FEMINIST ACTION NEXUS for Economic and Climate Justice

This is an abridged version of a chapter in the forthcoming November 2023 report:
Critical Trends Towards Feminist Economic and Climate Justice

The Outsized Role of the Bretton Woods Institutions (BWIs) in Global Economic Governance

Since their inception at the 1944 Bretton Woods Conference—a process led by the colonial Global North and attended by only 44 countries—the Bretton Woods Institutions (the World Bank and International Monetary Fund) have held significant sway in global economic governance. Their colonial roots manifest in a democratic deficit in decision-making, leading to limited resource access for Global South countries and the imposition of strict austerity measures to impose control on public spending through loan conditionalities. These measures disproportionately impact low-income countries consigned to IMF programs with little influence on decision-making. Within those countries, IMF directives disproportionately affect women and gender-diverse people, by reducing access to decent work and gender-responsive public services.

A feminist agenda for economic and climate justice challenges the BWIs—and their recently developed agendas for gender, climate, and internal reform—as directly contributing to the harm of people and planet. Redressing and transforming this role is a fundamental precondition to a more democratic and feminist global economic governance structure.

DEMOCRATIC DEFICITS IN THE BWIS

The IMF has long been criticized by civil society activists and Global South countries for its one-dollar-one-vote, quota-based decision-making structure. **Around 36 advanced and high-income economies have the strongest voting share in the IMF and hold approximately 59% of IMF votes.**[1]

Any proposed reforms of the IMF and their role in global economic governance will be insufficient without meaningful quota reform. The IMF periodically reviews its quotas, with the 16th review ongoing and slated to conclude in December 2023. However, the U.S. has an automatic veto power on quota increases and the distribution of voting shares because such decisions require an 85% majority, and the U.S. itself has an over 15% voting share.[2]

1 Bretton Woods Project, [IMF and World Bank decision-making and governance](), 2020.

2 If the formula agreed upon during the last quota increase determined the current redistribution of quotas, the US would no longer hold veto power and China would double its quota.

Quota allocations also determine the amount of Special Drawing Rights (SDRs) distributed to IMF member states, meaning wealthy countries receive a majority of the allocation. The IMF board can issue SDRs to create additional liquidity in times of crisis, with the most recent allocation occurring in response to the COVID-19 pandemic. **Of the US$650 billion in new SDRs proposed in 2021, only US$7 billion has gone to low-income countries**, with the vast majority being added to the coffers of rich Global North countries unable to transfer them to other countries due to the stipulations of national legislation.[3]

The World Bank is also governed by undemocratic decision-making processes—as evidenced by the assignment of former Mastercard CEO Ajay Banga as the new World Bank president at the beginning of 2023. Banga's nomination resulted from the BWIs' colonial leadership selection process, determined by a "gentleman's agreement" where the World Bank president is always a U.S. national and the IMF managing director is always a European.[4] Banga, whose orientation towards private capital and lack of development experience should have disqualified him, was supported by other Global North countries even before the nomination period technically began.[5]

AUSTERITY ≠ RIGHTS

Since the introduction of Structural Adjustment Programmes in the 1980s at the direction of the United States, the IMF has frequently attached policy conditionalities in their lending to developing countries. Much of these conditionalities include harsh austerity measures, stipulating reductions in public expenditure—which have increased poverty and income inequality. Due to their dominant role in IMF decision-making, advanced economies determine the conditions attached to IMF lending—without ever having to take on IMF policy advice or endure the effects of these conditions themselves, as illustrated by Figure 1.1.[6]

Countries with the least voting shares at the IMF have completed the most IMF programs

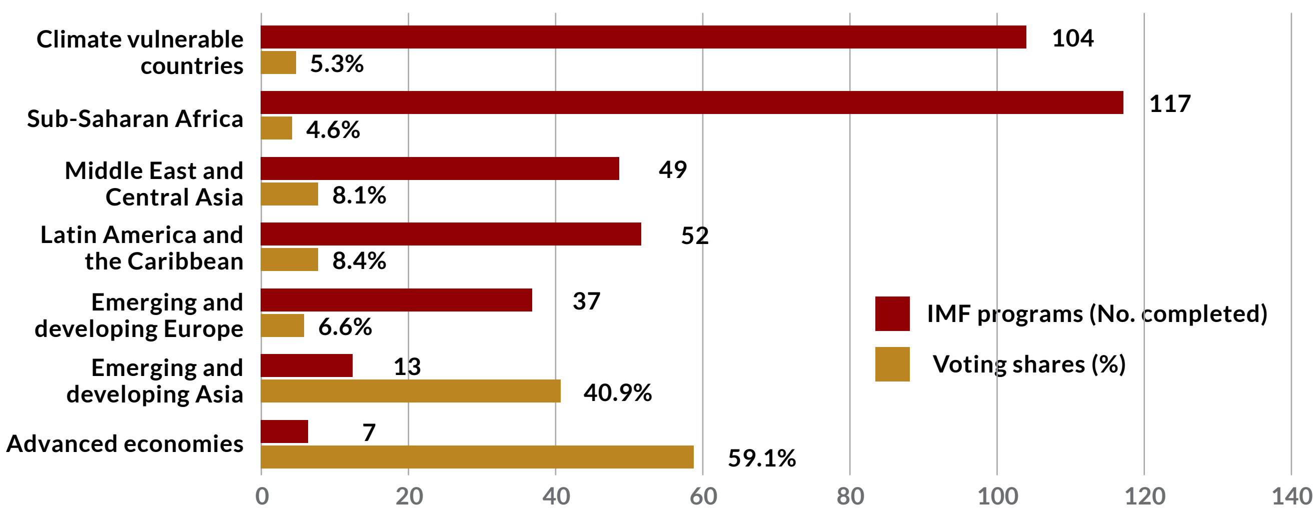

Figure 1.1: Comparison of the IMF voting share of country blocs compared to the number of completed IMF lending programs since 2002. Note that vote shares and IMF programs are measured by different indicators so vote shares will never exceed 100 on the horizontal axis (Boston University Global Development Policy Center, 2022).

3 Eurodad, The 3 trillion dollar question: What difference will the IMF's new SDRs allocation make to the world's poorest?, 2021.
4 Center for Global Development, Time, Gentlemen, Please, 2019.
5 Bretton Woods Project, Democratic Deficit in the World Bank Presidential Appointment, 2023.
6 Boston University Global Development Policy Center, No Voice for the Vulnerable: Climate change and the need for quota reform at the IMF, 2022.

Despite their alleged mandate to assist countries in recovering from the pandemic, the IMF continues to push austerity alongside its COVID-19 programming. **Out of 107 loans worth US$107 billion negotiated between governments and the IMF for post-COVID-19 economic recovery from March 2020 to March 2021, 90 loans required austerity measures as a condition for financing**. In these loans, the IMF proposed public expenditure cuts for 55 countries, wage bill cuts and freezes for 31 countries, and an increase in value-added tax in 14 countries.[7]

Further, the IMF's response to COVID-19 has only continued to exacerbate sovereign debt at the cost of social service provision. With mounting obligations to pay back creditors, countries have increasingly less fiscal space to invest in public services.[8] Figure 1.2 shows that in 2020 (at the height of the pandemic), countries spent more on debt service payments than on healthcare—a significant downward trend from 2016.[9]

All regions in 2020 spent more on average on debt service payments than on healthcare

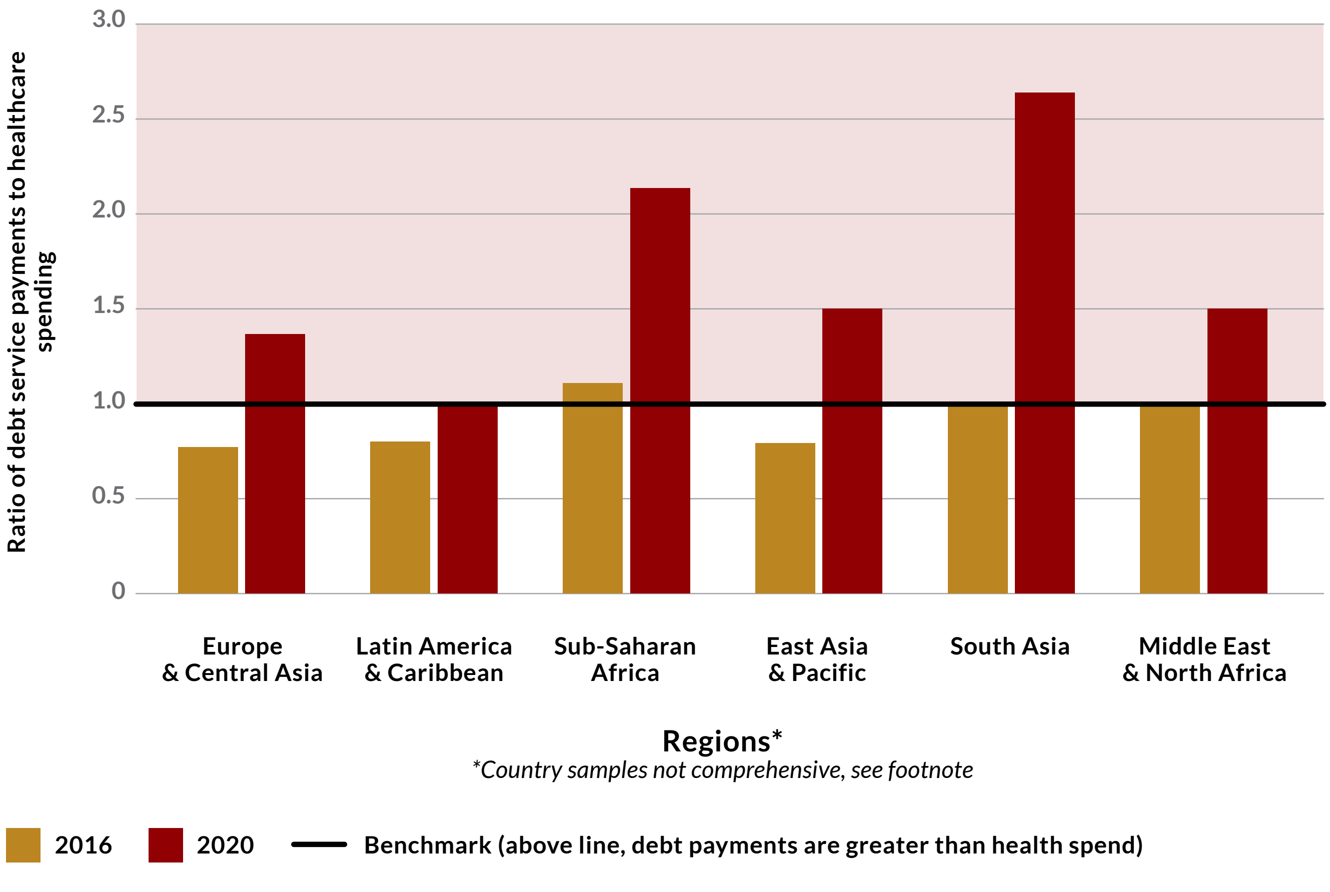

Figure 1.2: Change in ratio of debt service payments to healthcare spending from 2016 to 2020 (ActionAid, 2022).

7 Oxfam, Adding Fuel to the Fire: how IMF demands for austerity will drive inequality worldwide, 2021.
8 Eurodad, Out of service: How public services and human rights are being threatened by the growing debt crisis, 2020.
9 ActionAid, The Care Contradiction: The IMF, Gender, and Austerity, 2022.

NEW FORAYS INTO GENDER AND CLIMATE

The World Bank's new 2023-2030 Gender Strategy attempts to provide a focus on care and social protection in the Bank's approach to poverty reduction and inclusive growth.[10] It has drawn much criticism,[11] primarily because **the Strategy fails to consider the gendered impact of the World Bank's own role in development policy financing, including its recommendations for fiscal consolidation and regressive tax-focused loans**. It also tends to reduce women to "untapped sources of income."[12]

Further, the IMF Gender Strategy released in 2022 fails to address the harmful impacts of IMF macroeconomic policy and the root causes of gender inequality, opting instead for a business-friendly approach to women's "empowerment." Rather than preventing the negative gendered impacts of fiscal consolidation by following alternative policies or approaches when harmful impacts become apparent, the Strategy tends to focus on mitigation measures like targeted social programs, which are exclusionary and do not qualify as an effective social protection system.[13]

Similarly, the BWIs' increasing push to position themselves as key actors in climate finance ignores their historic and ongoing role in entrenching fossil fuel capitalism. **The World Bank has invested US$15 billion to support fossil fuel projects and policies since the Paris Agreement.[14] In 2022 alone, it is estimated that US$3.7 billion in trade finance from the World Bank went to oil and gas.[15]**

The IMF and World Bank cannot serve as agents towards gender, climate, or economic justice so long as they fail to interrogate where their own interventions are causing harm. Instead of attempting to expand their mandates into the gender and climate arenas, the BWIs must first recognize how their policy advice and loan conditionalities undermine the role of the state and the multilateral system in protecting both public services and public goods.

CRITICAL TRENDS TOWARDS FEMINIST ECONOMIC AND CLIMATE JUSTICE

Our forthcoming Critical Trends report illustrates the significant gap between the contemporary global order and the vision put forward by the Feminist Action Nexus and our allies. To determine how far away we are from this vision—and therefore how to begin to achieve it—this report examines recent developments, primarily since the onset of the COVID-19 pandemic in 2020. Its analysis employs a structural feminist lens to identify solutions that empower people through power, ingenuity, and solidarity rather than corporate interests and technological fixes. This report spotlights both local sites of struggle against the consequences of neoliberalism and global advocacy to transform our economic systems.

The full report will be available in English, Spanish, French, Arabic and on an interactive web platform in November 2023. **More info:** https://bit.ly/FeministActionNexus

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10 World Bank, World Bank Gender Strategy 2024-2030, 2023.

11 Bretton Woods Project, World Bank's new gender strategy: Concerns about approach to social protection and gender-blind macroeconomic reforms remain, 2022; Bretton Woods Project, Spring Meetings 2023 Wrap Up: Bretton Woods Institutions fail to deliver a transformative 'evolution', 2023.

12 Bretton Woods Project, Spring Meetings 2023 Wrap Up: Bretton Woods Institutions fail to deliver a transformative 'evolution', 2023

13 ActionAid, The Care Contradiction: The IMF, Gender, and Austerity, 2022.

14 ActionAid, The Vicious Cycle: Connections between the debt crisis and climate crisis, 2023.

15 Urgewald, Is the World Bank giving billions of trade finance to fossil fuels?, 2023.