African Institute for Economic Development and Planning
United Nations Development Programme

IDEP

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GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE–AFRICA

GENDER AND MACROECONOMIC STRATEGIES IN AFRICA PART I

INTRODUCTION

This module briefly reviews the evolution of development strategies in post-independence Africa using macroeconomic theory and builds an analysis of development strategies from a gender perspective. The module should help participants develop some of the skills needed to evaluate to what extent development strategies incorporate gender perspectives into their policy assessments and proposals. A subsidiary aim is to analyse the history of development strategies and policy through a gender lens.

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LEARNING OBJECTIVES

At the conclusion of this module participants will be able to:

1. Locate state-led development and structural adjustment within the context of macroeconomic theory.
2. Understand the development of the analysis of gender within development theory.
3. Offer an analysis of state-led development and structural adjustment within the framework of gender-aware macroeconomics.

OUTLINE

I. Overview of development strategies in post-independence Africa.

  A. Reflections on development experiences in Africa.

  B. The state-led approach to development.

  C. The period of structural adjustment.

  D. Gender and problems with structural adjustment.

II. An overview of approaches to gender equality in development strategies.

  A. The first generation: women in development.

  B. A broader conceptualization: gender and development.

III. Gender-aware macroeconomics and African national development strategies.

DURATION

One-quarter of a day.

I. OVERVIEW OF DEVELOPMENT STRATEGIES IN POST-INDEPENDENCE AFRICA

A. REFLECTIONS ON DEVELOPMENT EXPERIENCES IN AFRICA

EXERCISE 1

Divide the participants into small groups of four or five, ideally with different countries represented in each group. Ask the participants to reflect on their own countries' economic performance and the various development strategies pursued in the 30 years after independence. Use the following questions to guide their discussion:

1. What development strategies were pursued in the 30 years after independence? What are the main differences in the approaches associated with each strategy?
2. What were the reasons for a new development strategy to replace an earlier one? What were the roles of external and internal factors?
3. To what extent do you feel gender issues were reflected in these development strategies?

Group members should note similarities and differences in their country experiences and be prepared to report back to the class. Participants should also discuss to what extent gender-responsive policies were part of the development strategies. Give each group flipchart paper to prepare a short report.

Allow participants to discuss for approximately 30 minutes. Each group can then briefly report back (30 minutes in total). Allow time for general class discussion at the end of the group reports.

Many of the points in Part I of this module will come up during the exercise. The following set of notes is meant to be a guide to key issues for facilitators. Facilitators should use the notes to summarize points discussed during the exercise and fill in gaps, resorting to a formal presentation only if necessary. Facilitators should closely monitor the time.

(I) DIVERSITY OF EXPERIENCES:

a) There are many commonalities among post-independence development strategies in sub-Saharan African countries. Virtually all countries experienced some form of colonization followed by political independence. Most countries experienced some form of structural adjustment policy in the 1980s or 1990s. Many countries have more recently adopted national development strategies modelled, to varying degrees, on poverty reduction strategy papers (PRSPs) since the late 1990s. This experience will be discussed in Module 9 on gender and macroeconomic strategies in Africa, Part II.

b) However, it is also important to stress areas of difference.

c) In sub-Saharan Africa, independence occurred at different points in time and with different consequences. Ghana became independent in 1957; Angola and Mozambique in 1975, nearly 20 years later. Most of the French-speaking countries became independent in the early 1960s (1960 for most former French colonies, 1962 for most former Belgian colonies). In North Africa, some French colonies became independent earlier (e.g., 1956 for Tunisia and Morocco). Liberia was a special case, officially independent in the mid-19th century.

d) Independence was followed by white-minority rule in some cases (South Africa, Zimbabwe).

e) In some cases, the transition to independence was relatively peaceful. In other cases, it was characterized by prolonged conflict and violence. The concept of a development strategy is not generally applicable to a country experiencing civil war.

(II) WHILE ACKNOWLEDGING THE DIVERSITY OF EXPERIENCES, POST-INDEPENDENCE DEVELOPMENT STRATEGIES CAN BE CLASSIFIED INTO THREE BROAD PERIODS:

a) State-led development, generally in the 1960s and 1970s.

b) Structural adjustment, generally in the 1980s and 1990s.

c) The post–Washington Consensus era of PRSPs (late 1990s to the present, to be covered in Module 9).

B. THE STATE-LED APPROACH TO DEVELOPMENT

(I) CHARACTERISTICS

a) The legacy of colonialism meant that African states had to catch up to the rest of the world in development, which in the early 1960s was, for various reasons, equated with industrialization. Many leaders of the newly independent states also strongly argued that African countries had to reduce their dependency on the former colonial powers. The newly independent states started at different levels of development. In some cases, the colonial powers left behind economic infrastructure and a basis for industrial production. In other cases, there was little scope for productive investment in industrial production because the economic infrastructure was rudimentary as a direct result of the colonial experience.

b) The focus of state-led development was industrialization and self-sufficiency. Numerous policies were pursued, at different times, in different places, and in different spaces:

- Public investment (in infrastructure, schools and universities).
- State-owned enterprises (public ownership and management of productive enterprises was common).
- State-led finance (government ownership of banks was common, as was the creation of agricultural and development banks).

- Government regulation of most spheres of economic activity.
- Tariffs, quotas and other restrictions on international trade to protect national infant industries from import competition.

c) The mix of policies and the degree of state ownership varied from country to country.

d) In line with Module 7 on gender and macroeconomics, the period of state-led development can be characterized as identifying an investment savings gap. This necessitated foreign borrowing to supply the imports needed to invest in building up productive capacity in the real economy.

e) Gender equality was largely ignored in the strategy. The focus on industrialization excluded consideration of unpaid care work and its role in producing the (usually male) labour force needed for industrialization; men also usually dominated state-owned enterprises. Further, in many countries women's productive contribution to employment was concentrated in agriculture, which was seen as backward, in that it was subsistence-oriented and lacked modern technology. With their labour mostly in unpaid care work and agriculture, women were often not seen or counted in estimates of the economically active population. Women's political representation was also limited, meaning that their interests were less likely to be reflected in state-led development.

f) In many cases, the multiplier-accelerator effects of the import-led investment discussed in Module 7 meant that growth performance was admirable during the 1960s and 1970s, especially compared to later periods. However, in many countries, the state-led model ran into problems of sustainability.

(II) GENDER AND PROBLEMS EMERGING FROM STATE-LED DEVELOPMENT

a) The two-gap model discussed in Module 7 highlights the importance of ensuring that import-led investment is used to increase productive capacity in the export sector to preclude balance-of-payments and foreign-exchange problems and, thus, foster sustainable economic growth. At the time, an unstated necessary but not sufficient condition of this strategy was that unpaid care work would supply the productive labour necessary to increase productive capacity. However, this precondition was problematic, as women were already highly economically active in existing unpaid care work, agricultural labour and the informal economy, and thus lacked the time to increase their unpaid care work.

b) Import-led investment required foreign borrowing, the bulk of which came from bilateral and multilateral official development assistance. But much of this investment was not channelled into increasing exports; it also was not as efficiently used as it might have been because unpaid care work and agricultural labour constrained women from taking up emerging employment opportunities in the expanding formal economy, which required labour that they could have supplied but for the demands placed upon them by their other largely unrecognized economic activities.

c) Without increased exports, foreign borrowing meant that debt-servicing costs rose over time, as did external indebtedness; the foreign exchange gap tightened. This problem was exacerbated by global trends that led, in some cases, to declining terms of trade for primary commodity exporters that had failed to diversify their exports, further tightening the foreign exchange gap. Countries responded by continuing to borrow rather than improving their earnings from exports through diversification, which could have been done in ways that enhanced gender equality.

d) As a result, like much of the developing world, African states experienced an emerging debt crisis. Africa's debt crisis differed from those of other parts of the world because money was owed to bilateral and multilateral official development institutions. The crisis had well documented gender-differentiated effects. At the end of the 1970s, oil price shocks not only increased the cost of energy but also massively increased debt-servicing costs as interest rates ratcheted upward. Debt servicing rapidly became unsustainable.

e) In some cases, the framework regulating the private and the public sectors in Africa provided those in government and the political elite with opportunities for privately appropriating public funds, which is known as rent seeking. For example, excessive licensing requirements for small businesses allowed those with the power to issue licenses to do so in exchange for a payment. In a number of African countries, the financial resources appropriated by political elites were taken abroad (i.e., capital flight). Although a small share of the population was accounted for by the civil service and the political elite, these were predominantly men, who were thus the principal beneficiaries of rent seeking and capital flight. Meanwhile, the costs of capital flight were borne by the poor, of whom a disproportionate number were women. Capital flight had gender-specific effects as well. For example, women had to increase both unpaid care work and paid employment in the informal economy to partially compensate for the economic imbalances capital flight created. In this way, capital flight was an intensifier of gender inequality. In some African countries the volume of capital flight at times matched official development assistance.

f) Thus, during the period of state-led development, the result of import-led investment was high rates of economic growth accompanied by external borrowing, the building up of debt and capital flight. The inflow of resources failed to expand productive capacity as much as might have been the case if female labour constraints arising from unpaid care work, agricultural labour and work in the informal economy had not limited the ability of women to take up paid employment in the formal economy. Moreover, resources left the country for which they were intended.

C. THE PERIOD OF STRUCTURAL ADJUSTMENT

a) The goal of structural adjustment was to address the macroeconomic imbalances that had emerged in African countries during the period of state-led development: high levels of indebtedness and debt-servicing costs, balances of payments deficits and budgetary deficits.

- Was it necessary? In many cases, something had to be done. The economic policies of the state-led development period were clearly unsustainable.
- But the precise mix of economic policies could have been very different.

b) For African countries with large debts and inability to service them, the International Monetary Fund (IMF) acted as a lender of last resort in exchange for adopting economic policy conditions designed to alter the way the economy operated. These were reinforced by the World Bank, the major multilateral donor to Africa.

c) The typical components of structural adjustment included:

- Exchange rate devaluation: By making domestic currencies worth less in relation to foreign currencies, imports were discouraged because they became more expensive, exports were encouraged because they became cheaper, global competitiveness was thus enhanced, and a possible way of addressing trade and balance of payments imbalances was introduced.
- Fiscal austerity: Reducing government budgetary deficits incurred by the promotion of foreign borrowing to foster import-led investment required lowering government spending and increasing government tax collection.

- Financial deregulation and monetary reform: The encouragement of borrowing without an accompanying strong increase in production had fostered strong inflationary tendencies, as too much money chased too few goods. The liberalization of financial markets along with the use of high interest rates as the principal tool of monetary policy was designed to control inflation by making it less attractive to hold money as cash, thus withdrawing it from the economy.
- Deregulation of the economy: To improve economic efficiency and allow markets to allocate resources, there was a concerted effort to loosen government regulations that restricted economic activity.
- Trade liberalization: While the lowering of tariff and non-tariff barriers to trade reduced the cost of imports, including imported inputs, it did so by less than the increases in prices brought about by devaluation. At the same time, trade liberalization made exporting easier, so trade liberalization promoted exports while imports were compressed.
- Privatization: To make state-owned enterprises more efficient by making them more responsive to the signals produced by a freer, better functioning market, eliminating unnecessary employment and bureaucratic interference and reducing debt.

d) In terms of the macroeconomic theory discussed in Module 7, structural adjustment sought to alter the rate of domestic absorption. It consisted of two overarching sets of policies:

- Expenditure reduction: The fiscal austerity, monetary reform and devaluation policies compressed the demand of government for goods and services, and through government, the demand of consumers and firms, shifting the aggregate demand curve. The intent was that demand could be compressed and re-established at a lower, more sustainable level. These policies were largely designed and monitored by the IMF.
- Expenditure switching: deregulation, trade liberalization and privatization policies were designed to enhance productive

efficiency, boost the production of goods and services, and shift the aggregate supply curve so that supply could increase. These policies were largely designed and monitored by the World Bank.

- In sum, IMF policies cut demand while World Bank policies expanded supply. The interaction of both was to be an increase in production and a decrease in the price level, altering the rate of domestic absorption to foster economic growth and development.

e) The gender content of structural adjustment was weak or non-existent, assuming that macroeconomic policies were gender neutral.

D. GENDER AND PROBLEMS WITH STRUCTURAL ADJUSTMENT

a) Structural adjustment in Africa did not have the intended consequences. Despite the shift in development strategy, many countries failed to see a significant increase in the growth rate of per capita income. During the 1980s in sub-Saharan Africa, the growth rate of per capita income was, on average, negative—countries became poorer. Moreover, for those countries that experienced economic growth in terms of gross domestic product (GDP), such as Ghana, there was not a significant reduction in poverty. So, structural adjustment did not bring about improvements in well-being, despite the wide-ranging economic reforms promulgated in its name.

b) Some of these failures were undoubtedly the result of the imposition of policies. There was little or no local participation in decision making as structural adjustment programmes adopted a one-size-fits-all approach to development.

c) However, the pursuit of liberalization without recognizing existing institutional problems and constraints in Africa produced perverse outcomes. Financial liberalization in Africa often meant more expensive and less readily available credit.

d) One key failure was an inability to recognize that structural adjustment was mediated by and operated through prevailing sets of gender relations in Africa, which shaped their effects. This insight has emerged from the expansive literature on gender critiques of structural adjustment. Gender-aware macroeconomics argues that structural adjustment policies and programmes did not achieve their intended outcomes in part because they did not consider the differential effects of the policies on women and men or incorporate an analysis of gender equality issues. Women and men occupy different positions in local, national and global economies. The distribution of paid and unpaid work differs between women and men, and the distribution of assets differs between women and men. The effects of any development strategy must therefore be different for women compared to men.

e) The rationale for economic liberalization was that markets should be unencumbered by government in order to get the prices right—that is, at appropriate market levels. Module 1 on gender and economics and Module 3 on unpaid care work have demonstrated that household dynamics—including, critically, the allocation of unpaid care work—are not organized on market principles and that, moreover, the allocation of unpaid care work shapes and is shaped by market activity. It cannot be assumed that all individuals are free to reallocate their labour between the household and care economy and the private commodity economy based on changes in market prices. Gender structures limit economic mobility and may make such market-based responses unrealistic. As argued in Module 7, social institutions and processes regarding gender equality amount to a macroeconomic constraint on economic activity.

f) Gender-based macroeconomic constraints (in Module 7, care gaps) affected the effectiveness of structural adjustment, for the reasons cited above. Women had unequal access to employment opportunities in labour markets because of their unpaid care work responsibilities; structural adjustment policies interacted with these institutional inequalities to produce an asymmetric and unaccountedfor effect on women that damaged the programmes' effectiveness. Women also had unequal access to assets, which interacted with structural adjustment policies to produce asymmetrical effects on women and men.

g) As a result, in many cases women's labour became a shock absorber under structural adjustment. For example, reducing government budgetary deficits often meant cutbacks to government social services. Women often had to increase their unpaid care work to make up for the resulting social service deficit. In African countries, in which women work long hours in both unpaid care work and other productive activities, these pressures were particularly strong. In many cases, girls and young women extended their hours worked in unpaid care work, at the cost of fewer educational investments.

h) Similarly, structural adjustment programmes failed to recognize that human resources are produced factors of production. Increasing demands on women's labour and cutting social services resulted in a loss of social investment in human beings and the workforce—a cut in the investment in human capital that takes place in the household and care economy. The failure of structural adjustment programmes to support these kinds of human capital investments had a long-run negative effect on economic performance.

i) Government budgetary cuts often affected public capital spending, particularly infrastructure. Certain forms of infrastructure affect the productivity of unpaid care work (e.g., water taps). Lack of investment in these areas meant that women had to spend more time in care activities, and thus, could not respond to any labour market opportunities created under structural adjustment because of the increase in their unpaid care work.

j) Women's productive activities were disproportionately affected by the policies pursued. For example, in many African countries women's work in smallholder agriculture is particularly important. The liberalization components of structural adjustment programmes often negatively affected smallholder agriculture as capital-intensive export-oriented agriculture was promoted and smallholder producers could not effectively manage the increased risks—a development that disproportionately affected women. Similarly, women prior to structural adjustment relied heavily on informal employment in petty trading and labour services if they had a source of non-agricultural earnings. However, because of privatization and government down-sizing under structural adjustment, males moved into informal employment, often displacing women because of gender norms around income earning activities. So the male intensity of informal work employment patterns increased, disadvantaging women who had relied on informal employment to sustain their livelihoods.

k) Structural adjustment often required a reduction in government employment. Public employment in African countries often represents an important if by definition very limited source of formal wage employment for women, particularly in government jobs outside of state-owned enterprises. Job cuts arising from fiscal austerity reduced these opportunities, while the privatization of state-owned enterprises often disproportionately affected men's employment opportunities because they were disproportionately represented in the labour force of state-owned enterprises. This affected gender relations within households, as the loss of income and male employment often resulted in women increasing the intensity of their unpaid work to partially offset the loss of earnings.

l) By negatively affecting women's limited opportunities for remunerative employment, structural adjustment reinforced existing gender hierarchies in the household: Women become even more economically dependent on men's earnings and assets.

m) Many of the costs associated with the gender implications of structural adjustment policies were not accounted for in the formulation and implementation of such programmes. Therefore, structural adjustment has often been evaluated on a narrow set of indicators and an incomplete accounting of costs. In this light, it is not surprising that the impact of structural adjustment has been far less beneficial than the IMF and the World Bank imagined they would be. At a very basic level, sex disaggregated statistics and indicators needed to be developed to begin to properly evaluate the effects of structural adjustment.

n) Gender-aware macroeconomics offers not only a powerful critique of the failure of structural adjustment but also a powerful explanation of those failures.

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II. AN OVERVIEW OF APPROACHES TO GENDER EQUALITY IN DEVELOPMENT STRATEGIES

This part of the module assumes that participants have little or no exposure to efforts to incorporate gender perspectives into development strategies over time. If the participants have a strong background, the material may be covered through general discussion. If not, some formal presentation will probably be necessary.

A. THE FIRST GENERATION: WOMEN IN DEVELOPMENT

a) Many early efforts in the 1970s to bring gender analysis into the discussion of development strategies focused on making the economic contributions of women more visible. Most scholars refer to this as the women in development approach.

- In the African context, this often took the form of increased attention to the role of women in small-scale agricultural activities.
- The approach focused on women's employment and productive activities that are counted in GDP. Much of the emphasis was on showing how gender inequalities in education, employment and other spheres could be costly in terms of the commonly used economic indicators.
- The main criticism is not that the approach is wrong, but that it is incomplete: Like gender-blind approaches, it fails to consider how the responsibility of unpaid care work constrains labour market participation. It fails to consider how the distribution of assets is gender inequitable. It also fails to understand how gender inequality may facilitate growth through lower wages

for women and the reliance on unpaid labour. These reduce the costs of development, since governments and businesses do not have to pay for these services. Finally, it fails to acknowledge gender equality and women's empowerment as goals in their own right.

B. A BROADER CONCEPTUALIZATION: GENDER AND DEVELOPMENT

a) An expanded approach to gender in the context of development has subsequently emerged. The approach goes beyond economic efficiency and the productive role of women to focus on gender roles and dynamics; social norms; the gender aspects of social and economic institutions, including the structure of households and labour markets; and unpaid care work. This broader approach is sometimes referred to as the gender and development approach.

- The approach is not narrowly focused on economic outcomes and related criteria, but looks at changing gender relations and norms as part of the overall process of development.
- The approach goes beyond traditional economic indicators of gender equality and growth, such as wage gaps in formal employment and gaps in educational attainment. The value of unpaid labour, particularly unpaid care work, is more likely to be incorporated into the analysis. Household dynamics and unequal power relations are also included because they shape the performance of unpaid care work and, hence, the availability of labour for the labour market.
- Economic processes may reinforce or erode existing gender dynamics and structures. For example, policies that reduce women's opportunities for paid employment outside the home may reinforce existing roles and power structures. Policies that improve employment opportunities may have the opposite effects.

- Both the women in development and gender and development approaches initially came out of feminist movements and thinking in the global north. These approaches may not always represent the views and priorities of women from the global south. For example, more equal labour force participation and access to paid employment for women has been a focus of some women's movements in the global north. In many sub-Saharan African countries, in which labour force participation among women is already high, this may not be a priority; rather, access to basic infrastructure, such as a water tap, may be more important.
- Despite the broader conceptualization, too often gender equality is simply used as an instrument to enhance economic efficiency rather than create more equal social relations.

II. GENDER-AWARE MACROECONOMICS AND AFRICAN NATIONAL DEVELOPMENT STRATEGIES

a) State-led development had little gender equality content; systematic thinking on gender and development strategies was just beginning to take shape at that time. But gender perspectives helps explain the limitations of state-led development, described above.

b) Structural adjustment had little gender equality content or assessment of gender equality outcomes. However, this sparked a well-developed gender critique of these policies as part of a growing movement to make development policy more gender-aware. Gender and development analysis has been able to explain some of the failures of structural adjustment, in its assumption that all individuals were free to reallocate their labour between the household and formal labour force. That this was not the case affected demand compression, supply expansion, and hence, the expected changes in the rate of domestic absorption that were the principal macroeconomic goals of structural adjustment.

READINGS

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