox 2: The fallacy of female labour force participation rates

The IMF's August 2016 loan programme to Jordan was the first to contain explicit gendered conditionalities, specifically calling on Jordan to increase female labour force participation rates through publicly subsidised nurseries, in recognition of women's child care responsibilities. In January 2017, the IMF announced that the \$12 billion loan programme with Egypt would also contain a conditionality on spending EGP 250 million (\$13 million) to improve the availability of public nurseries to increase female labour force participation rates as a structural benchmark. We argue this will not necessarily lead to greater equality, nor generate inclusive growth.

First, access to public child care services is certainly necessary to support women's engagement in the labour market, but is not sufficient. Social protection and other public services are also required, alongside greater decent work opportunities. Coupled with Fund policies to reduce overall government spending, conditionalities on increasing investments in public nurseries may come at the expense of other public services and social protection schemes.

Second, the experience of the past financial crises demonstrates that rising female labour force participation rates are in no way an indicator of declining inequalities if this is coupled with rising rates of unemployment for men, and low paid and vulnerable employment for women. Moreover, research shows that as female labour force participation rates increase, women continue to be pushed into female-dominated jobs characterized by lower earnings and more vulnerable working conditions (Borrowman and Klasen 2017).

Third, female labour force participation rates alone are not a good proxy for gender equality in the labour market as they do not capture pay and employment conditions that determine whether the work women are doing is empowering. A more appropriate indicator assesses the gendered differences in the structure of employment as

proposed by WIEGO and the ILO to track progress, initially, on the Millennium Development Goals (UN 2005) and now on the Sustainable Development Goals. This indicator can provide insight on gender segmentation, inequality in earnings, and access to social protection.

Fourth, the Fund's analysis in promoting female labour force participation rates through legal reforms misses the point that the majority of women in the Global South are already in the labour force, but in the unregulated informal economy. The IMF suggests that several legal changes such as allowing women to sign a contract can increase women's labour force participation rates (Gonzales et al. 2015b). However, for most women working in the informal economy as evidenced in Figure 1, this is irrelevant as they are own account operators or contributing family workers.

Finally, any conditionalities in IMF loan arrangements undermine social dialogue between the state, labour and capital. Conditionalities in IMF loan arrangements are agreed behind closed doors between the government and the IMF, without scrutiny and accountability to social partners, including trade unions and informal workers' organisations.

Social protection

Social protection instruments include social assistance and social insurance. Social assistance refers to cash transfers to support and mitigate against risks and vulnerabilities. Social insurance relates to employment-based programmes financed through contributions by employers and employees. According to the Independent Evaluation Office (IEO) of the IMF, the Fund's main area of involvement regarding social protection is on:

Social safety nets and their financing; aging populations and the fiscal consequences of publicly mandated pensions and health insurance schemes; and reform of price subsidies, particularly food and fuel/energy subsidies." (IEO, 2016).

IMF social assistance policies are primarily informed by the World Bank's social safety net approach that privileges targeted cash transfers to the most vulnerable who cannot participate in paid employment such as children, people living with disabilities and the elderly (IEO 2017). The World Bank's understanding of social safety nets has evolved since it was originally

conceptualised under structural adjustment programmes as a residual social transfer to support the poor in times of financial crisis. However, the underlying assumption remains that during periods of stability workers will be able to meet their basic needs and address risks through the income they earn in the market and their own private arrangements as a household (Cook and Kabeer 2009). Yet women cannot rely as much on the market or their families to mitigate risks due to their concentration in the informal economy, and unequal power relations in the household (Razavi 2011).

This is a markedly different approach to social assistance than the social protection floors promoted by the International Labour Organization (ILO) Recommendation 202 (Stubbs and Kentikelenis 2017). Social protection floors are based on the human right to social security and promote universal measures, rather than targeted and means-tested cash transfers. Though the IMF agreed to work with the ILO in 2010 to support countries in setting up social protection floors, its policy advice suggests a continued commitment to social safety nets through targeted cash transfers as noted by the Fund's Independent Evaluation Office's recent report on the IMF's track record on social protection (2017). When cash transfers are targeted and means-tested, rather than universal, they may not reach women informal workers, because they are earning an income and are not considered the most vulnerable.

Yet women informal workers face risks that can deepen their poverty. Lund and Srinivas outline the gendered risks women informal workers face due to their sector of employment, their status in employment (the nature of the employment relationship), their family circumstances and the stage in the life cycle, along with the regulatory environment (2002). Their low incomes are insufficient to deal with these multiple risks and vulnerabilities as evidenced in Ushaben's story from India (see Textbox 1). For example, maternity, old age, or occupational health problems among women informal workers can significantly decrease earnings and increase debts.

Therefore, diverse social protection measures are needed to address the risks women informal workers face. These include universal social assistance policies that reach those in and out of paid work, alongside social insurance measures for informal workers supported by employer and capital contributions. For instance, in countries where domestic work is recognised as an occupation, domestic workers have a direct employer that can make contributions to social insurance schemes. However, a street vendor who is self-employed, may access some forms of social protection through universal social assistance for the working age population, such as maternity benefits.

The IMF continues to support policies to reduce public spending on social assistance such as cash transfers, and has consistently advocated for reducing employers' and capital's contribution to social insurance as part of labour flexibilisation policies. This has weakened national social protection systems overall (Heintz and Lund 2012). The review of IMF country reports for the 2016-2020 period show that 68 countries in the Global South will be

revising and scaling down spending on safety nets and welfare benefits (Ortiz et al. 2015). Restrictive fiscal deficit targets alongside limited progressive tax reform suggests that the Fund is not encouraging governments to explore financing options for universal social protection schemes as part of broader social protection systems. However, there is growing evidence and experience from both low and middle income countries that it is possible to finance universal social assistance, rather than social safety nets, and integrate informal workers into existing social insurance programmes (Valverde and Pacheco 2012).

Cuts to public spending

Low fiscal deficit targets coupled with regressive tax systems that rely too heavily on indirect taxes limit the size of the overall national budget. These factors are an impetus to cut public expenditure that has important implications both on the quality of women's employment and their participation in the labour force. The public sector is a particularly important, but declining, source of decent work for women. For example, in sub-Saharan Africa, structural adjustment programmes led to significant job losses for public sector employees in the health and education sectors that are largely women-dominated, and in state-owned enterprises (Sparr 1994). The growth in private sector employment was not sufficient to compensate for the loss of jobs in the public sector leading to higher rates of informalisation (Heintz and Valodia 2008, Bohoslavsky 2016).

Public spending on services and infrastructure can also enable women to take up paid employment. As the IMF notes, improved access to public education and health care can increase women's entry into the labour market by reducing the time they spend on unpaid care work (Elborgh-Woytek, K. et al. 2013). Public investments in early childhood education are specifically cited as a critical investment to address gender inequalities in the labour market. Without access to crèches, women informal workers who are also the primary caregivers have less time to engage in paid work and this has a direct impact on their employment, productivity and daily earnings (Alfers 2016, Cook and Dong 2011).

Despite some of its new research, the bulk of IMF macroeconomic policy advice is not taking heed of these recommendations; partly as a result, 34 countries in the Global South plan to reduce their expenditure on health care, and 96 will reduce their wage bill ceilings targeted mainly at teachers and health care workers by 2020 (Ortiz et al. 2015). On the one hand, the Fund's research on gender equality and recommendations in a handful of Article IV reviews – annual consultations between the IMF and national governments – call for comprehensive public child care provision to increase female labour force participation rates (IMF 2016). On the other hand, research shows that the IMF has a poor track record in prioritizing social spending targets if stringent monetary and fiscal targets are not met (BWP 2016, Kentikelenis et al. 2016). Private and informal services end up filling the gap in public service provision, but these services depend on women informal workers (see Textbox 3).

Textbox 3: Informal child care services in Bangkok, Thailand

Kanlaya runs the Duangpateep child care centre in Chalongkrung, an informal settlement on the outskirts of Bangkok. Informal workers who previously lived and worked in the city centre were evicted 20 years ago and forced to move to Chalongkrung. The area still lacks basic public health care and child care services. The Duangpateep child care centre was originally financed through grants from an international foundation, but these funds have since dried up and the centre depends on community donations. Kanlaya earns 5,000 Baht (\$141) per month, less than the minimum wage in Thailand. The lack of support from the state impacts on the quality of services provided. In publicly financed child care centres the teacher student ratio is set at 1:10, at Duangpateep it is 1:20. The fees parents pay only cover meals and the basic running costs of the centre, and cannot provide adequate stationery or toys for children's play and learning activities. Parents who send their children to the centre work in the nearby garment factory or are home-based workers and street vendors in Bangkok.

Source: WIEGO (2017) "A Tale of Three Child Care Centres in Bangkok", WIEGO care worker series



Kanlaya Kongpakdee has been working at the childcare centre for the past 10 years

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Across their lifecycles working class women will need public services more than men due to their reproductive health needs, longer life expectancy and low earnings. They will also be more

reliant on public services than wealthier women due to their difficult working conditions and low household incomes that make privatised services inaccessible. Women and girls pick up the responsibility of caring for children, the ill and elderly when private services are too expensive and public services such as crèches and primary healthcare facilities are not available. This places strains on household incomes with women, men and children adopting survival strategies by engaging in vulnerable forms of informal work to juggle their unpaid care work responsibilities and their need for income. Instead, accessible and affordable quality public health care and early childhood care services should be provided to reduce and redistribute women's and girl's time spent on social reproduction so that they can continue their education, find better employment opportunities and have time to rest (UN Women 2015, ODI 2016).

Restrictive macroeconomic targets

IMF conditions on monetary and fiscal targets are focused on maintaining single-digit inflation rates and reducing national debt levels. Combined these policies have had the impact of curtailing demand and employment creation. Keeping inflation targets low necessitates raising interest rates. This makes it more expensive for individuals and businesses to borrow and acts as a disincentive to investments that can create employment opportunities. Meeting these restrictive monetary targets does not preclude economic growth; however, this growth may not create enough employment. Sub-Saharan Africa is characterized by limited wage employment, high informality and a large agricultural sector despite high growth rates (ILO 2016a).

Low fiscal deficit targets prevent the state from borrowing to invest in large-scale projects that could generate employment and stimulate demand for goods and services both in the formal and informal economies (Elson and Catagay 2000, Heintz and Lund 2012). These policies are maintained even during an economic crisis leading to a further fall in demand (Ortiz and Cummins 2013). Following the 2008 financial crisis, more than half (55 per cent) of industrial outworkers – sub-contracted home-based workers – interviewed in India, Pakistan and Indonesia noted a fall in their work orders and the volume of their production between January – June 2009 (Horn 2009). All the street vendors interviewed in cities across South Africa, Malawi, Kenya and Peru witnessed a significant drop in consumer demand, while interest rates remained too high for them to access credit. Waste pickers in Pune, India and Bogota, Colombia saw the price of recycled materials fall alongside lower volumes of accessible waste (Horn 2010). These economic crises hit women informal workers hard as they are in gender segregated occupations with low earnings, and so have limited savings and no access to social protection to cushion the blow.

IV. 4. Rebuilding the links between employment and social policy

The evidence presented here calls for a more dramatic reform of IMF policy if higher female labour force participation rates are to enable greater gender equality. Key to this is rebuilding the link between employment and social policy by introducing regulations that discipline capital. This includes, but is not limited to, labour regulations that protect workers and defend collective bargaining and freedom of association. This can be complemented by greater investments in social protection systems and public services that support social reproduction and improve women's employment conditions.

We suggest that informal workers require regulations that enable the extension of social and legal protections as a key pathway to formalisation as per the provisions of ILO Recommendation 204 on the Transition from the Informal to the Formal Economy. Tackling gender disparities in the labour market requires legal measures such as implementing minimum wages, extending social protection to informal workers, protecting business assets for the self-employed, and defending the right of informal workers, both in wage employment and self-employment, to organise and bargain collectively (Von Broembsen and Chen 2016).

The Fund recognises that there is a positive correlation between low union density and higher earnings for executives, though it has failed to put this learning into practice (Reinsberg et al. forthcoming, Jaumotte and Buitron 2015). Organising labour within the formal and informal economy can be a way to call for more links between social and economic policies. Women in trade unions have been successful in rearticulating these

links by securing child care services, improving access to safe and decent working conditions, and lowering gender pay gaps (UN Women 2015). In Ghana, head porters, who are all young women informal workers, demanded that the government include them in the national health insurance scheme at reduced premiums they could afford. In Thailand, women informal workers are represented on National Health Security Committees and called for the national healthcare system to integrate informal workers' occupational health and safety needs through primary care units (Alfers and Lund 2011).

Despite IMF policy advice, many countries in the Global South are rolling out far-reaching social protection programmes. There is growing evidence that social grants can improve employment and livelihood outcomes for recipients (Farringdon and Slater 2006 cited in Alfers forthcoming). Women in households who benefit from the Child Support Grant in South Africa are more likely to participate in the labour force and have a higher probability of being employed as the grants allow them to cover part of the costs of child care (Eyal and Woolard 2011). With the large number of informal workers in the Global South, and women's concentration in informal employment, social protection should also be designed to better suit women informal workers' needs. For instance, Thailand has a universal health coverage scheme designed to extend health care to those segments of the population and workforce who are not covered by the social security system designed for formal sector workers. Informal workers also became eligible for old-age pension through Thailand's adoption of the 500 Baht Universal Pension Scheme in 2009 (Horn 2009).

IV. 5. Conclusion

The review of IMF policies above suggests that the Fund's stated interest in gender inequality remains limited. There is no evidence of a shift in macroeconomic policies in IMF loan arrangements and surveillance that will promote greater equality – across gender and class. Without reviewing labour flexibilisation policies, restrictive fiscal and monetary targets and privatisation, the Fund's narrow focus on increasing female labour force participation rates will be ineffective. IMF macroeconomic policy advice redistributes risk to those workers at the base of the economic pyramid who are predominantly women informal workers from the Global South.

We argue that rebuilding the link between economic and social policy through improved employment conditions, new decent

work opportunities, social dialogue, and better access to quality public services and social protection will be decisive for women informal workers. These measures can both redress women's poor working conditions and redistribute their unequal share of social reproduction, while protecting the rights of those who require care. Promising experiences in social protection and public care services are emerging from the Global South. More research from a gendered perspective, which integrates a focus on work status, can highlight how the articulation of economic and social policies are affecting the risks and vulnerabilities women workers face.



A farmer at work in Kenya's Mount Kenya region.

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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.¹ 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.² 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".³ 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.⁴ 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.⁵ 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.⁶ 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.⁷

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”⁸

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.



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