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## **Akina Mama Wa Afrika, FEMNET & Gender and Development Network Written submission to the International Development Select Committee Inquiry on the impact of the Coronavirus on developing countries**

### **Summary**

As the global Coronavirus pandemic continues to escalate, it is evident that this is no longer just a health epidemic but a much larger socio-political and economic crisis affecting all countries across the world. The pandemic has exposed the fault lines within our societies, exacerbating long-standing structural inequalities and the perpetual lack of resources faced by developing countries in their efforts to fund gender-transformative public services and universal social protection systems. Furthermore, the central role that the care economy has played in many countries' responses to the pandemic has highlighted its importance in how our societies function.

As the pandemic continues to evolve, there are concerns that short-term government responses will side-line the gendered impacts of the crisis and, in the longer-term, decision-makers will miss this opportunity to critically re-evaluate how and for whom our societies and economies are designed. This submission will address the following economic consequences of the Coronavirus pandemic on countries in the Global South, looking particularly at its impact on women and girls:

1. Feminist leadership
2. An analysis of the context in which the Coronavirus pandemic is taking place
3. The consequences of insufficient government resources to respond to the pandemic
4. The perils of ignoring the care economy

The submission concludes by arguing for the need to recognise, re-centre and revalue the care economy through sustained UK aid. It also outlines how the UK Government can help resolve the sustained lack of resources being experienced by many developing countries, so that they can adequately prepare and respond to the Coronavirus pandemic whilst also adequately resourcing their gender equality work.

## **Introduction**

This submission is written by Akina Mama Wa Afrika, the African Women's Development and Communication Network (FEMNET) and the Gender and Development Network (GADN). Akina Mama Wa Afrika is a feminist-Pan-African leadership development organisation based in Kampala, Uganda. Its work is rooted in feminist principles and beliefs guided by [the Charter of Feminist Principles for African Feminists](#). FEMNET is a Pan-African, membership-based, feminist network based in Nairobi, Kenya with over 700 members across 46 African countries. GADN is a network of leading UK-based non-governmental organisations, and consultants working on gender, development and women's rights issues.

All the contributors to this submission welcome the opportunity to respond to the Inquiry on the impact of Coronavirus on developing countries, focusing on the need for longer-term responses to this pandemic to address larger structural inequalities across the Global South that the crisis has now exposed.

### **The direct and indirect impacts of the Coronavirus in developing countries**

#### **1. Feminist leadership**

Global responses to the Coronavirus pandemic have demonstrated the critical need for strong gender analyses to help inform decision-making, but also the importance of feminist leadership which centres wider social goals and structural transformation as part of longer-term outcomes of the pandemic. Feminist leadership has also been apparent in the frontline responder roles that women and girls have occupied during the course of the pandemic. As opposed to being vulnerable and passive recipients of support, women and women's rights organisations have been leading community-level responses which ought to pave the way for their increased participation in all national and global-level decision-making.

To begin to fully understand the impacts of the Coronavirus, it is important to recognise the context in which it is taking place.

#### **2. Crisis upon crisis: historical structural inequalities and the Coronavirus pandemic**

The Coronavirus pandemic is in a long line of challenges and disruptions that many countries in the Global South are currently combatting. From climate-induced natural disasters, persistent food insecurity, civil wars, and outbreaks of other infectious diseases to decades of battling an unfair

international financial architecture and continued fiscal consolidation, the Coronavirus pandemic is highlighting as well as compounding these existing structural inequalities.

Critically, the preparedness of many developing countries to respond to the pandemic has been severely hampered by the persistent hollowing out of the state through successive Structural Adjustment Programmes (SAPs) and the privatisation of key public services like healthcare, social protection systems and water and sanitation services through loan conditionalities imposed by international financial institutions (IFIs) like the World Bank and the International Monetary Fund (IMF). Women are overly reliant on public services provided by the state as, typically, they are unable to afford market substitutes due to their disproportionate roles in providing unpaid care. Thus, it is women who have shouldered the greatest cost of these historic decisions.

Furthermore, for decades, many countries in the Global South have borne the consequences of an unfair international financial architecture that has stripped them of millions of dollars every year through the form of illicit financial flows (IFFs). It is estimated that Africa alone loses approximately \$50bn every year as a result of IFFs<sup>1</sup>; resources that could have been used to improve pandemic preparedness including funding vital gender-transformative public services and social protection systems to cushion both the health and economic impacts of the Coronavirus pandemic.

### 3. Insufficient government resources

The Coronavirus pandemic has also emerged in the midst of a burgeoning global debt crisis and, by the end of 2019, almost half of low income countries were already in full debt distress or at high-risk of it.<sup>2</sup> Analysis by the Jubilee Debt Campaign also found that across 124 developing countries, average government external debt payments as a share of government revenue increased by 85 percent between 2010 and 2018.<sup>3</sup>

To respond to the inevitable health and economic impacts of the pandemic, many developing countries have turned to IFIs for emergency relief. While the IMF's immediate response has been to offer cash flow relief and encouraged increased government spending on health, there are continued

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<sup>1</sup> AU/ECA Conference of Ministers of Finance, Planning and Economic Development. 2015. *Illicit financial flows: report of the 31. High-Level Panel on illicit financial flows from Africa*. Addis Ababa: UNECA.  
<https://www.uneca.org/publications/illicit-financial-flows>

<sup>2</sup> IMF. 2019. *List of Low-Income Countries Debt Sustainability Analysis*  
<https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>

<sup>3</sup> Jubilee Debt Campaign. 2019. *Crisis deepens as global South debt payments increase by 85%*  
<http://www.cadtm.org/Crisis-deepens-as-global-South-debt-payments-increase-by-85>

concerns that developing countries will be subject to new conditionalities, further demands for fiscal consolidation and face increasing, unsustainable debt burdens in the future.

Owing to this lack of resources, many developing countries have increasingly turned to the private sector to provide public services as they often lack the funds to do so. In many instances, this has been inefficient and failed to promote gender equality due to the introduction of unaffordable user fees and the limited coverage of services.<sup>4</sup>

As a result of the impending global depression that is due post-pandemic, there are fears that many developing countries will resort to other regressive measures to raise resources. These include extensive tax holidays and tax incentives for corporations as a way to encourage foreign direct investment. However, in the long term, this has the potential of further reducing much-needed government resources which are vital for funding universal social protection systems and gender-transformative public services.

Further still, to fill the resource gap, developing countries may also resort to increases in personal income taxes, introduce new regressive value added taxes (VAT) as well as a myriad of other fees and special charges to be paid by local residents. Women living in poverty, who on average are on lower incomes than men, are doubly disadvantaged because they disproportionately use more of their incomes to pay for goods and services that attract VAT, consumption taxes, and local fees.

In response to the Coronavirus pandemic, the IMF has announced that it will provide debt relief to 25 of its poorest member states using its revised Catastrophe and Containment and Relief Trust<sup>5</sup> which will provide grants to cover their debt obligations to the Fund for six months. Similarly, the G20 has offered the suspension of debt repayments until the end of the year for the lowest-income countries that request support. Suspending debt repayments will allow many developing countries to reallocate resources towards their pandemic response efforts including to women's rights organisations who are providing food, sanitation, contraceptives as well as support for the increased incidences of domestic violence being experienced during lockdowns.

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<sup>4</sup> GADN et al. 2020. *The impact of PPPs on gender equality and women's rights*.

<https://gadnetwork.org/s/Briefing-The-impact-of-PPPs-on-gender-equality-and-womens-rights-February-2020.pdf>

<sup>5</sup> IMF. 2020. Press Release: IMF Board Approves Immediate Debt Relief for 25 Countries. IMF, Washington D.C

<https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries>

While such measures from the IMF and G20 are welcome, they are only available to a limited number of countries and, critically, existing debts have not been cancelled but rather will still have to be repaid (along with interest) at a later point in time. Thus, the failure to provide comprehensive debt relief that addresses long-term challenges means that existing problems are simply being shelved to be addressed at some future date. However, low income countries will require more than just a temporary moratorium on debt to meaningfully respond to this pandemic.

### **Recommendations on:**

#### *Debt relief*

The UK Government plays a leading role in the multilateral system and has significant influence within the G7, G20, as well as on the Boards of the World Bank Group and the IMF thus being able to shape decisions on global macroeconomic policy. As a result, during these unprecedented times, the UK Government can:

- Lead the global call for the full cancellation of US\$1 trillion of existing public and private debts (including to multilateral creditors) owed by low income countries this year. This is so that, in the longer-term, low-income countries may be able to redirect funds from their enormous debt repayments towards the frontlines of their Coronavirus relief efforts.
- Provide global leadership on a universally agreed, multilateral debt workout mechanism to help prevent future debt crises, or resolve them in a fair, responsible and sustainable way if they do occur.

#### *New international tax rules*

The UK Government also has a crucial role to play in reshaping the international tax system which has left many developing countries without the necessary resources to sustain their economies and their societies. The UK's disproportionate influence on financial transparency<sup>6</sup> and global tax policies are in large part due to its Overseas Territories and Crown Dependencies — a network of secrecy jurisdictions which it supports and over which it has ultimate sovereignty. In this regard, the UK Government can:

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<sup>6</sup> Tax Justice Network. 2020. *Financial Secrecy Index 2020: Narrative report on the United Kingdom*. <https://www.financialsecrecyindex.com/PDF/UnitedKingdom.pdf>

- Ensure implementation of public registers of beneficial ownership of companies in the Overseas Territories, as required in the Sanctions and Anti-Money Laundering Act, 2018.<sup>7</sup> The Crown Dependencies that need to urgently make transparency reforms must be required to follow suit.
- Acknowledge and redress the wider impacts of its tax havens on women’s rights. The influence of its tax havens is global, and the UK Government should analyse how zero corporate tax rates and related policies drive a race to the bottom leaving governments with unenviable choices between cutting vital public services, disproportionately needed by women, or increasing taxes which are disproportionately borne by women.
- Commission an independent and holistic analysis of how its network of Overseas Territories and Crown Dependencies violates women’s human rights and impairs the development opportunities that more diverse economies can generate (sometimes referred to as ‘spill-over analysis’).

Such measures by the UK Government are important ways of ensuring that no one is left behind and that governments in developing countries have the resources to fund vital services, including critical gender equality work.

#### 4. The perils of ignoring the care economy

The Coronavirus pandemic has highlighted the centrality of the care economy in all our societies. Historically, the care, or reproductive, economy has been side-lined and devalued despite its key role in sustaining both the labour force and others across society. Deeply entrenched gender roles have seen women and girls consistently provide the lion’s share of unpaid and underpaid care work in the home, across their communities and within the labour force; the global pandemic has only intensified this. Conservative estimates have suggested that unpaid care work accounts for up to US\$10 trillion per year – roughly 13 per cent of global Gross Domestic Product (GDP).<sup>8</sup>

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<sup>7</sup> UK Sanctions and Anti-Money Laundering Act. 2018.

<https://services.parliament.uk/bills/2017-19/sanctionsandantimoneylaundering.html>

<sup>8</sup> McKinsey Global Institute. 2015. *The power of parity: how advancing women’s equality can add \$12 trillion to global growth*. Washington, DC: McKinsey, 2.

[https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Employment%20and%20Growth/How%20advancing%20womens%20equality%20can%20add%2012%20trillion%20to%20global%20growth/MGI%20Power%20of%20parity\\_Full%20report\\_September%202015.ashx](https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Employment%20and%20Growth/How%20advancing%20womens%20equality%20can%20add%2012%20trillion%20to%20global%20growth/MGI%20Power%20of%20parity_Full%20report_September%202015.ashx)

During the pandemic this care work will increase dramatically as public services (including education and clinics) are closed, cut or are inaccessible. With no transportation due to extensive lockdowns, food and water become more difficult to collect, and there will be an increase in the number of sick to care for. This is further intensified for many women in the Global South who may be unable to afford key labour-saving devices or live in areas which lack basic infrastructure such as piped water and electricity.

At the same time, women have continued to be frontline responders during the Coronavirus pandemic, accounting for approximately 70 percent of all health and social care workers<sup>9</sup>, including low paid cleaners and other essential service workers who are a central part of many countries' responses to the pandemic. In addition to fulfilling their paid work in the midst of a dangerous health epidemic (which could see them fall ill or die), women are also having to shoulder the increased care responsibilities within their households.

The continued failure to include unpaid care work within GDP calculations or acknowledging it as a critical activity for the functioning of society means that countries are unable to measure and remunerate women's existing and increased labour within the household and within their communities during this critical time. Women's time to fill in these new gaps is frequently considered infinitely elastic, with severe consequences. This pandemic has laid bare the vital nature of care work within societies, and the woefully inadequate way in which it is disregarded and underfunded. A central response during recovery will have to be to rectify this omission.

The Coronavirus pandemic has also exposed decades of chronic underfunding of social infrastructure which includes health and social care services that are critical elements of the care economy and any successful response to the pandemic. Conventional macroeconomic policy advice has long argued that governments should only invest in physical infrastructure projects like building roads and bridges as they would help increase productivity and, by extension, government revenue which could be used to repay any associated debts.

More recently, however, alternative research by the International Trade Union Confederation<sup>10</sup> (ITUC) has demonstrated that if governments borrow to invest in social infrastructure (education, health and

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<sup>9</sup> Boniol M, Mclsaac M, Xu L, Wuliji T, Diallo K, Campbell J. 2020. *Gender equity in the health workforce: analysis of 104 countries*. Working paper 1. Geneva: World Health Organization; (WHO/HIS/HWF/Gender/WP1/2019.1). <https://apps.who.int/iris/bitstream/handle/10665/311314/WHO-HIS-HWF-Gender-WP1-2019.1-eng.pdf?sequence=1&isAllowed=y>

<sup>10</sup> ITUC. 2016. *Investing in the care economy: a gender analysis of employment stimulus in seven OECD countries*. Brussels: ITUC. [https://www.ituc-csi.org/IMG/pdf/care\\_economy\\_en.pdf](https://www.ituc-csi.org/IMG/pdf/care_economy_en.pdf)

social care services) this will lead to an increase in jobs (especially for women) and in labour productivity. This in turn increases tax revenue, making it possible for governments to repay their debts as well as fund other social goals. Borrowing for this kind of investment also improves the public provision of care, while reducing women's tremendous unpaid care burdens – so it is a win-win-win solution.

This growing interest in heterodox economics has recently seen different localities across the world begin to publish feminist economic recovery plans for the Coronavirus. This includes the U.S State of Hawaii which has called for the centring of the care economy, the need to diversify its economy and avoid fiscal consolidation measures which would exacerbate the pending global depression.<sup>11</sup> Similarly, the Indian state of Kerala has demonstrated a highly effective response to the pandemic, rooted in long-standing investments in social infrastructure and working alongside local movements in the design and delivery of its pandemic response.<sup>12</sup>

### **Recommendations on:**

#### *The care economy*

The Department for International Development's recent £200 million pledge to support developing countries in the wake of the Coronavirus is a welcome addition to what is being offered by developed countries; with support being directed to provide healthcare services in conflict-affected states. In the longer-term, UK aid to developing countries must also:

- Improve and increase funding for social infrastructure. This is not only to support future pandemic preparedness in developing countries but also as part of the UK Government's broader commitment to gender equality, as outlined in the 2014 Gender Equality Act.
- Invest in data collection to measure the contribution of unpaid care work to the economies of developing countries and support its inclusion within national accounts.

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<sup>11</sup> The U.S State of Hawaii. 2020. *Building Bridges, Not Walking on Backs: A Feminist Economic Recovery Plan for the Coronavirus*.

<https://humanservices.hawaii.gov/wp-content/uploads/2020/04/4.13.20-Final-Cover-D2-Feminist-Economic-Recovery-D1.pdf>

<sup>12</sup> Samantha Agarwal. 2020. *Fighting COVID-19 requires working-class power*.

<https://zcomm.org/znetarticle/fighting-covid-19-requires-working-class-power/>



- Support developing countries to adopt gender-responsive budgeting as a tool for ensuring that government budgets support policy commitments to gender equality and women's rights.

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