

GLOBAL FINANCE AND GENDER

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Introduction

This text analyses gender dimensions of global finance that underlie the involvement of the women's movement with financial markets and financial policies. These gender dimensions occur at all levels: the micro level (including the intra-household level); the meso level (industry, banking, government institutions, taxation); and the macro level (nationally as well as globally).

With globalisation, the micro, meso and macro levels of finance have become more and more interrelated. For example, credits to developing countries from the International Monetary Fund (IMF) and the World Bank add to the domestic supply of money, leading to increased government consumption and investment and/or reduced foreign exchange shortages. Bilateral development co-operation and World Bank lending often support domestic credit institutions and programmes in developing countries. In this way the 8-10 million households that borrow from micro-credit programmes are indirectly dependent on global sources of finance (Morduch, 1999: 1569). Meanwhile remittances from migrant workers form a substantial source of foreign exchange in countries like the Philippines and Bangladesh .

Adopting this understanding of global finance as a tightly woven web of macro, meso and micro conditions, this chapter examines how global finance influences, and is influenced by, the differentiated economic positions of women and men. Such gender analysis of finance is a new field of study. Therefore, my contribution here should be taken as only preliminary. It does not claim to cover all possible intersections between finance and gender.

Within this limitation, the chapter discusses four gender biases of global finance:

- (1) the under-representation of women in financial decision-making;
- (2) increased gender gaps in the economic positions of women and men;
- (3) the gender-based instability of financial markets; and
- (4) inefficient resource allocation in financial markets due to gender discrimination.

The chapter then describes the globalisation of the women's movement and its attention to problems of global finance. Finally, the chapter presents some policy recommendations for a more gender-balanced global financial system and suggests what role the women's movement can play in changing the orientation of financial markets and governance.

What Is the Gender Problem in Global Finance?

As seen throughout this book, civil society has protested against negative effects of global finance in terms of democratic deficits, inequities, instabilities and inefficiencies. The women's movement has added particular concerns about the gender biases that have generally made these negative impacts worse for women relative to men. Gender biases in markets and governance tend to grow as the scale of markets and economic policies increases. For example, although the globalisation of finance has decreased

many barriers to obtain credit and to invest, female entrepreneurs remain marginalised in many respects.

Very little research has been done on the gendered effects of global finance; therefore conclusions about the gendered effects of global finance should be taken with necessary caution. Only a few studies have addressed the gendered impacts of globalisation in general (Kofman and Youngs 1996: part 3; Beneria 1999; Peterson and Runyan 1999; Wichterich 1999; Beneria *et al.* 2000; Marchand and Runyan 2000). Other investigations have focused on the gendered impacts of global trade, particularly in cash crops and in manufacturing goods (e.g. Floro, 1992; Joeques and Weston, 1994; UN, 1999; WIDE, 1999; Fontana and Wood, 2000; Kucera and Milberg, 2000). However, these studies have paid only marginal and largely implicit attention to finance.

A recent special issue of *World Development* includes three articles that deal with gender and global finance (Singh and Zammit, 2000; Floro and Dymiski, 2000; Lim, 2000). A special issue of *Feminist Economics* on globalization also contains an article on **global finance and gender** (Aslanbeigui and Summerfield 2000). Each of these studies indicates that, on average, the gender effects of global finance are not very positive. Data, case studies, and theoretical analysis together suggest four types of relationships between gender and global finance: namely, that women are under-represented in global finance; that global finance increases gender gaps; that prevailing gender structures encourage instability in global financial markets; and that gender discrimination leads to inefficient resource allocations in global financial markets. The following pages elaborate on each of these four points in turn.

Undemocratic: Under-Representation of Women

Women are hardly represented among the main decision-makers in financial markets and institutions. This tends to marginalise women's issues in policy processes regarding government lending, investment rules, and private-sector financial activities. The boards of the World Bank and the IMF are strongly dominated by men. In the World Bank, less than 10 per cent of the Executive Directors and Senior Officers are female. [\[2\]](#) Likewise, G-7 decision making can hardly be regarded as democratic (see Birdsall in this volume), and certainly not as gender balanced. Likewise, the World Trade Organisation is an almost exclusively male forum. In the private sector corporate decisions on finance are taken in boardrooms that are largely male domains.

The consequences of these decisions are born by both women and men as producers, consumers, borrowers, employees, taxpayers, users of public services, and home and community-care providers. However, research indicates that, on the whole, the negative effects on women are greater than on men.

For example, austerity measures connected with IMF/World Bank-supported structural adjustment programs (SAPs) tend to fall more heavily on women. In most households, women are responsible for maintaining consumption levels, a task that becomes more difficult with SAP measures like cost-recovery fees for health care and education, increased import prices for food and medicine after a currency devaluation, and the abolition of subsidies on basic goods and services (UNDP, 1995). Both the reduction of public services and the privatisation of public services affect women more than men, given women's lower incomes and attributed responsibilities in the household (see UNICEF, 1989). Finally, SAPs tend to substitute public services with home-provided

services that often fall on the shoulders of women, such as the provision of health care, child care, education, and public utilities like energy, transport, and drinking water (Elson, 1998).

Decisions on tax policy can also have gendered effects, although conclusive evidence is not yet available, as only a few studies have been done on this subject (Stotsky, 1996; McCaffery, 1997). For example, in some developing countries like Nigeria, men have tax deductions for their children even though the mother is responsible for most child-related expenditures. In addition, government revenue in developing countries often relies on value-added tax (VAT) rather than income tax. Since men generally earn higher incomes than women, income tax affects men more than women. However, men also have a higher capacity to pay, and tax allowances, tax evasion, and income from the informal sector can mean that little income tax is actually paid. In contrast to income tax, VAT cannot easily be circumvented. In countries where women are responsible for household consumption, women's incomes are taxed relatively more through VAT. Also, VAT affects men and women to the same degree, ignoring the differences in purchasing power that favour men.

Thus macroeconomic policies and public finance have gender-biased impacts. Men dominate decision-making in global finance, but women experience the greatest negative effects of these decisions (Grown *et al.* 2000). A more equal representation of men and women in the boards of international financial institutions, national financial bodies, and financial corporations would make policy more democratic from a gender perspective. Greater gender equality in decision-making on financial governance would better represent the interests of both men and women. This could prevent the large opportunity costs that women currently experience in global finance.

However, gender inequalities and interests are not necessarily the same for elite women and poor women. So representation of women on the boards of financial institutions is a necessary but not sufficient condition for gender-aware decision-making. Policy formulation should also take account of the views of poor women as stakeholders in the realm of finance, for example, by consulting women's NGOs and women's credit institutions. Only then would more gender-balanced decision-making begin to impact positively on the distribution of effects of financial policies on men and women.

Inequitable: Increased Gender Gaps

The globalisation of finance has brought some advantages for women. Firstly, it has increased competition, and hence the supply of credit, for diversified target groups. Through this process women have gained more access to credit, although not equally in the formal and informal sectors. Secondly, in some countries it has become easier for women to access foreign exchange markets, for example, to receive remittances from partners or relatives abroad, or to send funds home to family. Thirdly, the much-expanded financial sector in the contemporary economy has substantially increased opportunities for women's waged employment (albeit for the most part in lower paid and less protected jobs) (McDowell and Court 1994).

However, these gains need to be balanced against losses for women. Like other markets, financial markets are characterised by segmentation, involving distortions and transaction costs (Yotopoulos and Floro, 1992). Some authors even argue that financial markets suffer from deeper imperfections than other markets, in particular

from asymmetric information, agency problems, and adverse selection (Singh and Zammit, 2000: 1255). Most texts on distortions in financial markets completely ignore the gender dimension. In one exceptional case, Sally Baden (1996) has distinguished a variety of gender-based distortions in credit markets. These distortions are reflected in transaction costs on the supply side (credit institutions) as well as on the demand side (individual female borrowers as compared with male borrowers). These transaction costs limit the net gains from financial transactions for women and make financial services less accessible and more expensive for women (see Table 1).

These distortions are irrational. They are based on a gender ideology that assumes women to be less capable of economic success than men. Take, for example, the prejudice that ‘women are less able to make investments profitable’. Just as gender biases in labour markets (masculine and feminine sectors and jobs) and land markets (absent or limited land property rights for women) disadvantage women, so too gender segmentation of financial markets creates disadvantages for women.

Table 1: Gender-Based Distortions in Financial Markets

<u>Type of gender-based distortion</u>	<u>Transaction costs for credit institution</u>	<u>Transaction costs for female borrowers</u>
Information constraint	Women are perceived as risky, not creditworthy enough; information gathering might go through male intermediaries	Women have lower literacy rates and are less mobile, which results in lower access to financial market information
Negotiation constraint	Women have less experience in taking formal credit, which requires more time from bank personnel	Women may need husband’s permission; have higher opportunity costs to travel to a bank; women may face discriminatory attitude by bank personnel
Monitoring constraint	Women’s economic activities may be more difficult to monitor since they are often in different and smaller scale sectors than men’s activities that are financed through credit	Women may find it difficult to control their loans in the household when other family members (particularly men) find it in their right to exercise control over this money
Enforcement constraint	Women often lack formal property rights, which makes it difficult for creditors to claim	Women may be more susceptible to pressure, intimidation, or violence from creditors or their agents

	collateral when a loan is not repaid	
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Source: Adapted from Baden (1996).

Apart from transaction costs, some gender distortions lead to costs that are part of the service itself, like administration costs rather than transaction costs that occur outside the exchange. Since women have less property and lower earnings, and since they are usually responsible for household livelihood, women tend to save smaller amounts as well as to save and borrow less regularly than men. Women therefore need greater flexibility in saving and credit. However, credit institutions are not always prepared to provide this flexibility because of the corresponding administration costs.

The effects mentioned above take place in formal credit markets as well as in informal borrowing, in small institutions as well as large commercial banks, and in credit as well as saving. How do gender-based distortions in financial markets arise? The answer lies in the gendered institutions that operate in an economy (Folbre, 1994). In financial markets, the following three main structures of constraint can be identified: gender inequality in property rights; gender segmentation of financial markets; and discriminatory norms in financial markets.

Gender inequality in property rights

The almost universal norm of the male as breadwinner and head of household has benefited men's property rights (Blau *et al.* 1992; Kabeer, 1994; Agarwal, 1994). Women's property rights are often assumed to be secured via the (male) household head. In some countries, inheritance laws allocate less property to female heirs than male heirs. Even when women have financial resources of their own, they often find it difficult to acquire property because of discriminatory rules and practices in, for example, the land market. In the case of joint property, women need the permission of their husbands to use these assets as collateral for obtaining credit, whereas men generally do not require such permission from their wives. Women's limited possession of property and their constrained property rights limit their access to financial markets.

The norm of male breadwinner and male household head also constrains women's control over financial resources within the household. When men regard all resources in the household as their possession, women may lose control over loans that they have taken in their own names or savings that they have accumulated from their own earnings. Men may use women's loans without repayment or use women's savings without paying interest or even paying back the amount. As a result credit and saving may not improve women's financial situation and in some cases even worsen it. Such results can depress demand for credit by women and also discourage savings by women.

Gender segmentation of financial markets

Financial markets exhibit gender segmentations. For instance, women tend to demand smaller loans than men. Most female creditors lend to women rather than men. Most women borrowers obtain their credit from institutions that have special programmes for women, or informally within women's groups.

Owing to the gendered transaction costs described in Table 1 above, credit institutions select borrowers on the basis of their gender. This restricts female borrowers to limited sources of credit, which drives up interest rates for women. Excess demand for credit induces lending institutions to use quantity rationing, rather than price rationing, to allocate capital (Yotopoulos and Floro, 1992: 304). This practice marginalises women and women's activities (like home-base production) in their portfolios (Baden, 1996). Thus women tend to borrow against higher interest rates and find it difficult to borrow for the type of activities that they prioritise.

Gender segmentation is also evident in regard to savings. Banks prefer savings accounts that are not very flexible in terms of the amount and regularity of deposits and withdrawals. However, women generally want such flexibility, because of their attributed responsibility for regular household provisioning. As a result, female savers tend to generate higher administration costs and are less attractive clients for financial institutions.

Discriminatory norms in financial markets

Although credit institutions tend to regard women as risky borrowers, reality is different. In fact, women tend to have high repayment rates. Credit programmes that lend exclusively or mainly to women show repayment levels of around 97 per cent, which is higher than many repayment rates of men (Women's World Banking, 1996).

Credit institutions also often assume that women borrow for consumption without capacities to repay. Yet when women borrow for consumption purposes they are often addressing short-term liquidity problems that are solved by long-run cash flows that assure repayment (Baden, 1996). Moreover, what seem to be consumer goods may in fact be capital investments that improve women's productivity in the care economy (think, for example, of refrigerators or washing machines).

Gendered institutions impact on financial markets at the macro level: through the savings rate, interest rate, and investments. Baden (1996) concludes that globalisation of financial markets through liberalisation has not substantially raised savings rates in developing countries. Gender discriminations of the kind described above have arguably made it still more difficult to build effective and efficient financial markets. Gender inequality contributes to low savings rates, low investment rates, and distorted interest rates.

Unstable: Gender-Based Instability in Financial Markets

Gendered aspects of global finance extend beyond problems of democracy and equity to issues of stability as well. Ilene Grabel (2000) has identified five interrelated sources of risk that together generate global financial instability: currency risk, capital flight risk, fragility risk, contagion risk, and sovereignty risk.

Financial instability can never be abolished completely. Uncertainty is inherent in economic processes (Knight, 1921). However, this does not mean that nothing can be done against excess instability. We can question the adequacy of the present institutional framework of national and international financial markets and reconsider the current practice of the IMF and the G7 as a continuous fire-fighting brigade.

From a gender perspective such reconsideration is all the more urgent owing to the particularly adverse consequences of recent financial crises on women. As noted earlier, the austerity measures connected with SAPs tend to hit women doubly hard. In the prevailing gender division of labour, women are usually responsible for household food security, family health care, and the supply of household energy and safe drinking water. Thus cuts in government budgets concerning food subsidies, agricultural inputs, health services, and sanitation hurt women more than men. In addition, cuts in educational budgets do not help to reduce the school enrolment gap between boys and girls (Elson, 1998).

A shift of the burden of financial risk to those who are not responsible for it is costly and unfair. This shift has a significant gender dimension. The generation of excessive financial risk is almost exclusively a male activity. Men are the main decision-makers in finance, men undertake the larger financial transactions, and men are the main speculators. Yet the persons who carry the consequences of global financial crises - especially in the care economy - are predominantly female. Research is incomplete, but various case studies suggest that women in the developing world experience significant increases in unpaid labour time during economic crises (Moser, 1989; Bakker, 1994; Sparr, 1994; Elson, 1995; UNDP, 1995; UNDP, 1999; UNIFEM, 2000).

So the (mainly female) care economy compensates for (mainly male) rent-seeking in financial markets. Regarding the Asian crisis, for example, Diane Elson and Nilufer Catagay remark, 'Creditors were in effect "bailed out" while poor women acted as unpaid provisioners of last resort' (2000: 1355). This phenomenon is highly invisible and largely undocumented. Moreover, the shift of production and savings from the monetised to the care economy is hard to measure and often implicit. Case studies of such substitution effects indicate that women are sometimes required to give up their savings, including jewelry. They become more vulnerable to male violence at home and can even be drawn into paid and forced sex services (Truong, 1999). For example, after the onset of the Asian crisis in 1997 the Korean government urged women to 'Get Your Husband Energized' (Singh and Zimmit, 2000: 1260), even though 86 per cent of job losses in the banking and financial services sector were women's jobs (World Bank, 1998).

The buffer function of the care economy for financial market instability should not be overstretched. The resultant burden of extra work on women can generate a spiralling sequence of negative externalities that adversely affect real and financial markets. Such negative externalities include unattended small children, with consequent psychological and health risks. Human capital formation of children may decrease, particularly among girls who are required to do unpaid labour for the household. The quality of health care and hygiene declines when the family substitutes for private or public services. Such negative externalities are not only inequitable - disadvantaging women and the poor - but also inefficient, as my discussion below will show.

There are signs that the buffer function of the care economy in time of financial crisis is overshooting. Resources in the care economy are exhausted, with consequent reductions in the quality of care (Moser, 1989; Pearson, 1997). In addition, the recovery of the monetised economy from a financial crisis can be paralysed. When non-monetised savings (through greater unpaid labour) increase more than investment, the monetised economy will suffer from a lack of effective demand (Ertürk and Çagatay 1995). When government services are cut too much, the quality of health care, education, and other services will suffer, with negative consequences for the level

of human capital in the labour force, which will impact negatively on a country's productivity (Elson 1998). Finally, when a financial crisis leads women to shift resources from the market to the care economy - for example, through subsistence food production - market demand, and hence market production, will not be enough for recovery from a crisis.

In sum, then, while the care economy can function as a buffer against financial instability, a better institutional framework for financial markets and financial governance is needed to prevent crises and the associated risk of over-burdening the care economy.

Inefficient: Inefficient Resource Allocation in Financial Markets Due to Discrimination

In the experience of the Grameen Bank in Bangladesh, loans to women yield substantially higher household consumption than loans to men. In the case of women, it takes an average of 0.91 dollars lent to generate 1 dollar of household consumption, as compared with 1.48 dollars for men (Morduch, 1999: 1593). The Grameen experience shows that lending to women is not less profitable than lending to men - on the contrary. Moreover, female repayment rates are higher. In 1991, 15.3 per cent of male borrowers from the Grameen Bank missed repayments, compared with only 1.3 per cent of female borrowers (Morduch, 1999: 1583). A similar record is found in lending to women elsewhere (Women's World Banking 1996).

Cost-benefit ratios of investing in women are even higher in respect of formal investment. A World Bank report entitled 'Gender, Growth, and Poverty Reduction' estimates losses in real output that result from gender biases in investment. In Burkina Faso, for example, a transfer of resources (like fertilizer and labour) from men's to women's plots of land within the same household could increase agricultural output by 10-20 per cent (World Bank 1999: 10). Research in Tanzania indicates that reducing time burdens of women in the care economy could increase household cash incomes for smallholder coffee and banana growers by 10 per cent, labour productivity by 15 per cent, and capital productivity by 44 per cent (World Bank 1999: 20).

Regression analysis over the period 1960-1992 with GDP growth as the dependent variable and education and employment among the independent variables indicates that Sub-Saharan Africa has suffered considerable efficiency losses from gender biases in investment. If Sub-Saharan Africa had matched East Asia's growth of educational attainment for women, annual per capita GDP growth would have been about 0.5 percentage points higher (World Bank 1999: 15). In addition, if Sub-Saharan Africa had matched East Asia's growth rates in female sector employment, annual per capita GDP growth would have increased by more than 0.3 percentage points (World Bank 1999: 16). So, together, gender biases in investment in education and in employment have reduced annual per capita GDP growth in Sub-Saharan Africa by 0.8 percentage points. Since per capita annual GDP growth in the region was only 0.7 per cent over the years 1960-1990, less gender inequality in investments could have doubled annual per capita economic growth during this period. As a consequence, Sub-Saharan Africa's GDP per capita could have been 30 per cent higher than it actually was in 1992 (World Bank 1999: 17).

Similar productive gains would likely also result from a correction of gender disparities in respect of other assets. For example, research on micro-credit in Bangladesh

concludes that loans to women generally yield higher marginal returns than loans to men (Pitt and Khandker 1998). Given present gender inequalities in the allocation of credit, this outcome is not surprising, given the law of diminishing returns. However, gender equality in access to resources will only translate into productive gains, women's increased well-being and economic growth when these resources receive a market price, which is not the case when discrimination operates. As Stephanie Seguino (2000) has shown, wage discrimination persists in spite of increased levels of female human capital.

The Women's Movement and Global Finance

Just like finance, the women's movement has reached unprecedented levels of global integration at the end of the twentieth century. High points in this integration have been the four United Nations Conferences on Women, held at Mexico City (1975), Copenhagen (1980), Nairobi (1985) and Beijing (1995). The NGO Forums accompanying these meetings have been major occasions for women from across the world to exchange information and share views.

The Platform for Action agreed upon by 189 governments at the Beijing Conference has become an anchor for the global women's movement. Women's associations refer widely to this document to justify their actions, to ground their research, to monitor policies, and to assess progress in the status of women worldwide.

The Beijing Platform for Action has played a central role for at least four reasons. First, with some 30,000 participants, Beijing raised enormous expectations, much higher than the preceding three UN conferences. Second, the Beijing Platform for Action incorporated a wide range of subjects, including controversial matters like inheritance and sexuality. Third, the proposals agreed at Beijing are of an unprecedented high standard, not least because of wide NGO participation and NGO pressure. Finally, the Beijing Conference came at a time when gender issues left the margins of national and international policy making, so that even male-biased institutions like the World Bank made efforts to understand gender issues (World Bank, 1994, 1995a, 1995b).

Along with other issues, the Beijing Platform for Action pays considerable attention to the economic position of women (UN, 1996). It makes special mention of the disadvantaged position of women in the labour market, of women's unpaid contributions to the economy, and of women's limited access to resources. The document gives no explicit attention to financial markets, but it does refer to the need for gender equality in access to credit and financial decision-making.

For example, paragraph 166 of the Beijing Platform for Action urges governments *inter alia* to facilitate women's 'equal access to and control over ... credit'. Paragraph 167 presses governments, central banks, national development banks, and private banking institutions to 'increase the participation of women ... to include women in their leadership, planning and decision making ... to better meet the credit and other financial needs of the micro-, small-, and medium-scale enterprises of women.' Paragraph 169 demands that international funding agencies 'review, where necessary reformulate, and implement policies, programmes and projects, to ensure that a higher proportion of resources reach women in rural and remote areas.' Paragraph 176 urges the financial sector as well as NGOs to 'invest capital and develop investment portfolios to finance women's business enterprises [and to] support credit networks and innovative ventures, including traditional savings schemes.' Finally, paragraph 177

defines actions to be taken 'by the private sector, including transnational and national corporations [to]: (a) adopt policies and establish mechanisms to grant contracts on a non-discriminatory basis; (b) recruit women for leadership, decision making and management and provide training programmes, all on an equal basis with men; (c) observe national labour, environment, consumer, health, and safety laws, particularly those that affect women.'

Between the first and fourth UN Conferences on Women, several important international networks were set up to engage with issues of gender equality. One prominent example is Development Alternatives with Women for a New Era (DAWN), launched in 1985 as a Southern women's network. Two years later DAWN published a widely read pamphlet on the negative impacts of economic crises and structural adjustment on women in developing countries (Sen and Grown, 1987). The pamphlet not only addressed financial institutions like the World Bank and the IMF, but also challenged North-based women's organisations to rethink their perspectives, in particular that their focus should not be poor women in the South so much as powerful financial institutions in the North. Next to DAWN, another transnational Southern initiative on structural adjustment is the African Women's Economic Policy Network (AWEPON) (AWEPON 1996).

In the North, the US-based Women's Environmental and Development Organisation (WEDO), created in 1990, has contributed extensive work on the IMF, the World Bank, the GATT/WTO and transnational corporations. WEDO argues that progress on women's rights and equality is compromised by economic globalization and that, 'on balance, women are still the shock absorbers for structural change.'[\[3\]](#)

In Europe, the network Women In Development Europe (WIDE) has since 1993 linked national platforms from an increasing number of European countries. WIDE has focussed its lobbying activities on European Union (EU) institutions like the European Commission, and the European Parliament. WIDE's training programmes on financial issues are discussed further below.

During the 1990s various alliances developed between North-based and South-based women's NGOs, helped by new global communications technology such as fax, e-mail and internet (Lycklama à Nijeholt *et al.* 1998: 33). One such network is the Women's Global Alliance for Economic Justice, founded in 1992. Its current membership includes, in addition to DAWN, WEDO and WIDE, the US-based network Alternative Women In Development (Alt-WID), the Women In Development network of the Society for International Development (SID-WID), the Canadian Research Institute for the Advancement of Women (CRIAOW), the Canada-based National Action Committee (NAC), the US-based Center for Women's Global Leadership, and the lobby group European Solidarity towards Equal Participation of People (EUROSTEP).

Local, national, regional and global women's associations have addressed issues of finance in four main ways: information and training; advocacy; provision of credit; and gender audits. These four activities are discussed in turn below.

Information and Training

Women's NGOs have issued numerous leaflets, brochures, and reports over the past decade on women and structural adjustment policies, economic reform, credit, and other issues of finance. In addition, several women's organisations have developed

economics training courses for women at the grassroots level to enable them to discuss costs and benefits for women of particular economic trends and policies. In the area of finance more particularly, economic literacy courses have addressed questions of structural adjustment lending, capital markets, micro-credit and public finance, including the idea of gender audits, or gender-aware government budgets.

To take a specific example, WIDE has developed an economic literacy course for women living in Europe and concerned with women elsewhere in the world. *Women in the Market: A Manual for Popular Economic Literacy* was first published in 1998 and is being continuously revised in the light of experiences in training sessions (WIDE 1998). The course is targeted at the hundreds of members of national WIDE platforms in Europe. It aims to assist women to assess the responsibility of Europe, the EU and global economic institutions for intended and unintended negative consequences on the poor, and poor women in particular. The manual also seeks to facilitate networking within WIDE and with partners in the South (WIDE 1998: 5).

Several training sessions, lasting from between half a day to three days, have been organised in European countries including Austria, Belgium, Denmark, Finland, and the Netherlands. Financial topics covered include government budgets, different definitions of money, and monetary policy. Next to the training manual, WIDE has also distributed background readers on specific economic themes, one of them concerning money, financial markets, and instability (Van Staveren, 1998).

The WIDE course uses popular techniques. It starts by having participants map their own economic situation (e.g. in terms of job, income, expenditures, savings, credit, unpaid labour, and distribution of resources over dependants). Then participants reflect on these circumstances and those of people related to them, both near and distant. Role play is used to help participants analyse economic issues from different points of view. Finally, the participants together develop ideas for concrete action.

Advocacy

Much advocacy on global finance by women's associations has targeted the general neoliberal framework of mainstream contemporary macroeconomic policy, including many of the arguments elaborated earlier in this chapter. In addition, some actions have focussed on particular institutions and policies of global finance.

One important initiative in this regard is Women's Eyes on the World Bank, launched at the Beijing Conference. This 'Global Campaign to Transform the Bank to Meet Women's Needs' aims: to increase participation of grassroots women in Bank activities; to institutionalise a gender perspective in Bank projects and programmes; to increase Bank investment in women's health services, education, agriculture, land ownership, employment, and financial services; and to increase the number and racial diversity of women in senior management positions at the Bank. The campaign has achieved some success. For example, the Latin American chapter has secured agreement from senior World Bank officials to develop solid gender analyses of the design and implementation of projects, including those related to financial services. [\[4\]](#)

Another advocacy forum, initiated by the United Nations, is called 'Women Watch - The UN Internet Gateway on the Advancement and Empowerment of Women'. Its website and electronic discussion groups offer information and a discussion platform for women's NGO's, feminist researchers and other interested individuals to monitor the

implementation of the Beijing Platform for Action. Among other things, Women Watch has sponsored moderated online dialogues for the Beijing +5 review in 2000. One of these dialogues, called 'End Women's Economic Inequality', handled economic and financial issues. [\[5\]](#)

Provision of Credit

In line with the Beijing recommendations, an increasing number of grassroots women's organisations are supplying credit to women. In an analysis of 34 micro-credit programmes with large numbers of poor clients, the Microcredit Summit Campaign found that, on average, 76 per cent of the borrowers were women. Some programmes like Working Women's Forum (India), Fight Against Poverty Organisation (Nigeria), and ACLEDA (Colombia) had over 95 per cent women clients. [\[6\]](#)

One of the first international civil society organisations to extend credit lending to women was Women's World Banking (WWB). Established after the first UN Conference on Women, WWB now operates in over forty countries. In its 1996 report, WWB ambitiously claims that it is 'the only women-led global network that aims to open the world's financial system to low income women'. [\[7\]](#) Today WWB affiliates are providing credits, savings facilities and business development services to about ten million women. [\[8\]](#) Since poor women often lack traditional collateral, creative alternatives are accepted such as jewels, tools, or personal and group guarantees. WWB has also developed new services such as loan guarantee programmes, guidance to business support networks, and development of coalitions of micro-finance organisations to influence financial systems to benefit poor women. Yet, a large gap still exists between the supply of credit and the demand. An estimated 500 million female micro-entrepreneurs require financial services, while WWB currently reaches only 10 million.

Many other women's organisations have emerged at the national level to support credit for women. The Indian Self-Employed Women's Association (SEWA) is probably the best known example. It even runs its own bank.

Gender Audits

A fourth activity of women's associations *vis-à-vis* global finance concerns the promotion of gender audits. Ethical auditing is a new device for monitoring the behaviour of firms and governments. Whereas audits have traditionally evaluated the financial condition and behaviour of an organisation, ethical audits address social and environmental issues. Social audits can include a specific gender focus.

For example, gender audits of public finance check government revenue and expenditure item-by-item. Such audits were first undertaken in South Africa in 1996, quickly followed by Australia, Canada, the UK, and Tanzania (Sharp and Broomhill, 1990; Budlander and Sharp, 1998; Himmelweit, 1998; Kiongosa and Warioba, 1998). Over time, emphasis has shifted from general statements on overall budgets toward more detailed analysis of particular budgets such as health care or infrastructure.

Gender audits of public finances have also become more sophisticated. Not only do they assess the tax burden on men and women and the distribution of expenditures between men and women. In addition, the audits have paid increasing attention to the relationship between, on the one hand, gender biases in public expenditures and, on

the other hand, production, productivity, consumption, savings, investment, incomes, labour supply, and welfare (Sharp, 1999). Gender audits reveal the allocation inefficiencies in government budgets caused by gender discrimination (see Buvinic *et al.* 1996). By asking questions about the equity and efficiency outcomes of government budgets on women and men, gender audits force a re-evaluation of the long-held assumption that government budgets and economic policies generally are 'gender neutral' in their impact (Elson 1997; Sharp, 1999).

Some activists in the women's movement have called for gender audits (albeit not always using this terminology) to be carried out in respect of public financial institutions. For example, a participant in the online dialogue organised by the UN's 'Women Watch' initiative has suggested that multilateral development banks should be required to subject their projects to gender quality assessments. Meanwhile Gita Sen (2000) has proposed a strategy to mainstream gender in finance ministries, calling for an assessment of financial policies in terms of the differential impact on the well-being of women and men, impacts on the care economy, and effects on gender power relations.

Conclusions and Proposals

Before proceeding to specific conclusions, I want to address the suggestion heard in some feminist circles that women should completely withdraw from global finance and stick to small-scale local finance. The idea of 'de-globalising' finance may seem appealing. In this scenario local communities and women would generate their own sources of finance, free from outside public or private sources of credit.

However, this approach is not adequate. First, the majority of micro-finance programmes cannot survive without outside support (Morduch, 1999). Credit programmes specifically targeted at women also rely on outside funding. For example, Women's World Banking generates investment income and supports loan guarantees from a capital fund of \$25 million created by donors in Asia, Europe and the US. [\[9\]](#) Likewise, the Grameen Bank has only achieved its positive rate of return with foreign donor funds (Morduch, 1999).

Second, micro-credit programmes are not necessarily free from gender biases. Small is not inherently beautiful. In research on the Grameen Bank and three other micro-credit programmes in Bangladesh, Anne Marie Goetz and Rina Sen Gupta found that only 37 per cent of women borrowers retained control over their loans. In other cases male relatives took over significant control (Goetz and Sen Gupta, 1996: 49). Even Grameen Bank, which performed best, saw more than a third of its female borrowers lacking sufficient control of their loans. Clearly access to credit is not the only challenge for women, but also control over loans (see also Mayoux, 1999).

Thus, whether international, national or local - and whether public or private - finance apparently cannot escape the gender biases that are deeply embedded in economic processes. The solution is not to limit financial streams to one sphere (like the local) or one sector (like official channels). Hence my policy suggestions do not seek to abolish one or the other arena of finance, but rather seek to reform financial institutions at every level and in every sector. The following five proposals may help to implement the Beijing Platform for Action as it relates to finance. The suggestions are aimed at both policy makers in official institutions and activists in the women's movement.

First, financial institutions need to develop into transparent organisations that can stand the scrutiny of 'good governance' criteria, including those of democratic representation. Financial governance agencies (national as well as international) can further this objective by increasing numbers of women among their directors and senior staff. The women's movement can promote this goal by undertaking gender audits of these institutions, calling them to account for shortfalls of good governance from a gender perspective.

Second, measures are needed to reduce gender-based distortions in financial markets. Progress can be made at various levels, among which the law (inheritance and property rights), land reform programmes, and through public awareness raising. In order to reduce gender distortions within financial institutions, international development agencies and donor governments could require a gender audit of the portfolios of development banks, when they support regional development banks and national and local credit programmes in developing countries. Gender audits would help to ensure women's benefits from credit. In order to reduce gender distortions outside institutions but operating largely invisible in financial markets, governments have a responsibility to take away the sources of these distortions, just like they have done with, for example, anti-trust laws.

Third, action should be taken to break the monopoly of the IMF on international policy advice. As shown earlier, this situation has supported male rent-seeking in global finance. As Aslanbeigui and Summerfield argue (2000: 99),

Feminists, women's organisations, and NGOs that represent the needs of women ... should participate in the debate concerning reform of the IFIs. Otherwise they will miss a unique opportunity to help construct a gender-conscious international financial architecture.

A greater number of information providers and policy advisers would allow more views and interests to be represented: those of men and women, businesses and labour, higher classes and the poor alike.

Fourth, loans by the World Bank and the regional development banks should be reconsidered in favour of grants for human development, including in particular its gender aspects. In making this shift the banks could well use the Gender and Development Index (GDI) and the Gender Empowerment Index (GEM) of UNDP. The GDI incorporates gender inequalities into the Human Development Index (HDI). The GEM measures women's decision-making power in the economy and politics. UNIFEM has also developed indicators of women's progress (UNIFEM, 2000). A shift from loans to grants would acknowledge the global public goods status of education and health care and prevent a shift of the burden of excessive risk to the care economy. Moreover, reduction of the gender gap in education would increase the marginal returns of investment in human capital.

Fifth, micro-credit programmes for women should shift attention from increased *access* to loans to increased *control over* loans. For example, forward linkages by credit institutions - such as favourable contracts with agricultural input providers - would reduce the liquidity of women's credit and hence men's opportunities to appropriate it for their interests. It would also be advisable to register collateral in women's names. Female borrowers could be further empowered through the formation of women's

groups who collectively control their member's resources. Greater women's control of loans would promote more effective and efficient use of credit by and for women.

In conclusion, the activities of the women's movement in the field of global finance would probably become more effective with a shift of focus from the micro to the macro level. Finance is increasingly a globalized phenomenon, and the gender problems to which it gives rise need to be addressed with more than training or women's credit programmes. Therefore, the women's movement might consider a shift towards the sorts of issues mentioned above, like the financing of human development with loans or grants, the IMF monopoly on financial policy advice, and gender audits of influential financial institutions.

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[4] See <http://www.wedo.org/news/Sept97/womens.htm>.

[5] See: <http://www.sdnhq.undp.org/ww/women-economy/msg02630.html>

[6] See <http://www.soc.titech.ac.jp/icm/wind/summit.html>.

[7] See: <http://www.soc.titech.ac.jp/icm/wind/wwb-report.html>.

[8] Funding Partners Meeting, 15-16 June 2000 in Zürich

[9] See <http://www.soc.titech.ac.jp/icm/wind/wwb-report.html>. The figure dates from December