

Effects of IMF Conditional Loans on Gender Equality

by

Dina Abdo

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Dina Abdo

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Signature:

Dina Abdo, Student

Date

Approvals:

Jeremy Schwartz, Thesis Advisor

Date

Ou Hu, Committee Member

Date

Ebenge E. Usip, Committee Member

Date

Dr. Salvatore A. Sanders, Dean of Graduate Studies

Date

Abstract

Substantial research has been conducted on the effects of IMF conditional loans on the economic and political aspects within a borrowing country; however, little is known about the effect of these loans on gender equality. In this paper, it is suggested that austerity measures imposed by IMF conditionality has negative effects on gender equality in the recipient countries. In order to bring an empirical proof, data from the IMF programs on 99 low-medium income countries from 2010-2018 has been gathered and combined together. The results from the study suggest that the increase in the number of economic conditions of an IMF loan most likely results in a decrease of gender equality levels. The major implication from this paper is that the IMF should consider closing the gap between genders when imposing its conditions because this will not only protect women's right but also will stimulate economic growth.

Keywords: IMF, gender equality, feminist economics, macroeconomic policy, women's right, global Justice, women empowerment, economic growth

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Introduction

Gender equality and women economic empowerment have become a commonly used terms in modern societies. Also, they have become an integral part of achieving human development and global justice. Accordingly, using a gender lens in approaching macro and microeconomic policies has become a must in order to achieve sound public policies and increased well-being of both women and men. Therefore, understanding how gender relations can affect the society and the economy, and how it can be affected by them is very important. Çağatay and Ertürk (2004) define the gender relations as the sum of the social norms, traditions and practices that regulates the relationship between men and women in a society. They also argue that power asymmetries between men and women are one pervasive trait across all cultures. Gender relations for example, can affect almost all aspect of a society from the division of labor to income distribution, wealth, production inputs, work patterns etc. As a result, advocating gender equality have become more visible than ever with increasing number of mandates from the international development community.

Despite the international human development organizations, human rights advocates and feminists' efforts on achieving global gender equality, International financial institutions (IFI) like World Bank, World Trade Organization (WTO) and International Monetary Fund (IMF) are accused of hindering these efforts. In other words, the attached loan conditions imposed by the IFIs are claimed to be affecting women's right within the borrowing countries. IMF for example is one of these institutions that has received a lot of criticism about its conditionality. So, when a country is going through an economic crisis or experiencing problems in its balance of payments, it seeks the IMF for a loan in order to stabilize its macroeconomic situation, restore its balance of

payments, reduce poverty, achieve growth or face an unprecedented national or international crisis. Seeking IMF as a last resort is one of the common practices by medium-low income countries to finance their needs. But, for the IMF to protect its resources and ensure the repayment of the loans, it has to impose some macroeconomic structural policies that the borrowing country has to comply with in order to continue receiving its instalments; however, the economic and the political consequences of the IMF conditions are believed to not be gender neutral (Çağatay and Ertürk, 2004). The lack of access to education, health and employment, the societal gender expectations, and the lack of economic and political representation of women often put women among the most vulnerable groups within a society; also, it makes them more adversely affected by any negative change in the economic policy (Elborgh-Woytek, Newiak, Kochhar, Fabrizio, Kpodar, Wingender, and Schwartz, 2013). Therefore, women tend to be more likely to get affected by any major economic or political change resulting from IMF interventions; however, this does not mean that men are not affected by economic changes, but it does mean that women are more susceptible to it (Nicole and Peksen, 2016).

In fact, IMF structural conditions could include a lot of severe fiscal squeeze policies and austerity measures such as privatization, public spending cuts, higher taxation, or a decrease in public sector employees, each of which is claimed to have negative consequences on women's rights. Privatization for instance is claimed to have a detrimental effect on women's economic status as it leads to a huge decrease in the number of formal female employment. In other words, since public sector in most countries tends to employ more women than the private sector (True, 2012) when these public sector businesses are privatized, many women lose their jobs, and find themselves in a tough competition with men in the private sector (Hatem, 1994). Consequently, privatization leaves the country with more gendered economic discrimination and less protected

human rights due to the absence of state intervention which is considered a key element in respecting human rights within the market as explained by Donnelly (2003, 2013) and Englehart (2009). Furthermore, the fiscal policies imposed by the IMF conditions is claimed to put a ceiling on the public investment with particular implications on social sector spending of health and education (Mariama Williams, 2007) which is adversely affecting the capacity of poor countries to finance public services and on protecting women's rights (Seguino, 2016).

Despite numerous research on the effects of IMF lending, little is known about the effect of IMF conditionality on gender equality. So, the purpose of this paper is to directly examine the relationship between IMF conditionality and the levels of gender equality in the borrowing countries. Also, the paper complement and add to the existing literatures about the gendered consequences of IMF lending programs.

Hypothesis:

In this study, the research question is formulated on the alternative hypothesis H_1 which is to be tested against the null hypothesis H_0 .

H_1 : Gender Equality within a borrowing country is negatively affected by the increase in the number of loan conditions.

H_0 : Gender Equality within a borrowing country is not affected by the increase in the number of loan conditions.

In order to completely understand how IMF lending programs might affect gender equality, a background on the IMF and its lending process, and a background on gender inequality and its common forms are presented in the following section.

History and Background of IMF

IMF History

The International Monetary Fund (IMF) is an international financial organization that currently consists of 129 member countries. It was established in 1944 at the United Nations Bretton Woods conference in the United States (IMF) in efforts to avoid the reoccurrence of the competitive currency devaluation that took place during the mid-1920s that contributed to the great depression in 1930. As a result, more than 40 countries gathered to design a framework for the international economic co-operation that led to the establishment of the IMF (IMF Factsheet, 2021). A financial institution that was originally created to be the economic equivalent of the United Nations (Bordo & James, 2000, p. 15) with a primary purpose to “promote international monetary cooperation, facilitate the growth of world trade, promote exchange rate stability, and to help create a multilateral system of payments” (Bordo & James, 2000, p.5). Throughout the years, the IMF has witnessed changes in its goals; nowadays, the IMF main goal is to manage the balance of payments (BOPs) imbalances and international financial crisis difficulties (Lipsy, Phillip Y, 2015).

IMF Role

The fund achieves its goal by providing resources to its members in order to give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with an opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity” (Article I (v) IMF Articles of Agreement). Through a quota system each member country is required to pay money into the fund based on its economic and

financial position in the world economy (IMF). Accordingly, a pool of funds becomes available to countries experiencing a financial crisis or problems in their balance of payments. The member countries are mainly “divided into groups of creditor and debtor countries,” (Boughton, 2004, p. 20) where the less developed countries are the most borrowers while the developed countries are the least borrowers.

Beside the financial assistance activity, the IMF role includes other activities represented in the surveillance over the borrowing countries policies “in order to maintain stability and prevent crises in the international monetary system” (IMF Factsheet, 2016). Also, one of the IMF major activities is gathering and analysing statistics that help the fund’s board of directors and governor take informed decision about designing effective policies and legislative frameworks for the member countries. Accordingly, the fund would be able to achieve its objectives listed in the Articles of Agreement “To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy” (IMF Article I (iii)).

Understanding Conditional Loans

The IMF has different lending facilities that serve different purposes with different maturities and different amounts. For a member country to obtain any of the lending facilities it has to go through a long process that includes a set of policies and procedures known collectively as conditionality. The aim of this conditionality is to govern the allocation and the use of the available funds. The conditionality was first introduced in 1952 and later added to the IMF Articles of Agreement as a way to ensure the repayment of the loans and the transparency of the loan use (Factsheet: IMF). Subsequently, the fund would ensure that the loan amount would be

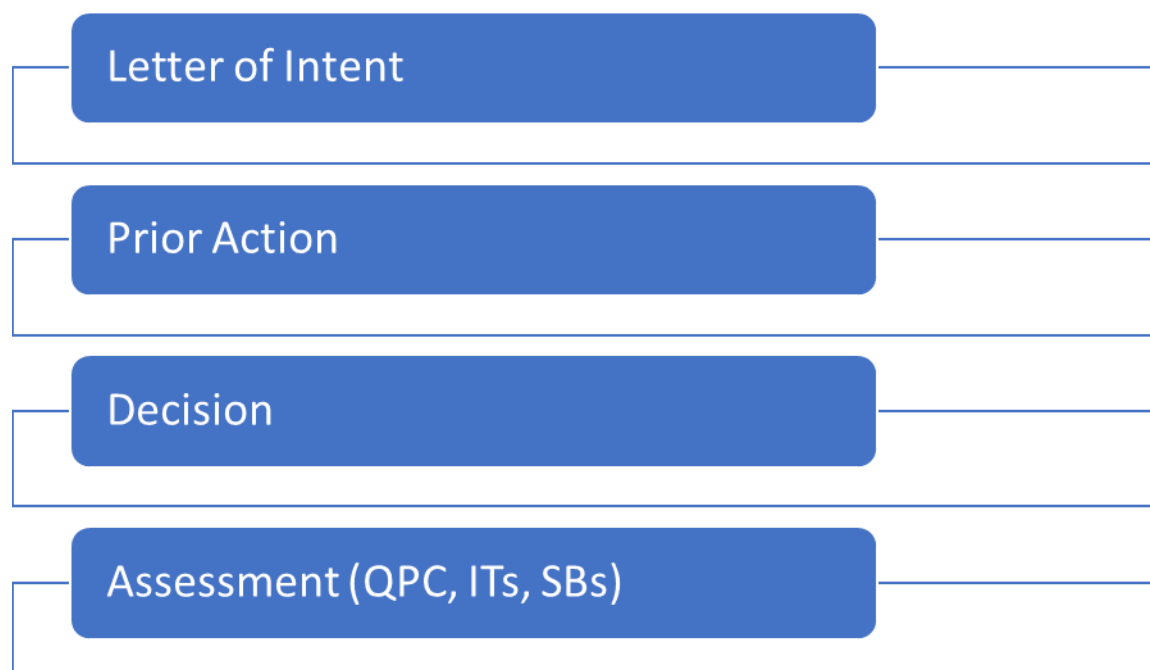
spent in a way that solve the country's BOP problems without jeopardizing the international economy (Khan, Mohsin S.; Sunil Sharm, 2001).

Conditionality Framework

When a borrowing country obtains a loan from the IMF it has to comply with the conditions in order to get its economy back on track which will ensure its recovery and ability to repay the loan. This works as a safeguard against the moral hazard problem. Accordingly, the Fund will make sure that there will be resources available to support other countries (Buirra, Ariel August, 2003). As a result, a clear framework and assessment had to exist. In the following part, a brief description of the conditionality design and assessment is presented.

Design

When a member country seeks an IMF loan it has to write a letter of intent that includes a memorandum of economic and financial policies based on its current economic situation (IMF Factsheet, 2021). The goal of that memorandum is mainly to solve the balance of payments problems and economic stability through correcting the country's macroeconomic policy (IMF Factsheet, 2021). The macroeconomic conditions or the structural adjustment mostly include public expenditure cuts, tax increase, privatization of part or all of the public businesses, currency devaluation, trade liberation, removing public subsidies, etc.



Assessment

The Fund loans are not paid out as one-time payment; however, they are paid out in instalments. Based on the country's policy actions, the fund disburses the instalment.

Subsequently, the fund can always ensure the country's compliance with the conditions in efforts to mitigate the risk of wasting its resources (IMF Factsheet, 2021). The IMF executive board performs periodic reviews to assess whether the conditions have been met or not. Also, they provide insights about what need to be added or adjusted in lights of new developments (IMF). Based on the IMF factsheet, the board of executives follows the following steps in order to ensure policy commitments.

Prior actions: Before the IMF approves the loan, it requires the borrowing country to perform some policy reforms that would ensure the necessary foundation for the program's success. Once the country agrees and demonstrate the needed policy actions, the fund then

reviews the loan and makes a decision (IMF Factsheet, 2021). One common example of the prior actions is the price control elimination (IMF Factsheet, 2021)

Quantitative performance criteria (QPC): After the disbursement of the first instalment, the fund continues its periodic assessment to ensure that the country is on track. One of the major assessment tools is the QPC which is a group of specific and measurable macroeconomic criteria under the direct or indirect control of the authority that is critically important to the success of the program and can be objectively monitored (IMF Factsheet). Examples of the QPCs include “Minimum level of federal government primary balance, Ceiling on government borrowing, Minimum level of international reserves, etc.) (IMF Factsheet).

Indicative Targets (ITs). When uncertainty about the economic trends exists, some of the quantitative macroeconomic criteria fail to meet requirements of the QPC tool. As a result, the IMF use the indicative targets tool for the assessment of those criteria. Once uncertainty is reduced, those criteria can be assessed using QPCs (IMF Factsheet, 2021). Examples of the ITs include “Minimum level of the general government primary balance, Minimum domestic revenue collection, Minimum level of social assistance spending, etc.) (IMF Factsheet,2021).

Structural Benchmarks (SBs). The structural benchmark is another assessment tool used by the IMF to assess the implementation of some qualitative criteria that is critical to the program success (IMF Factsheet,2021). Examples of SBs include “Improve financial sector operations, Build up social safety nets, Strengthen public financial management, etc.” (IMF Factsheet,2021).

The QPC, ITs and SBs vary by importance. So, when a country fails to comply with a QPC condition, this might result in the suspension of the fund unless the IMF staff considers this deviation as minor or temporary (IMF Factsheet, 2021). On the other hand, ITs and SBs

conditions are usually assessed based on the overall program performance and do not require a waiver (IMF Factsheet ,2021).

Forms of Gender Inequality

In a world where half of the population are women and girls, the continuous efforts for achieving gender equality has been a must. Gender equality is defined by the UNICEF as “women and men, and girls and boys, enjoy the same rights, resources, opportunities, and protections. It does not require that girls and boys, or women and men, be the same, or that they be treated exactly alike”.

In order to understand the importance of gender equality and in order to close the gap, forms of gender inequalities should be discussed. The following are some of the forms:

Uneven Access to education

One of the major forms of inequality is the uneven access to education between men and women. Based on the United Nations Population Fund, almost two thirds of the illiterate population around the world are women which in turn allows less opportunities and less access to information for women. Based on the Plan International Organization report of “I am a girl” published in 2015, the main causes of restricted access to school or retention includes, early child marriage, early pregnancy, child labor, far distance to school, cost of education and gendered attitudes in society that might for instance includes beliefs that men are smarter than women as a result they deserve to go or stay at school more than their female counterpart.

Violence

Violence against women is defined as any violent act that is committed against a woman that could result in any harm to the woman either physically, sexually, or psychologically (UN

Declaration on the Elimination of Violence Against Women, 1993). The UN General Assembly of 2015 explained the reason of violence against women as “manifestation of historically unequal power relations between men and women, which have led to domination over and discrimination against women by men and to the prevention of the full advancement of women, and that violence against women is one of the crucial social mechanisms by which women are forced into a subordinate position compared with men”.

Sexual Health

Women tend to have less control over their bodies, sexuality, and reproductive decision (UNFPA, 2021). For example, in less developed countries (LDCs), girls are forced into teen marriage, they do not have right to choose their partners, they do not have the needed birth control and family planning awareness. As a result, they end up with early pregnancies, high maternal mortality rates and high risk of sexually transmitted diseases like HIV/AIDS (UNFPA, 2021). As a result, increasing gender equality is essential in fighting HIV/AIDS (WHO, 2007), decreasing maternal mortality rates and better family planning.

Gender Wage Gap

The difference in earnings between men and women is another form of gender inequality. Gender wage gap is not only found in less developed countries (LDCs), but also in the most developed ones. In the U.S for example, women on average earned 82 cents for every one dollar earned by men (U.S Census Bureau, 2018). There are various factors that drive the gender wage gap issue. One of the major drivers is the occupational segregation where men and women are distributed into the different jobs and industries based on gender expectations and norms. So, occupations are divided into women jobs that were historically occupied by women like health

care and child-care workers, and men jobs that historically had the majority of male workforce like building and construction industry (Hegewisch and Hartmann, 2014). These so-called women jobs tend to have less pay and less benefits when compared to the so-called men jobs (Hegewisch and Hartmann, 2014). Although, the world has been developing so fast, the occupation segregation issue is still taking place across all industries and at all levels from workers to middle management to top management (Hegewisch and Hartmann, 2014).

Another reason of the wage gap is the years of experiences. Since women are considered to be the main care givers of the family, they tend to quit the workforce intermittently to accommodate their unpaid family obligations (Diana Boesch, 2019). So, women tend to take longer and more breaks than men mainly to take care of children, elder family members and other household obligations. This makes them more likely to accept part-time jobs, which means lower wages and less benefits compared to full-time workers (Claire Ewing-Nelson, 2020). So, the absence of paid family leaves makes women less likely to go back to work sooner or at all which decrease their chances of getting full-time jobs and getting higher wages. For example, in the U.S as of March 2019, only 19% of the civilian workers had access to paid family leaves (Corley, et al., 2017).

Gender wage gap issue is not only limited to the traditional measurable factors like discrimination, occupational segregation, and years of experience but there are other forces contributing to it. So, we cannot say that discrimination against women is only reason to the issue; however, it is worth mentioning that experts attributed at least 38% of the wage gap problem to the discrimination (Glynn, Marc et al., 2018). So, Respecting maternity leaves and reproductive rights of women is a key element in solving the issue.

Gender roles and Stereotypes

The gender stereotypes about the roles of men and women in the society is another factor affecting gender equality. So, women are typically considered to be the mothers and the caregivers of the household while men are considered to be the ambitious, the hardworking and the breadwinner of the family (Shaw and Lee, 2014). These expectations and gender norms are reflected on almost all aspect of life including the workplace, so women are believed to be less productive than their male counterparts since they are assumed to give most of their attention to the family and children once they have one (Susan Durbin, 2010).

Uneven Political Representation

Equal participation in the political life and leadership is an essential factor in achieving equality between both genders; however, women are politically underrepresented in all levels worldwide (UN Women, 2021). For example, women are representing only 25% of the national parliaments worldwide and most of them are in lower houses (UN women, 2021). Also, women representation as presidents or head of governments is too low with only 22 countries whereas 119 countries never witnessed a women leader (UN Women, 2021). As a result, men end up having the legal and political authority globally while women continuing to be largely marginalized from the political environment and decision making (UN Women, 2021).

Uneven access to Employment:

Finding a job is a tough activity; however, it is harder for women than for men (ILO, 2017). Globally, women experience a harder process to find a job; however, they end up with low-quality ones with more vulnerable conditions (ILO, 2017). Also, women tend to do part-time

jobs more than their men counterparts. So, in each stage of work cycle, women outnumber men in doing part-time jobs which are often low-wage, low benefits, and less stable hours (IWPR, 2014). Furthermore, the household work that women are usually the ones to perform, is a major factor preventing women from working extra hours (IWPR, 2014). As a result, women tend to have reduced chances of getting into high-paid professional and managerial occupations since they usually require extra working hours (IWPR, 2014). Also, the maternal bias is another major cause of the uneven access to employment. The maternal unconscious bias is a false assumption that motherhood makes women less productive, less competent, and less committed in performing a job; as a result, employers find it less attractive to hire a women. Accordingly, women end up having another obstacle in getting a job or maintain work-life balance (CWB, 2018). In Fixing the Talent Pipeline report issued by the Center of Women and Business of Bentley University in 2018, it stated another important reason of the uneven access to employment issue which is the lack of the adequate access to career-building networks that include sponsors, employers, mentor, or role models to women compared to men. The presence of the career-building networks opens a way to find a job or improve career prospective. So, lacking this puts another obstacle in the women's way to access employment.

Literature Review

The Neoliberalism policies and the Washington Consensus

The IMF policies have been criticized by many researchers, institutions, and economists. The criticism towards the IMF imposed policies has gone beyond only scrutinizing the macroeconomic effects to scrutinizing the social, the human development, and the social inequalities effects. As a result, the efficiency of an IMF conditional loan has been shifted from the regular measurements of economic development and economic growth like the GNI per capita and the GDP growth to a more comprehensive analysis that also includes the social relations, the equity, the human well-being, human freedom and dignity (Elson and Çağatay, 2000).

In his paper, Gender and Globalization, Çağatay (2004) criticised the intellectual framework the IMF adopts to guide their conditionality. He stated that major International financial institutions (IFI) like the World bank, the WTO and IMF adopt Neo-liberalism policies in order to achieve economic growth in the borrowing countries. These Neo-liberal conditions or polices encourage the deregulation of labor markets, privatization, trade and capital liberation, higher taxation and elimination of price-subsidies in order to achieve growth and reduce poverty. But Çağatay (2004) stated that these Neo-liberal conditions have failed to achieve the desired economic goals in many developing countries. Additionally, they have been criticised of been gender biased, anti-poor and anti-equalitarian. She also argued that inequalities, including gender inequality, resulted from the adopted neo-liberal policies have delayed economic growth and development and increased volatility in many cases.

Çağatay (2002) in her paper, also mentioned an important base that shapes the IMF policy-making framework which is the so-called Washington Consensus. She explained that according to the consensus, the majority of the economic crises taking place in developing countries are a product of the excessive government interference in the economy. Accordingly, the macroeconomic stabilization policies which include short term austerity measures along with a longer-term trade liberation and privatization and labor market deregulation take place. The rationale behind the consensus is that if a developing country is going through a BOP problem the main reason for the IMF in granting a conditional loan- it means that a failure in producing enough tradable goods does exist. As a result, increasing the production of tradable goods that will, in turn, increase exports is seen as the solution for the problem. This solution is believed to be achieved through less interference from the government when applying the macroeconomic policies that will make the market reacts flexibly to the changing economic conditions and shocks.

Çağatay (2004) stated that in many of the developing countries, the results of the policies have led to an increase in the market volatility and a deflationary bias. She also stated the applying the same set of policies in all countries without taking into consideration the specific social and political conditions is another failure of the IMF adopted Washington Consensus. Prasad et al, also acknowledged same volatility effects in the poor countries as a result of the adopted policies by the IMF.

In his empirical research on neoliberalism and its effect on inequality, Milanovic (2002) argues that the empirical evidence on inequality was not encouraging in many parts of the world since a lot of countries have witnessed increased income inequality and a widened skill wage gap between skilled and unskilled workers. Latin America, for example, has witnessed a huge wage

gap which Wood (1997) in his research has argued that it is quite opposite to what the neoliberal policies are expected to do which puts neoliberalism in a quite challenging position.

Gender and Macroeconomic level

Dwyer and Bruce (1989) and Haddad et al. (1997) have stated that gender is an important factor in shaping the economic behavior. So, men and women across many cultures have shown different consumption behavior. For example, women when compared to men tend to spend a bigger share of their income on the well-being and the development of their children like education and health care. Furthermore, women and men show differences in their risk-taking appetite, saving behavior and their degree of altruism. For instance, women tend to be more altruistic than men in their economic behavior due to the less opportunities they have compared to men; also, because of the gender socialization that shapes the children's mind about the expectations and behaviors associated with men and women. Elson (2013) argues that men in many countries, including poor men, tend to keep part of their income for personal leisure activities while women are more inclined to share all their income to the family. So, he therefore, concludes that a budget that aims to reduce children poverty should target additional income to women's hands than men.

Elson and Çağatay (2002) argue that social relations such gender, class, race, and ethnicity have a significance implications on the macroeconomic level. They stated that the macroeconomic policies are not gender neutral as believed by many economists. So, they argue that gender inequalities taking place in the microeconomic level such as the operations of labor markets can result in macroeconomic implications because of the inequalities effect on the

macroeconomic performance and outcome. At the same time, both genders experience the impacts of economic policies in a different way.

Market Liberalization conditions

In his 2004 working paper with the ILO, Çağatay stated that the fiscal squeeze represented in higher taxation and public spending cuts adopted by the borrowing governments as part of the market liberalization conditions, has led to an increasing unequal pattern of taxation and public spending cuts among class and gender. Also, she argues that these inequalities have negatively affected the prospects for human development and growth. ECLAC, 1988 also confirms that the fiscal retrenchment policies have significantly affected the governments' ability to promote growth and human development in the developing world. And he argued that social equity in developing countries has to take backseat in order to adopt the macroeconomic stabilization policies.

Moreover, as argued by Grunberg (1988), the market liberalization policies worsen the income distribution and significantly increase economic insecurity especially for the most vulnerable groups of the population. According to Elborgh-Woytek et al., (2013) the tough societal expectations about gender often put women among the most vulnerable groups within a country due their less accessibility to education, less economic power, and political representation.

Grunberg (1998) also stated that the market liberalization policies lead to the erosion of the public revenue. He explained that the decrease in public revenue is either due to the policies themselves or their indirect effects.

One of the main indirect effects mentioned by Grunberg (1998) is the privatization. Which has been always adopted in order to boost the economy. However, privatization turned out to be a temporary and unsustainable method of increasing public revenue in order to reduce budget deficit (Çağatay, 2004). As a result, most profitable public assets are the first to be privatized in order to generate income; however, this privatization leads to a drastic decrease in the government capacity to provide public goods and services as explained by Çağatay. She also explained that The first sectors to be affected by the public expenditure cuts are the health and education sectors.

Another effect of the market liberalization policies is the regressive taxation that governments adopt. The regressive taxation could include for example, the introduction of new user fees for public services or the increase of value added taxes (Vandemoortele, 2002). The negative effects of the regressive taxation have fallen disproportionately on poor people and women and girls as explained by Reddy and Vandemoortele (1996); United Nations (1999); Vandemoortele (2002); and Deininger (2003). So, the increased taxes lead to increased prices which, in turn, result in an extra work for women who try to produce these goods at home as way to manage the family's budget (UNDP, 2004). Consequently, the policy makers should shift their emphasis from generating surplus as the main purpose of fiscal policy to a more gender and people sensitive budget (Mariama Williams, 2007).

Rodrik (1997) mentioned another important indirect effect which is the increased corruption. Rodrik argues that privatization and market liberalization conditions heighten the corruptions of public resources within a country. It does not mean that the corruption did not exist before; however, the privatization of the public resources does increase corruption.

Rodrik also argues that the increased integration into world economy that results from the market liberalization policies has resulted in increased economic volatility, income security and inequalities. Therefore, social protection has become highly in demand; however, it became harder for the governments to provide it due to the adopted fiscal squeeze policies. Finally, he concludes that the adoption of such policies has resulted in a social protection gap and governments failure in promoting long-term human development.

Market Liberalization and Gender Biases

Elson and Çağatay (2000) argue that the macroeconomic policies especially the fiscal ones are mainly gender biased. They gave an example of the male breadwinner bias which they argue that it is an important characteristic of macroeconomic policymaking. Male breadwinner bias as explained by the authors, is the ideology that male workers as the only providers of the family and women are the mothers and the housewives and their presence in the workforce is harmful to wealth and family life. As a result, women tend to suffer from the economic volatility and financial crisis more severely than men. Also, they lack the needed social insurances when compared to men since they tend to work in part-time jobs and informal markets in addition to their unpaid work at household that is completely ignored. They conclude that women do not have same benefits when compared to men, even though, they are on average in need of more social protection and assistance given their type of employment and its vulnerable conditions.

Another bias mentioned by Elson and Çağatay (2000) is the commodification bias that became more influential under the Washington Consensus. The bias as explained by the authors is the excessive change of the publicly provided resources, knowledge, goods, services, or life forms into commodities. Consequently, this result in a detrimental effect on the poor especially

women and girls (Elson and Çağatay, 2000). They therefore opined that the market liberalization policies have magnified the negative effects of the commodification bias and revealed a lot of gender biases in public spending and public revenue.

Sen (2001) also argued that state social programs cuts resulted from the decreased public spending have been disproportionately negative on women and girls due to the gender biases. Consequently, He argues that the presence of public social programs can an active role in decreasing the negative impacts of gender biases that can lead in some extreme cases to increased female mortality rates. He went on to an estimate of 100 million of women mortality globally has been linked to gender inequalities in terms of access to health care and nutrition.

Çağatay (2002) argues that in the time of decreased public spending, another gender bias might come out when girls, rather than boys, are taken out of school in the time of economic distress in order to take care of their siblings or other family members while their families seek paid work. She also argues that even if the economy recovers, the educational losses that girls experience are hard to compensate, and they translate into a long-term gender inequalities and losses in human capabilities.

Gender Biases and Women Well-being

Van der Hoeven (2000); ECLAC (2000) give the lack of access to clean water as another example of how gender biases can affect the women's and girls' well-being within a society. Van and ECLAC argue that although the absence of clean water can affect the health of everyone equally, women tend to be more negatively affected. They explained that in most countries it is women responsibility to go and fetch water from faraway places; also, they are the ones responsible for taking care of sick family members besides maintaining their daily household

routines. Van and ECLAC (2000) argue that the unpaid labor that women do within the household is often neglected in the world of monetized economy. As a result, the reduction of public sector expenditures and social spending tend to be non-gender neutral in most cases.

Furthermore, Van and ECLAC (2000) argued that privatization also affects women adversely more than men due to gender biases in labor markets. They stated that public sector is often the largest employer that provides women with secure work condition, so, when privatization takes place women's employment prospects diminishes more than men and female job losses increases when compared to men. Also, it increases women representation in informal market that is usually linked with inferior and vulnerable work conditions.

Hatem (1994) brings an evidence from Egypt in how privatization can affect women's employment prospect within a country. In 1965, Egypt's constitution has granted a lot of economic and political rights to women which resulted in a 50% representation of women in formal employment. However, after the economic liberation and privatization followed by an IMF loan, a huge shift has occurred, and a reverse trend has taken place in the country resulting in a very few state sector jobs and leaving female labor with a tough competition with men in the private sector. Çağatay and Ertürk (2004), also confirms the same trend about women employment in Africa and Latin America in the 1990's after IMF privatization conditions. Riphenburg (1996) also brings another evidence from Zimbabwe in 1990 where it witnessed a 30,000 decrease in the number of full-time working women and 8,000 in the part-time ones in less than a year after it adopted IMF-supported structural adjustment policies.

Buchmann (1996); Çağatay and Özler (1995); Sadasivam (1997) argue that although in some cases IMF conditionality has resulted in increased women's employment, women's economic rights have remained in jeopardy. They explained that this increase in women's

employment is mostly in the informal market or export sector where most of the occupations are labor intensive and low wages.

True (2012) has brought an evidence from Kenya about the increased numbers of women employment after an IMF conditional loan. After the International Financial institutions intervention in Kenya that led to unemployment problem, the Kenyan government introduced the EPZs, Export Industrial Zones, that aimed to cure the widespread of unemployment problem. Although, the country has witnessed an increased number of female labor, those women who mostly come from rural area have experienced a lot of economic rights violations, in addition to the frequent sexual harassment, the absence of safety and health measures in the workplace and the obligation of working overtime. True (2012) also mentioned that these women barely reported these abuses in the fear of losing their job. Detraz and Peksen (2016) claim that the IMF is not the responsible of the higher levels of sexual harassment in the Kenya EPZs; however, it is the IMF conditionality that shifts labor patterns in a way that puts the governments in a challenging situation to strongly affect women's economic rights.

Elson (2003); Tutnjevic (2002) also explain that the greater work burden on women's shoulder is another reason of why fiscal squeeze is more negatively affecting women than men. They argue that in most developing countries, when governments fail to provide the sufficient social protection, as they often do, the women become the providers of last resort. So, in the times of decreased public spending and decreased private incomes, women tend to work harder inside and outside the household in order to face the economic crisis. But since it is harder for them to join the formal workforce, they tend to get into female-type informal work and at the same time they try to work hard at home in order to substitute costly market goods with home-produced ones. Also, women tend to engage in volunteer labor activities like setting up

communal kitchens (United Nations, 1999). Furthermore, Çağatay and Tutnjevic (2002) argue that the mental and psychological effects of the economic hardship is doubled in the case women. So, in addition to their stress coming from the economic crisis, they often find themselves abused by men who often take out their own disappointments on women and children.

From the public expenditure side, Seguino (2001) identifies a strong link between the physical infrastructure such as bridges, roads, telecommunications systems etc., with women's unpaid work and productivity. Seguino (2001) argues that the enhanced physical infrastructure decreases the time women spent in unpaid work and free up time to more paid and productive work. Also, investing in building hospitals and health care facilities as part of the infrastructure projects tend to reflect on women's health and consequently on their children's health. Elson (2013) also concluded from his gender analysis that cutting public investment is a real danger on women's productivity. He explained that these cuts add more burden on women's shoulders; for example, the decrease in public health investment allow patients to stay less time in hospitals and let them spend the rest of their recovery time at home, consequently, women as the main caregivers of the family end up taking care of the patient. This extra caregiving duty translates into extra unpaid work and lower productivity and absenteeism in the paid work.

Research Motivation and Questions

Examining the effects of IMF conditionality with a gender lens is the main motivation behind this research. A lot of theoretical and empirical research has been done on the economic and social effects of IMF loans. But very few has been dedicated to directly examine the effects of conditionality on gender equality levels within the recipient countries. So, in this research we will try to answer the following questions.

- Is there a correlation between gender equality and the number of conditions attached to an IMF loan in a borrowing country or not?
- Does the Severity of conditions affect gender equality?
- Does the presence of an IMF conditional loans in a country hinders the efforts done to achieve gender equality?
- What factors affecting gender equality in a low-medium income countries?

Research Design and Methodology

To statistically assess the effects of IMF conditionality on gender equality within a recipient country, I gathered panel data presented by years and countries, respectively. The sample size includes 99 low-medium income countries. The study time covers the period from 2010-2018. High income countries were excluded from the data analysis because they tend to borrow the least from the IMF; additionally, they have higher gender equality levels when compared to low- and medium-income countries. So, they were omitted from the study since their inclusion might bias our results. In this section, I will provide details about the dependent

and independent variables and the research methodology. Also, a panel data analysis will be carried out using STATA software.

Dependent Variable: Gender Inequality

To quantify the gender inequality, I used the UNDP gender inequality index, GII. This index measures gender inequalities in three main perspective of human development. Firstly, the reproductive health measured by adolescents' birth rates and maternal mortality. Secondly, empowerment, measured by political representation of males and females aged 25 or more with at least some high school education. Third is the economic status measured by the labor force participation of females and males aged 15 or higher. Each country has an annual score ranges from 0 to 1 with 0 as the least in gender inequality and 1 as the highest in inequality.

Independent Variables: Number of conditions

In order to see the impact on the gender equality, I used the number of the economic structural conditions attached to a loan as the main explanatory variable. There are 9 main economic structural conditions with more than 100 sub conditions or descriptor. One descriptor might be applied more than one time throughout the loan years; so, in order to account for that, the economic descriptor was counted as much as it was repeated in order to account for the intensity of a condition. Countries with less than 50 descriptors were omitted from the study, so a dummy variable was created with 1 to a loan with more than 50 conditions and 0 to loans with less than 50 conditions. The data for the conditions was extracted from the IMF MONA database.

Control Variables

In order to control for other independent variables that might impact the gender equality within a borrowing country, I controlled for the following variables. Firstly, the education variable measured by the average years of schooling of females to males from the UNDP Education Index. Secondly, the political representation variable measured by the share of seats held by women in the country's parliament from the UNDP human development index (HDI). Thirdly, the unemployment variable measured by the ratio of female to male in the labor force using the UNDP Unemployment Index. Finally, I controlled for the civil liberties which includes human rights, political rights, women rights, etc using the Freedom in the World Index from Freedom house Organization.

Summary statistics

This study examines the relationship between the number of conditions attached to an IMF loan and the gender equality within the recipient countries. So, I started my analysis with descriptive statistics in table 1. The panel data consists of 99 low-medium income countries from 2010-2018. The overall observation of the dependent variable, GII is 779. The Mean of all variables fall between the minimum and maximum values which shows a level of consistency in the data.

A summary statistic for the variables is presented below in table.1

Table.1

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
gii	769	0.45	0.16	0.810	0.84
edu	856	0.79	0.22	0.100	1.3
pltcl	920	0.19	0.1	0.001	0.57
unemo	900	1.2	0.5	0.5	4.6
conditions	1521	0.35	0.479	0.000	1
worldfreedom	1520	1.03	0.73	0.000	2

(See appendix 1)

Degree of Corelation

In order to check for the degree of correlation among the variables, correlation coefficients were computed as shown in the table.2 below. The correlation matrix shows that education, political representation and civil liberties have negative corelation with gender inequality index while unemployment and number of conditions have positive correlation with gender inequality index.

Table.2

	gii	edu	pltcl	unemo	conditions	worldfreedom
gii	1.000					
edu	-0.68	1.000				
pltcl	-0.23	0.098	1.000			
unemo	0.24	-0.049	-0.069	1.000		
conditions	0.08	-0.127	0.033	-0.074	1.000	
worldfreedom	-0.46	0.397	-0.075	-0.045	-0.320	1.000

(See appendix 2)

Diagnostic Checks

I ran some diagnostic checks before running the regression in order to test for multicollinearity and heteroskedasticity. I used the White Test for the heteroskedasticity. For multicollinearity, I used the VIF (Variance Inflation Factor) between the independent variables to achieve linearity.

Table.3

Variables	VIF	1/VIF
edu	1.23	0.809893
worldfreedom	1.21	0.826911
pltcl	1.03	0.968013
conditions	1.03	0.974898
unemo	1.01	0.985916
Mean IVF	1.1	

(See appendix 3)

From table.3 above we conclude that there is no multicollinearity. Also, we conclude that the data is homoscedastic since we have a $\text{prob} > \chi^2$ less than 0.05 the significance level.

$\chi^2 (1) = 44.60$

$\text{Prob} > \chi^2 = 0.0000$

(see appendix 4)

The Equation

After running a Hausman test, I ran a random effect model in order to see the impact of the number of conditions on the gender inequality within the recipient country.

$$GII = \beta_0 + \beta_1 \text{condition no.} + \beta_2 \text{Edut} + \beta_3 \text{unEmpt} + \beta_4 \text{Pltclt} + \text{worldfreedom} + \varepsilon$$

Also, I ran the model using a one-year and three-years lag of the conditions variable. Based on the assumption that the impact of the conditions takes time to cause changes on gender equality levels.

$$GII = \beta_0 + \beta_1 \text{L1.condition no.} + \beta_2 \text{Edut} + \beta_3 \text{unEmpt} + \beta_4 \text{Pltclt} + \text{worldfreedom} + \varepsilon$$

$$GII = \beta_0 + \beta_1 \text{L3.condition no.} + \beta_2 \text{Edut} + \beta_3 \text{unEmpt} + \beta_4 \text{Pltclt} + \text{worldfreedom} + \varepsilon$$

Where;

GII: gender inequality index

Ed:u education variable

Unemp: unemployment variable

Pltcl: political representation variable

ε : the error term

worldfreedom: civil liberties

Results and Findings

The empirical analysis for this study is done using the random effect model after it proved to be the appropriate model to use. For the sake of consistency and effectiveness of the estimates, I ran some diagnostic tests like heteroskedasticity, and multicollinearity and autocorrelation as discussed before in this paper. So, running these tests helps avoid biases in the regression results.

Not-lagged Model Results

In table.4 below we see the results of the regression which shows the significance of the explanatory variable, number of loan conditions with a p-value of 0.002 which is less than the significance value of 5%. This supports my hypothesis that increased number of IMF economic loan conditions lead to decrease in the gender equality within a borrowing country. So, there is a causal positive relationship between number of conditions and the gender inequality index.

Also, the results below show that other control variables, education, political representation and civil liberties proved significant as well.

The education variable measured by the average year of schooling ratio of female to males is significant with p-value 0.000 less than significance level of 0.05. This negative significance implies that the decrease in the education variable will result in increased inequality or decreased equality between genders within the borrowing country.

Political representation variable measured by the share% of the seats in the parliament has proved significant with gender inequality index since it has a p-value of 0.000 which is less than 5% significance level. This relationship implies an increased inequality between genders when political representation decreases.

The unemployment variable has p-value of 0.3 which is greater than the significance level of 0.05. So, our regression results imply the insignificance of the unemployment variable. For further research, I would consider other unemployment indices and compare the regression results. Also, I will group the unemployment ratios by sector in order to get a clear picture of what sectors are mostly affected by women unemployment.

Civil liberties variable measured by the World Freedom Index has proved significant with gender inequality index since it has a p-value of 0.000 which is less than 5% significance level. This relationship implies an increased inequality between genders when civil liberties decrease.

Table.4

gii	Coef.	Std. Err.	z	p> z 	[95% Conf. Interval]		
edu	-0.138		0.14	-9.51	0.000	-0.16	-0.11
pltcl	-0.44		0.16	-27.62	0.000	-0.47	-0.41
unemo	-0.03		0.03	-0.91	0.361	-0.1	0.003
conditions	0.0049		0.001	3.03	0.002	0.001	0.008
worldfreed	-0.09		0.017	-5.5	0	-0.127	-0.6
_cons	0.75		0.02	32.05	0.000	0.7	0.799

(See appendix 5)

Lagged Model Results

When using the one-year and three-year lag respectively as shown in table.5 and table.6 we see that the no. of conditions variable has proved insignificant with a p-value of 0.77 for one-year lag and 0.55 for three-year lag which is more than the significance level at 5%. While political representation, education, civil liberties variables have remained significant. However, in order to obtain more accurate results when using the lag variable, a larger time period should be used. Also, since the IMF executive board requests from governments to apply conditions before the loan disbursement date, two years at least prior the loan disbursement date should be

included in the study. As a result, using the lag variable while only accounting for the loan duration would not give accurate result and might not reflect the actual effect of the conditionality. So, including larger time period that cover both the times before the loan disbursement date and the loan end date would result in more accurate result. However, due to time constraint and unavailability of data, a limited time period from 2010-2018 was used in the study.

Table.5

gii	Coef.	Std. Err.	z	p> z 	[95% Co	Interval]
edu	-0.14	0.014	-10.04	0.000	-0.17	-0.11
pltcl	-0.45	0.016	-27.89	0.000	-0.48	-0.42
unemo	-0.03	0.003	0.97	0.333	-0.01	0.003
conditions	-0.0004	0.001	-0.28	0.770	-0.003	0.002
worldfreedom	-0.093	0.017	-5.46	0.000	-0.12	-0.05
_cons	0.76	0.002	32.51	0.000	0.7	0.8

(See Appendix 6)

Table.6

gii	Coef.	Std. Err.	z	p> z 	[95% Co	Interval]
edu	-0.12	0.013	-9.3	0.000	-0.15	-0.11
pltcl	-0.38	0.015	-25.3	0.000	-0.4	-0.35
unemo	-0.05	0.003	-1.61	0.106	-0.01	0.001
conditions	-0.0007	0.001	0.6	0.550	-0.001	0.003
worldfreedom	-0.09	0.017	-5.46	0.000	-0.12	-0.06
_cons	0.7	0.002	31.32	0.000	0.68	0.77

(See Appendix 7)

Conclusion

The study examined the extent to which IMF conditionality might affect gender equality in the borrowing countries. I argued that the increase of the number of loan economic conditions will lead to an increased gap in gender equality due to the nature of these conditions that includes privatization and public spending cuts. These austerity measures add restrictions on the governments to maintain women's rights; also, it hinders the efforts of either by the government or the international organizations to close gender gap in the society in all aspects. The results of my study suggest that the gap between both genders tends to increase with the increased number of economic conditions attached to an IMF loan; however, more control variables and a wider time period should be added in order to get more robust results. Also, due to the limitation of data on the letters of intent of several loans, it was hard to understand the nature of each loan independently, so, it is recommended for future research to consider other factors that might affect gender equality, beside what was measured already in this study.

My research is building upon the evolving number of researches done on the impacts of IMF programs. Most of the available researches focus on the relation between the IMF programs and economic development, human rights, societal impacts, financial crisis; but it is barely discussing the impacts of these programs on the gender equality and women's rights. The results of this study suggest that a better understanding of the effect of IMF conditionality on the disadvantaged groups like women who usually tend to carry the burden of the changes taking place after a loan should be thoroughly studied. The findings of this study will have significant implications for policy making because enhancing women's situation has been proved to be vital in achieving economic growth within a country and promoting good governance (Boserup 1970; Coleman 2004; Seguino 2000). Though there have been many recent calls to recognize the

importance of women role in achieving economic development (Buvinic and King 2007; Chen 2004; Elborgh-Woytek et al. 2013), the presence of IMF conditionality is worsening the situation. These negative impacts on gender equality will reduce the country's chances of achieving economic development and good governance which contradicts the fund main goal of achieving economic stability within the borrowing countries.

Recently, the Fund has been giving more attention to promoting gender equality and has realized that women's contribution to economic development is way below their potential (Elborgh-Woytek et al. 2013; Stotsky 2006). In conclusion, I suggest that the IMF should attach new conditions to their loans that focus on closing the gender gap in the recipient countries. Also, it should consider a gender approach when deciding on policies and when approving a loan. Consequently, this will not only protect women's rights but also will stimulate more economic growth.

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List of Tables

Table 1

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
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edu	856	0.79	0.22	0.100	1.3
pltcl	920	0.19	0.1	0.001	0.57
unemo	900	1.2	0.5	0.5	4.6
conditions	1521	0.35	0.479	0.000	1
worldfreedom	1520	1.03	0.73	0.000	2

Table 2

	gii	edu	pltcl	unemo	conditions	worldfreedom
gii	1.000					
edu	-0.68	1.000				
pltcl	-0.23	0.098	1.000			
unemo	0.24	-0.049	-0.069	1.000		
conditions	0.08	-0.127	0.033	-0.074	1.000	
worldfreedom	-0.46	0.397	-0.075	-0.045	-0.320	1.000

Table 3

Variables	VIF	1/VIF
edu	1.23	0.809893
worldfreedom	1.21	0.826911
pltcl	1.03	0.968013
conditions	1.03	0.974898
unemo	1.01	0.985916
Mean IVF	1.1	

Table 4

gii	Coef.	Std. Err.	z	p> z 	[95% Conf. Interval]	
edu	-0.138	0.14	-9.51	0.000	-0.16	-0.11
pltcl	-0.44	0.16	-27.62	0.000	-0.47	-0.41
unemo	-0.03	0.03	-0.91	0.361	-0.1	0.003
conditions	0.0049	0.001	3.03	0.002	0.001	0.008
worldfreed	-0.09	0.017	-5.5	0	-0.127	-0.6
_cons	0.75	0.02	32.05	0.000	0.7	0.799

Table 5

gii	Coef.	Std. Err.	z	p> z 	[95% Co Interval]	
edu	-0.14	0.014	-10.04	0.000	-0.17	-0.11
pltcl	-0.45	0.016	-27.89	0.000	-0.48	-0.42
unemo	-0.03	0.003	0.97	0.333	-0.01	0.003
conditions	-0.0004	0.001	-0.28	0.770	-0.003	0.002
worldfreedom	-0.093	0.017	-5.46	0.000	-0.12	-0.05
_cons	0.76	0.002	32.51	0.000	0.7	0.8

Table 6

gii	Coef.	Std. Err.	z	p> z 	[95% Co Interval]	
edu	-0.12	0.013	-9.3	0.000	-0.15	-0.11
pltcl	-0.38	0.015	-25.3	0.000	-0.4	-0.35
unemo	-0.05	0.003	-1.61	0.106	-0.01	0.001
conditions	-0.0007	0.001	0.6	0.550	-0.001	0.003
worldfreedom	-0.09	0.017	-5.46	0.000	-0.12	-0.06
_cons	0.7	0.002	31.32	0.000	0.68	0.77

List of Abbreviations

Abbreviation	Meaning
IMF	International Monetary Fund
IFI	International Financial Organization
WTO	World Trade Organization
WHO	World Health Organization
UN	United Nations
UNFPA	United Nations Population Fund
IWPR	Institute for Women's Policy Research
CWB	Center of Women and Business
LDCs	Less Developed Countries
GNI	Gross National Income
GDP	Gross Domestic Product
QPC	Quantitative Performance Criteria
SBs	Structural Benchmarks
ITs	Indicative Targets

Appendix

Appendix 1

```
. summarize gii edu pltcl unemo conditions worldfreedom
```

Variable	Obs	Mean	Std. Dev.	Min	Max
gii	769	.4543602	.166962	.081	.841
edu	856	.7935396	.2281024	.1041667	1.346154
pltcl	920	.1931467	.108714	.001	.575
unemo	900	1.292744	.5079744	.5	4.6
conditions	1521	.3576594	.4794688	0	1
worldfreedom	1520	1.031579	.7322552	0	2

```
.
```

Appendix 2

```
. correlate gii edu pltcl unemo conditions worldfreedom
(obs=766)
```

	gii	edu	pltcl	unemo	condit~s	worldf~m
gii	1.0000					
edu	-0.6824	1.0000				
pltcl	-0.2349	0.0989	1.0000			
unemo	0.2466	-0.0498	-0.0699	1.0000		
conditions	0.0816	-0.1275	0.0338	-0.0747	1.0000	
worldfreedom	-0.4629	0.3979	-0.0752	-0.0449	-0.0321	1.0000

Appendix 3

```
. vif
```

Variable	VIF	1/VIF
edu	1.23	0.809893
worldfreedom	1.21	0.826911
pltcl	1.03	0.968013
conditions	1.03	0.974898
unemo	1.01	0.985916
Mean VIF	1.10	

Appendix 4

```
. hettest
```

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of gii

chi2(1) = 44.60

Prob > chi2 = 0.0000

Appendix 5

```
. xtreg gii edu pltcl unemo conditions worldfreedom, re
```

```
Random-effects GLS regression           Number of obs   =       766
Group variable: country                 Number of groups =        82

R-sq:  within = 0.6134                  Obs per group:  min =         4
      between = 0.4332                                avg =         9.3
      overall  = 0.4309                                max =        10

                                           Wald chi2(5)     =    1117.60
corr(u_i, X) = 0 (assumed)              Prob > chi2      =     0.0000
```

gii	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
edu	-.138791	.0145923	-9.51	0.000	-.1673914	-.1101906
pltcl	-.44808	.0162241	-27.62	0.000	-.4798785	-.4162814
unemo	-.0033485	.0036689	-0.91	0.361	-.0105395	.0038424
conditions	.0049963	.0016475	3.03	0.002	.0017673	.0082253
worldfreedom	-.0942397	.0171336	-5.50	0.000	-.1278209	-.0606586
_cons	.7530671	.0234933	32.05	0.000	.7070211	.7991131
sigma_u	.10931687					
sigma_e	.01686066					
rho	.97676383	(fraction of variance due to u_i)				

Appendix 6

```
. xtreg gii edu pltcl unemo worldfreedom L.conditions, re
```

Random-effects GLS regression

Group variable: country

R-sq: within = 0.6076
 between = 0.4369
 overall = 0.4345

corr(u_i, X) = 0 (assumed)

Number of obs = 766
 Number of groups = 82
 Obs per group: min = 4
 avg = 9.3
 max = 10

Wald chi2(5) = 1094.21
 Prob > chi2 = 0.0000

	gii	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
	edu	-.1463278	.0145673	-10.04	0.000	-.1748792 -.1177765
	pltcl	-.4546801	.0163013	-27.89	0.000	-.48663 -.4227302
	unemo	-.0035767	.0036935	-0.97	0.333	-.0108159 .0036625
	worldfreedom	-.0934084	.0171181	-5.46	0.000	-.1269592 -.0598576
	conditions					
	Ll.	-.0004566	.0016202	-0.28	0.778	-.0036322 .002719
	_cons	.7616873	.0234294	32.51	0.000	.7157665 .807608
	sigma_u	.10926586				
	sigma_e	.01698768				
	rho	.9763992	(fraction of variance due to u_i)			

Appendix 7

```
. xtreg gii edu pltcl unemo worldfreedom L3.conditions, re
```

```
Random-effects GLS regression           Number of obs   =       696
Group variable: country                 Number of groups =       82

R-sq:  within = 0.5742                  Obs per group:  min =        4
      between = 0.4183                                     avg  =       8.5
      overall  = 0.4082                                     max  =        9

                                           Wald chi2(5)    =     860.41
corr(u_i, X) = 0 (assumed)              Prob > chi2     =     0.0000
```

gii	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
edu	-.1288415	.013777	-9.35	0.000	-.1558439	-.101839
pltcl	-.3804214	.0150337	-25.30	0.000	-.4098869	-.3509559
unemo	-.0052844	.0032729	-1.61	0.106	-.0116992	.0011304
worldfreedom	-.094349	.017288	-5.46	0.000	-.128233	-.0604651
conditions						
L3.	.0007318	.0012262	0.60	0.551	-.0016715	.0031351
_cons	.733583	.0234204	31.32	0.000	.6876799	.779486
sigma_u	.11004917					
sigma_e	.01214947					
rho	.98795853	(fraction of variance due to u_i)				