ADVANCING INCLUSIVE FEMINIST ECONOMIC RECOVERY IN AFRICA

A FOCUS ON SPECIAL DRAWING RIGTHS IN KENYA, ZAMBIA, MALAWI & SENEGAL

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The African Women's Development and Communication Network

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FOREWORD

In an era where the financial landscape is rapidly evolving, the Special Drawing Rights (SDRs) issued by the International Monetary Fund (IMF) offer a glimmer of hope amidst persistent economic challenges. For Africa, a continent teeming with potential yet grappling with systemic crises, SDRs represent more than just a financial instrument; they are a beacon of opportunity for advancing Sustainable Development Goals (SDGs), particularly SDG 5 on Gender Equality. The promise of SDRs lies in their ability to address both the immediate fiscal pressures and the long-term development needs of African nations.

However, the 2021 SDR allocation, which saw Africa receiving only 5.2% of the global share, starkly highlights the gap between potential and reality. This allocation falls short of meeting the continent's extensive development requirements and escalating debt vulnerabilities. In countries like Kenya, Malawi, Zambia, and Senegal which are the focus countries of this paper, rising public debt and increased debt servicing levels have intensified fiscal pressures. The spectre of post-pandemic austerity measures threatens to disproportionately affect social sector spending, often hitting women and girls hardest. The utilization of SDRs in these countries has been marked by a range of approaches, from general budget support to public debt repayment and rebuilding foreign exchange reserves. Despite indications of some SDRs being directed towards social spending in Malawi and Zambia, comprehensive and transparent data on their usage remains scarce and fragmented. This lack of clarity underscores the need for a more nuanced examination of gender-responsive budgeting (GRB) practices, which, while present, are often lacking in key best practices and indicators.

Given this context, this analysis advocates for a transformative approach to SDR utilization, one that aligns with feminist economic principles and promotes equitable recovery. To this end, the need for a more equitable, needs-based SDR allocation system cannot be overlooked. This should be backed up by intentional country efforts to strengthen legal frameworks for Inclusive Budgeting and SDR Integration can provide a robust foundation for integrating SDRs into national fiscal planning. Furthermore, enhancing civil society engagement and multi-stakeholder consultations can drive advocacy for a feminist economic recovery and without a doubt, evidence-based advocacy for fiscal inclusiveness and gender equality must be a priority. Designing tax systems and expenditure policies that do not disproportionately impact marginalized groups, and empowering women and girls to hold governments accountable, are crucial steps toward achieving equitable development outcomes.

As we navigate the complexities of the global financial system, it is clear that the strategic use of SDRs holds the key to unlocking a more equitable and prosperous future for Africa. By addressing systemic challenges, advocating for fairer allocation mechanisms, and reinforcing gender-responsive policies, we can harness the full potential of SDRs to drive inclusive and sustainable development.

- Lurit Yugusuk, FEMNET.

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We are also grateful to the young people, particularly the adolescent girls and young women, for their significant contributions and critical perspectives that enriched this research. Lastly, we extend our deepest appreciation to the Bill and Melinda Gates Foundation for their support for advocacy towards women's economic justice, which has been essential in making this study possible.

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LIST OF ACRONYMS

AfDB	African Development Bank
DSSI	Debt Service Suspension Initiative
GDP	Gross Domestic Product
GRB	Gender Responsive Budgeting
EAC	East African Community
ECOWAS	Economic Community of West African States
FEMNET	African Women's Development and Communication Network
GADN	Gender and Development Network
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
LMICs	Low- and- Middle Income Countries
MDBs	Multi-Lateral Development Banks
PFM	Public Finance Management
PRGT	Poverty Reduction Growth Trust
RECs	Regional Economic Communities
RST	Resilience and Sustainability Trust
SADC	South African Development Community
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SSA	Sub- Saharan Africa
USD	United States Dollars
US	United States
VAT	Value Added Tax

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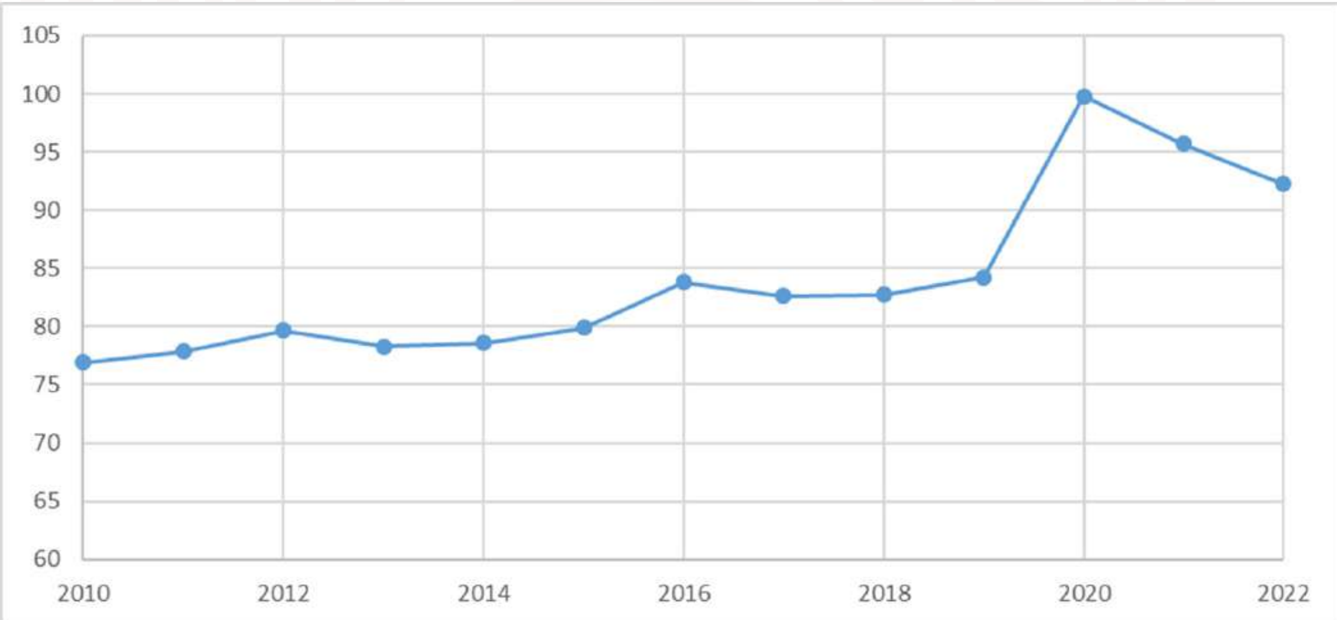
CHAPTER 1: INTRODUCTION & BACKGROUND

A Primer into Global and Regional Social Economic Developments

The 21st century presents Africa with a complex array of economic challenges that hinder its recovery and growth. The lingering effects of the COVID-19 pandemic, the climate emergency, and rising debt levels, combined with escalating inflation rates and deepening inequality, have severely impacted the rights and wellbeing of women, girls, and gender-diverse individuals across the continent. The World Bank's Global Economic Outlook for 2022 projects a global growth deceleration to 2.8% in 2023, down from 3.4% in 2022[1]. This slowdown is attributed to persistent COVID-19 impacts, high inflation, tightening financial conditions, increasing banking sector vulnerabilities, and the war in Ukraine. Additionally, weak global growth and supply chain disruptions are causing international trade to decline to 1.6% in 2023[2], exacerbating currency devaluation and worsening trade deficits in low-income countries.

The COVID-19 pandemic has significantly increased global public debt, which surged to over 100% of global GDP by the end of 2020—the highest debt-to-GDP ratio since World War II. Africa's economic growth is similarly constrained, with Sub-Saharan Africa's (SSA) growth projected to decline to 3.6% in 2023, below the pre-pandemic historical average. Economic activity remains sluggish in key economic blocs like ECOWAS, EAC, and SADC, undershooting the 7% growth target set in the 2030 Agenda for Sustainable Development Goals (SDGs). This slowdown narrows fiscal space and heightens the SDG funding gap, worsening public debt risks and credit ratings.

Figure 1: Global Public Debt Trend (% share of GDP)



Source: Authors Computation based on Data from the World Economic Outlook, April 2023

More than half of the 35 low-income countries in SSA are either in or at high risk of debt distress, despite initiatives like the G20 Debt Service Suspension Initiative. Rising global public debt presents several challenges: concerns about debt sustainability, exacerbation of income and wealth inequalities, limited fiscal space for future investments, and rising interest rates and inflation. Large public debt often fails to improve gender outcomes, as debt strategies typically overlook women's livelihoods and fiscal constraints limit gender-aware policy options.

1. World Bank (2023). Global Economic Prospects, January 2023. Washington, DC: World Bank. doi:10.1586/978-1-4648-1906-3. Link: https://thedocs.worldbank.org/en/doc/c7292ee84f0635b28721419e3b367d0e-0350012023/original/GEP-January-2023.pdf
2. World Bank (2023). Global Economic Prospects, January 2023. Washington, DC: World Bank. doi:10.1586/978-1-4648-1906-3. Link: https://thedocs.worldbank.org/en/doc/c7292ee84f0635b28721419e3b367d0e-0350012023/original/GEP-January-2023.pdf

Box 1: The Nexus between Public Debt and Women's Rights

"Public debt and its servicing are a particular problem for the African continent, undermining the ability of governments to meet their commitments on gender equality and the promotion of women's rights. The costs of servicing this debt are disproportionately borne by women, while the funds borrowed are rarely spent in ways that prioritise women's rights." – GADN, 2018[3].

The pandemic also exposed deep-rooted global economic inequalities and the exploitative nature of the current financial system. Tightened global financial conditions and transitions to non-concessional and domestic debt have increased the debt service-to-revenue ratio for SSA, crowding out essential social investments and threatening the lives of African women and girls[4]. Box 2 below gives a description of the implications of austerity on the lives of women and girls.

Box 2: The implications of Austerity on the Lives of Women and Girls

Austerity, also known as fiscal consolidation, refers to policies implemented by governments with the intention of reducing budget deficits and debt vulnerabilities. While this goal could be achieved through fairer means like progressive taxation, austerity often relies on measures that disproportionately burden the most vulnerable in society. These policies could include raising both direct taxes (such as in indirect taxes like VAT, wage bill cuts or caps, scaling back on essential services such as healthcare and education, and privatisation of essential services[5]. In essence, austerity is a policy choice where the poorest and most vulnerable in society (particularly women and girls) pay the highest price for economic recovery, while the wealthy see little impact. This not only leads to decreased essential services and increased unemployment, but also an increase in the load of unpaid care work[6].

Moreover, Africa's tax-to-GDP ratio remains around 15%, significantly below the OECD average of 33.5%[7]. This low ratio results from revenue leakages, low tax morale, illicit financial flows, large informal sectors, and generous tax incentives, contributing to fiscal deficits and negatively affecting allocations to gender equality initiatives.

3. Gender and Development Network (GADN). 2018. Realising women's rights – the role of public debt in Africa.
Link: http://gadnetwork.org/gadn-resources/2018/8/9/realising-womens-rights-the-role-of-public-debt-in-africa
4. International Monetary Fund (2022). Living on the Edge – Regional Economic Outlook Report for October 2022. Link: https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-outlook-for-sub-saharan-africa-october-2022
5. Oxfam (2022). The Assault of Austerity. How prevailing economic policy choices are a form of gender-based violence.
Link: https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-11/bp-assault-of-austerity-prevailing-economic-choices-are-gender-based-violence-221122-en.pdf
6. Action Aid (2022). Publication on the Care Contradiction: The IMF, Gender and Austerity.
Link: https://actionaid.org/publications/2022/care-contradiction-imf-gender-and-austerity
7. African Tax Administration Forum (ATAF) (2021). African Tax Outlook.
Link: https://events.ataftax.org/index.php?page=documents&func=view&document_id=155#:~:text=It%20seeks%20to%20provide%20comprehensive,policies%20and%20tax%20administration%20reform.

About the Study – Purpose, Scope and Objectives of the Study

These interconnected myriads of crises stem from the dominant economic paradigm of neoliberalism, which has underpinned the inequitable dynamics of the global economy since the 1980s. Neoliberalism—characterized by deregulation, privatization, and a withdrawal of the state from areas of social provision—has exacerbated inequalities, concentrated wealth in the hands of a few, and imposed untenable trade, tax and debt regimes on the majority of nations[8]. These practices continue a legacy of colonial injustices, through which countries of the Global North extract resources, labor, and revenue from countries of the Global South, which lose more money through debt servicing, illicit financial flows, and tax evasion than they receive in aid or development finance.

Women and gender-diverse people particularly face disproportionate consequences of neoliberalism, economic crises and its manifestations in austerity, debt, and an unequal trade regime[9]. Due to their traditional societal roles, lower earnings, prevalence in informal employment, limited access to resources like land and social security, and involvement in subsistence agriculture, women are more likely to experience impoverishment. Across all regions, women spend substantially more time on unpaid care work than men—inhibiting women from attaining higher-paying positions or from participating in the labor market in the first place, while also depriving them of their rights to leisure and opportunities for education or other pursuits[10]. According to the International Labour Organization (ILO), unpaid care and domestic work is estimated to account for 10% to 39% of gross domestic product (GDP) in some countries. Despite this, care work continues to be unrecognized, undervalued, and un- or under-compensated—and in the face of public provision cuts, this work only increases in scale[11]. Notably, the COVID-19 pandemic further disproportionately impacted women, from reduced economic opportunities and decreased access to reproductive and maternal healthcare, to increase incidence of sexual exploitation and gender-based violence[12].

In response to the pandemic, several multi-lateral policies were designed as coping measures to mitigate the health crisis and revamp economic activity, while still delivering on the 2030 Sustainable Development Goals (SDGs), including SDG 5 on gender equality. One of the coping mechanisms was the Special Drawing Rights (SDRs), which are a supplementary reserve asset created by the International Monetary Fund (IMF) to bolster global liquidity and aid the post-pandemic recovery of SSA. Prior to 2021, SDR allocations were relatively infrequent and modest in scale[13]. In response to the COVID-19 pandemic, however, the IMF approved a historic allocation of USD 650 billion SDRs, where African nations (including this paper's case study countries, I.e., Kenya, Zambia, Malawi and Senegal) have seen a significant increase in SDR inflows. Nonetheless, there has been limited data to show that SDRs were used to finance specific interventions designed to achieve gender equality and alleviate the economic plight of women and girls in Africa.

8. thomi Gatwiri, Julians Amboko, and Darius Okolla (2020). The implications of Neoliberalism on African economies, health outcomes and wellbeing: a conceptual argument. Link: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7223727/

9. UN Women. (2024). Sixty-eighth session of the Commission on the Status of Women (CSW68). Link: https://www.unwomen.org/sites/default/files/2023-11/jghosh_background_paper.pdf

10. Action Aid International. The Power Project: Unpaid care and domestic work: Who it affects and why it's a problem. Link: https://powerproject.actionaid.org/module/unpaid-care-and-domestic-work/

11. International Labour Organization. Care work and Care Jobs for the Future of Decent Work. Link: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_633135.pdf

12. FEMNET (2022). Qualitative Study on the Impact of Covid-19 on the Sexual and Reproductive Health Rights of Women and Girls in Africa. Link: https://www.femnet.org/wp-content/uploads/2022/07/Book_COVID-19_ENGLISH_.pdf

13. UNDP Global Policy Network Brief. (2021) An Unprecedented Opportunity to Boost Finance for Development - The Upcoming Special Drawing Rights Allocation. Link: https://www.undp.org/sites/g/files/zskgke326/files/2021-06/UNDP-DFS-An-Unprecedented-Opportunity-to-Boost-Finance-for-Development.pdf

Given this background, the African Women's Development and Communication Network (FEMNET) undertook this study to interrogate the role of Special Drawing Rights in promoting inclusive economic recoveries for Africa with a focus on four countries (Kenya, Zambia, Malawi and Senegal).

Box 3: Specific Objectives of the Study

Specifically, the study sought to:

1. Determine whether there was optimal utilisation of Special Drawing Rights (SDRs) from a women's rights perspective, in order to create equal opportunities for women and girls, as well as other vulnerable groups, and propose potential ways through which we can reconceptualize SDRs to ensure a just and inclusive feminist economic recovery in Africa.
2. Increase advocacy capacities and gender voices of African women's rights organisations, and gender-focused CSOs in the SDRs allocation and debt-burden recovery agendas at domestic and regional levels.
3. Enhance the use of gender evidence by decision makers to inform policies, as well as the allocation and utilisation of SDRs and other debt recovery resources in targeted, select countries from the four Regional Economic Communities (RECs) in Africa.

Additionally, the outcome of the analysis is designed to inform advocacy for macroeconomic policy recommendations for the reconceptualization of SDRs for a just and inclusive feminist economic recovery and address traditional, economic, social, legal and technological constraints to better support women and other marginalised groups to participate and benefit from development processes.

CHAPTER 2: THE ROLE OF SDRS IN BLOSTERING ECONOMIC RECOVERY IN AFRICA AND BEYOND

Conceptualizing Drawing Rights (SDRs) – Definitions and Genesis

Special Drawing Rights (SDRs) are a supplementary reserve asset created by the International Monetary Fund (IMF) to bolster global liquidity[14]. They serve as a unique financial instrument, representing potential claims on the freely usable currencies of IMF member countries. Their value rests on a promise by all members of the IMF that, when a country needs so-called hard currency, it can exchange its SDRs for it.

Since their inception in 1969, **the main purpose for the creation of SDRs was for use as a supplementary foreign exchange reserve**[15]. At the time, there were concerns about the limitations of gold and the US dollar, which were considered the sole means of settling international accounts. Hence, they served to provide a buffer and bolster international economic resilience especially for vulnerable countries and through this, an SDR allocation by the IMF can help in alleviating risks of economic and social fragility, minimize spillovers, and enhance the stability of the international monetary system.

Besides this, **SDRs are used as a unit of account for internal accounting purposes by the IMF and are also used by central banks in developing countries to pay other IMF member states.** This enables the IMF to manage the daily exchange rate volatility of any single currency in the basket of world currencies- the US dollar, the euro, the Japanese Yen, the British pound sterling and, from 2016, the Chinese Renminbi[16].

Key Characteristics of Special Drawing Rights

SDRs have two major characteristics. First, they are issued at no costs and conditions. Compared to loans or grants that may come with conditions attached and geopolitical implications or high interest rates, SDRs allocations are cost-free as it does not require contributions from donor countries' budgets. Furthermore, they are conditionality free, enabling countries to use their portion of the allocation for budgetary purposes, to reduce their public debt, bolster reserves or to prevent capital flight.

Second, SDRs do not generate debt, hence they do not add to a country's public debt stock[17]. It is worth noting that can be used immediately to pay off IMF debt without having to convert them to hard currency, as has been seen previously by Greece[18]. Owing to these reasons, they are considered one of the most advantageous, secure and dependable ways to strengthen a country's reserves and bolster economic recovery.

14. International Monetary Fund (IMF). IMF –African Department (2021): Special Drawing Rights Fact Sheet. Link: https://shorturl.at/l4AOJ

15. UNCTAD (2023). Special Drawing Rights: advantages, limitations, and innovative uses. Link: https://mobilizingdevfinance.org/research-material/special-drawing-rights-advantages-limitations-and-innovative-uses

16. International Monetary Fund. SDRs Factsheet: https://www.imf.org/en/About/Factsheets/Sheets/2023/special-drawing-rights-sdr

17. Cashman, K, Andrés A, and Lara, M. 2022. "Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges." Washington, DC: Center for Economic and Policy Research. Link: https://cepr.net/report/special-drawing-rights-the-right-tool-to-use/

18. K. Cashman, A. Arauz, and L. Merling. (2022). Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges. CEPR. Link: https://cepr.net/report/special-drawing-rights-the-right-tool-to-use

Historical Allocations of Special Drawing Rights

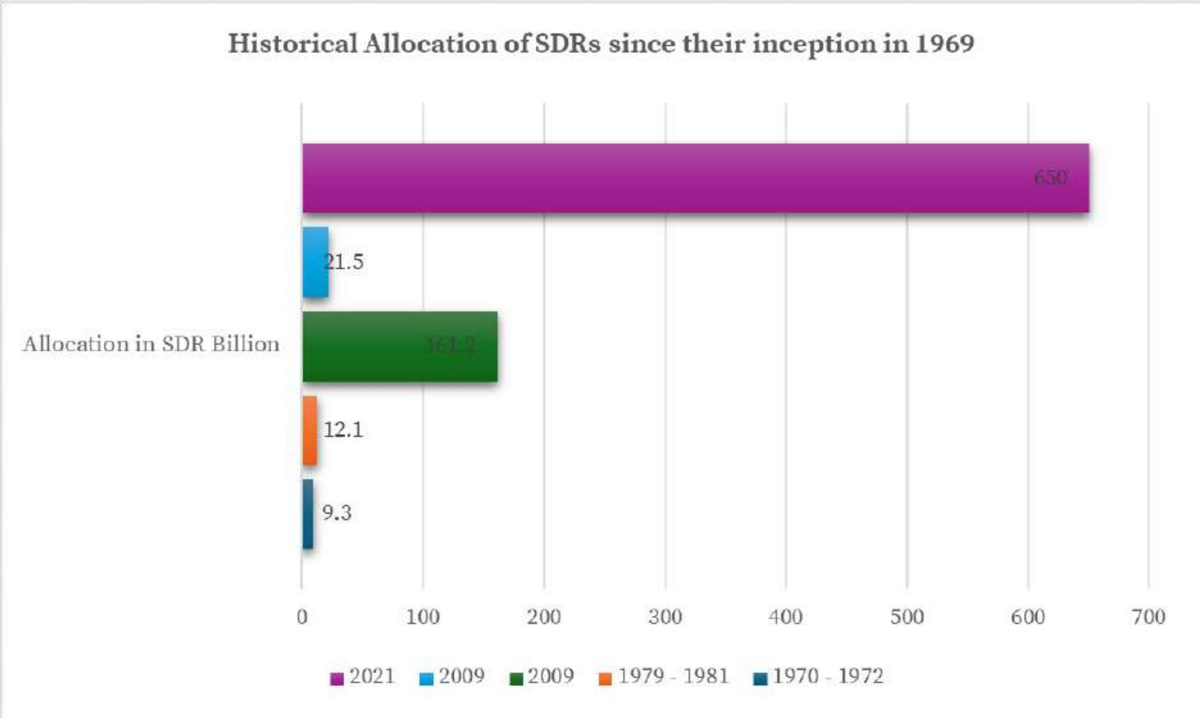
Historical allocations of Special Drawing Rights (SDRs) have occurred periodically since the introduction of SDRs by the International Monetary Fund (IMF) in 1969.

Box 4: How SDRs are Allocated

The amount of SDRs allocated to each member country is based on their IMF quotas, which are determined by various economic factors. Essentially, a quota is a country's financial commitment to the IMF and its voting rights. It broadly points out to a country's relative economic position in the world economy. There are two types of allocations: general and special allocations.

Since their inception, there have been four general allocations, which have been on the basis of the approval of 85% of the IMF Board of Governors, and one special allocation issued in 2009 to enable countries that newly joined the fund after 1981 to take part in the SDRs system[19].

Figure 2: Historical Allocation of SDRs between 1969 and 2021[20]



Source: Author's Computation of IMF's Data.

The first allocation of SDR 9.3 billion, which was pegged on the requirements of Article XVIII of the IMF Articles of Agreement section 1(b), **was done between 1970 – 1972**, and was made in equal instalments in January 1970, 1971, and 1972 following the decline in the world's gold and US dollar reserves in absolute terms and relative to world trade.

The second SDR allocation amounting to SDR 12.1 billion which was prompted by significant changes in the international monetary system **was done between 1979 and 1981 in equal yearly instalments.** The rise of international capital markets and widespread adoption of flexible exchange rates led the IMF to assess the long-term need for additional reserve assets.

19. IMF e-library. Creation and Evolution of the SDR by Robert Solomon. Link: https://shorturl.at/Jt1a4

20. Note: ***In 2009, two SDR allocations were made – the first one in August 2009 and the second one in September 2009.***

The 3rd SDR allocation of SDR 161.2 (equivalent of US $250 billion) was done in August 2009, in response to the global financial crisis and following commitments made by the G20 leaders to advance liquidity.[21] The IMF, acting on this initiative and endorsed by the International Monetary and Financial Committee (IMFC), made a significant general allocation of SDRs to its 186 member countries. This allocation stands as a prime example of a coordinated international response to a major economic crisis.

Following the Fourth Amendment to the IMF's Articles of Agreement, a special one-time allocation of SDR 21.5 billion (around US$33 billion) was made later in September 2009. This allocation addressed the concern that countries joining the IMF after 1981 had not received any previous SDR allocations. It aimed to create a more equitable distribution of SDRs among member countries.

In August 2021, the International Monetary Fund (IMF) approved a historic allocation of Special Drawing Rights (SDRs) worth $650 billion. This decision, a response to the economic crisis triggered by the Covid-19 pandemic, came after pressure from civil society and governments in the Global South for much-needed liquidity to address constrained fiscal space because of the pandemic.

The 2021 SDRs Allocation: Hit or Miss for a Feminist Economic Recovery in Africa?

The 2021 allocation was the largest ever by the IMF, exceeding its total emergency funding for low-income countries during the pandemic. While evidence shows increased reserves and support for social spending in many countries, the allocation had shortcomings:

1. Financing Gaps and Unequal Distribution – A Missed Opportunity for Gender Equity.

The $650 billion worth of SDRs by the IMF fell short of the estimated $2.5 trillion annual financing need identified by the UN[22]. This shortfall is particularly concerning because of the gendered impact of the economic crises. Women are disproportionately impacted by crises, often losing jobs first, facing increased burdens of childcare and eldercare due to disruptions in social services, and experiencing greater difficulty accessing financial resources due to pre-existing inequalities.

The IMF's quota system, which distributed SDRs based solely on economic size, further exacerbated these gendered vulnerabilities. Low-income countries (LICs), which bore the brunt of the pandemic and have a greater need for social safety nets, received only 1.8% of the SDRs ($11.7 billion). Meanwhile, developed economies, with typically stronger safety nets and a lower proportion of women in precarious work, received the lions share (67.4% or $420 billion)[23]. **This distribution approach missed a crucial opportunity to target resources towards countries with the greatest need for investment in gender-responsive social protection programs and economic recovery initiatives.**

By failing to consider the specific needs of women during the allocation process, the IMF perpetuated a system that disadvantages them during economic downturns. A more equitable distribution of SDRs, with a focus on countries with high proportions of women and girls in vulnerable economic positions, could have provided crucial resources to bridge the financing gap and promote a more gender-inclusive economic recovery.

21. Yale School of Management (2020). The G20's Impasse on Special Drawing Rights (SDRs). Link: https://som.yale.edu/blog/the-g20-s-impasse-on-special-drawing-rights-sdrs

22. World Economic Forum (2023). Why trillions more are needed to bridge the SDG financing gap. Link: https://www.weforum.org/agenda/2023/09/why-trillions-more-are-needed-to-bridge-the-sdg-financing-gap/

23. Ahunna Eziokonwa (2021). How special drawing rights could help Africa recover from COVID-19. Retrieved from Brookings. Link: https://www.brookings.edu/articles/how-special-drawing-rights-could-help-africa-recover-from-covid-19/

2. Delayed Response and US Influence

The fundamental global debate surrounding SDRs extends beyond just their issuance. It centers on the outsized influence of US politics on their disbursement. **The 2021 SDR allocation faced a one-year delay, which directly coincided with the 2020 US elections, raising concerns that the previous US administration wielded its veto power within the IMF and hence stalling the process**[24]. This delay fell far short of the urgent calls for swift action from the United Nations and civil society. The year-long wait potentially exacerbated the economic hardship faced by many developing countries struggling with the pandemic's impact, disproportionately affecting women who are often overrepresented in the informal economy and lack access to social safety nets.

3. Underutilization of SDRs by Developed Economies

Advanced economies, with stronger fiscal positions and access to reserve currencies, barely used their SDRs (utilization rate of 5.9%). In contrast, low- and middle-income countries had a median utilization rate of 42%[25]. The underutilization of SDRs demonstrated by developing countries justifies the case for rechannelling/redistributing SDRs to lower income countries, where the need for development finance and attaining the sustainable development goals is considerably higher.

The Concept of Rechannelling SDRs

Recognizing these drawbacks, the IMF has initiated efforts to rechannel SDRs from wealthier countries, as described in the Table 1 next page.

Box 5: The Concept of Rechannelling SDRs

The pandemic fostered global solidarity, encouraging collaboration and support among countries. The persistent issue of global economic inequality, particularly affecting developing countries in SSA who struggle to access resources for sustainable development, gained renewed attention. The discourse on SDRs intensified as a potential tool to address this disparity. By increasing SDR allocations to developing nations, the international community can strengthen their financial capacity, enabling crucial investments in essential services and infrastructure that pave the way for achieving the UN's Sustainable Development Goals (SDGs).

Re-channelling Special Drawing Rights (SDRs) involves redistributing these IMF-issued reserve assets to address disparities in global financial support. The idea arose from growing recognition of the inequities in the current SDR allocation system, which favors wealthier nations due to its distribution based on IMF quotas. This approach has often failed to meet the urgent needs of low and middle-income countries, exacerbating economic inequality and hindering development. The concept of re-channelling SDRs emerged as a solution to rectify these imbalances, aiming to redirect SDRs to countries facing significant economic challenges and developmental gaps. By reallocating SDRs, policymakers seek to address structural issues within the global financial architecture, ensuring that these resources more effectively support the needs of vulnerable economies and contribute to more equitable global economic recovery.

24. Center for Global Development (2022). The Challenge of Reallocating SDRs: A Primer. Link: https://www.cgdev.org/publication/challenge-reallocating-sdrs-primer

25. Bretton Woods Project (2023). Reconceptualising SDRs as a Tool for Development Finance. Link: https://www.brettonwoodsproject.org/wp-content/uploads/2023/10/Reconceptualising-SDRs-as-a-tool-for-development-finance-Oct-2023.pdf

Table 1: Feminist Critiques of SDR Rechannelling Efforts and Propositions

IMF Interventions	Aim/Description	Feminist Critiques
Boosting the **Poverty Reduction and Growth Trust (PRGT)**	The IMF's PRGT offers low-interest loans to low-income countries that find themselves in financial disguise.	Successfully implementing the PRGT has become challenging owing to the fact that interest rates have risen sharply (from 0.5% to 3.5%), reflecting increases in interest rates of currencies linked to the SDR[26]. This means subsidizing interest payments becomes more expensive. In addition, **the PRGT, in its current form, doesn't directly address core goals of feminist economic recovery**[27]. It doesn't prioritize increasing women's access to financial resources, closing the gender pay gap, or investing in the care economy (often shouldered by African women and girls).
Creating a New **Resilience and Sustainability Trust (RST)**	This trust aims to address potential financial issues arising from climate change in Low-and-Middle Income countries (LMICs). Established post-pandemic and to bolster economic recovery efforts, it aimed to rectify the unequal allocation of SDRs of $650 billion which favoured developed nations.	From a feminist economic recovery perspective, the RST falls short on several fronts[28]. **First, the creation of the RST follows the pattern of unequal resource allocation.** While advanced economies, hold underutilized SDRs, LMICs struggling with climate impacts receive a mere $40 billion. This perpetuates the economic disparity between the Global North and South. **Secondly, the requirement for existing IMF lending programmes excludes 70% of LMICs, particularly those with less developed economies.** This disproportionately affects countries with high female dependency ratios, where women often lead households and bear the brunt of economic hardship. **Thirdly, conditional access based on fiscal conditionality (austerity) limits a country's ability to invest in social programs and climate-resilient infrastructure.** This disproportionately burdens women who rely heavily on essential public services such as healthcare, education, social protection, childcare, etc. Lastly, the emphasis on public-private partnerships for climate projects raises further concerns, as this could further strain public finances and ultimately limit resources available for social safety nets.

26. David Andrews (2023). Whither or Wither the PRGT? Funding Options for a Cash-Strapped PRGT. Retrieved from the Center for Global Development. Link: https://www.cgdev.org/publication/whither-or-wither-prgt-funding-options-cash-strapped-prgt

27. Bretton Woods Project (2023). Lessons from feminist economics programming for the IMF. Link: https://www.brettonwoodsproject.org/2023/10/transformative-policy-pathways-lessons-from-feminist-economics-programming-for-the-imf/

28. FEMNET (2020). African Feminist Post-COVID-19 Economic Recovery Statement. Link: https://www.femnet.org/2020/07/african-feminist-post-covid-19-economic-recovery-statement/

IMF Interventions	Aim/Description	Feminist Critiques
Exploring **SDR Lending to Multilateral Development Banks (MDBs)**	Multilateral development banks (MDBs), with their ability to target specific recipients ("prescribed holders"), hold immense potential for directing SDRs towards countries most in need of a feminist economic recovery.	**National regulations and central bank cooperation should be reviewed to ensure they don't hinder SDR rechannelling for feminist economic goals**[29]. In addition, transparency and civil society participation are crucial in project selection and monitoring to ensure SDRs reach women and marginalized groups. Beyond this, **there is a need to build on existing initiatives. The African Development Bank's (AfDB) hybrid capital mechanism is a promising start**[30]. This means that there is a need to advocate for broader donor support to activate this facility and encourage similar initiatives by other MDBs.

29. Finance for Development Lab. (2023) SDRs Rechanneling and ECB Rules - Author-Link: https://findevlab.org/sdr-rechanneling-and-ecb-rules/
30. As above 33.

CHAPTER 3: USAGE OF SPECIAL DRAWING RIGHTS IN AFRICA: FOCUS ON KENYA, ZAMBIA, SENEGAL AND MALAWI

The Ascendance of Special Drawing Rights in Addressing Gender Equality

The 2021 Special Drawing Rights (SDR) allocation marked a pivotal moment in global economic policy, addressing the pandemic's severe financial strains. This historic allocation not only provided crucial liquidity to nations worldwide but also presented an opportunity to reimagine how SDRs can be utilized to advance broader social goals, including gender equality. In Sub-Saharan Africa (SSA), where gender disparities are often stark, leveraging SDRs with a focus on gender-responsive budgeting could transform socio-economic landscapes.

Integrating gender considerations into SDR allocations and their utilization can significantly amplify their impact. Gender-responsive budgeting ensures that financial resources are allocated in a manner that addresses the specific needs and challenges faced by women and marginalized communities. By channeling SDR resources into programs that promote women's economic empowerment, improve access to education, and bolster healthcare, SSA countries can harness this unprecedented financial boost to drive gender equality more effectively.

Moreover, the 2021 SDR allocation sets a precedent for future financial interventions, demonstrating that global financial instruments can be leveraged to tackle systemic inequalities. As the world continues to face evolving economic challenges, embedding a gender lens in SDR allocations could help ensure that the benefits of global financial support are equitably distributed, promoting sustainable development and social justice.

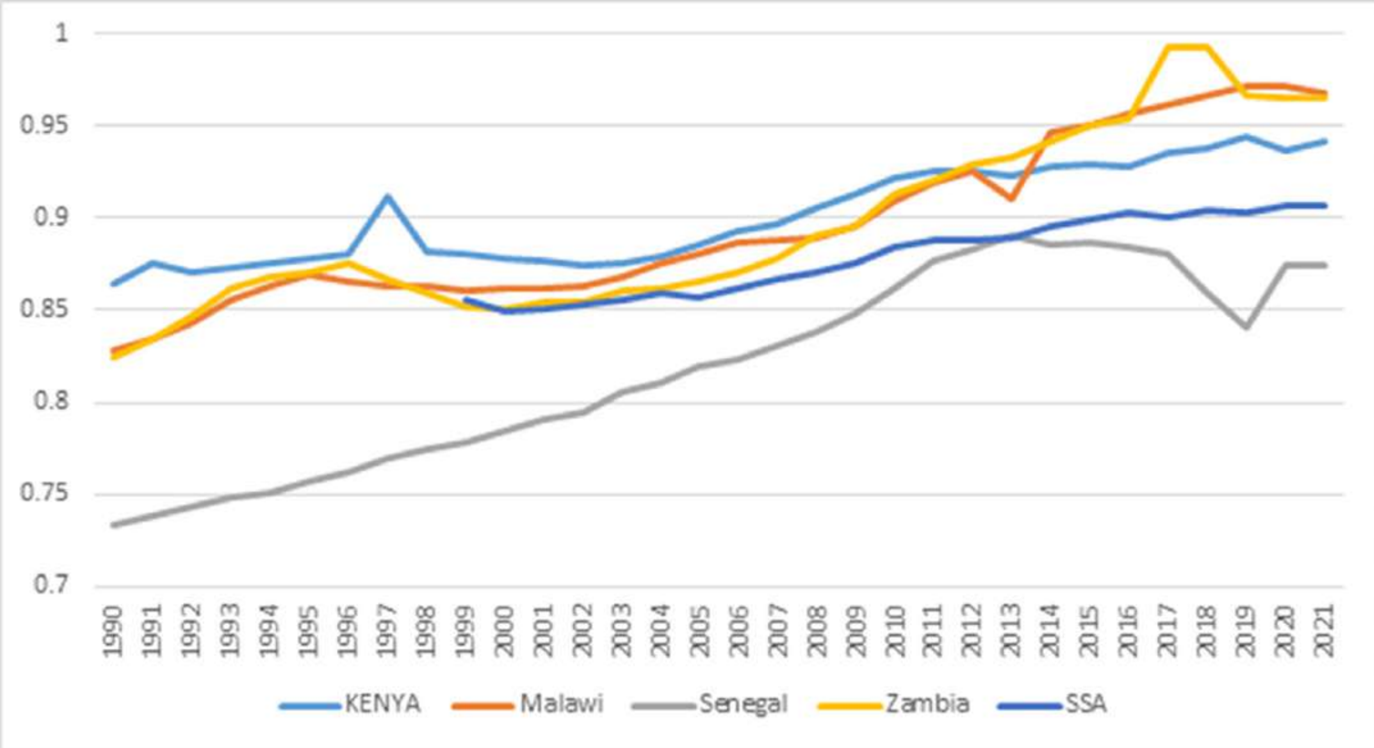
The argument for integrating gender equality into SDR utilization is not merely about enhancing social outcomes but also about maximizing economic efficiency. Gender equality fosters economic growth by unlocking the full potential of all members of society. As we move forward, it is crucial to explore how future SDR allocations can build on this precedent, ensuring that they not only address immediate economic needs but also contribute to long-term, inclusive development goals.

The Status of Gender Equality and Gender Responsive Budgeting in Kenya, Zambia, Senegal and Malawi

In Kenya, Zambia, Malawi and Senegal, it is widely recognized that gender equality is both a development goal in itself and a precondition for the achievement of other development outcomes highlighted in the Sustainable Development Goals (SDG 2030)[31] and the agenda 2063[32]. As such, the 4 countries have established policies, programs and strategic plans to guide the achievement of gender equality, with key references made in the respective country constitutions. This explains progress made in the gender development index as shown in the figure 6 below. A slowdown, however, has been noted since 2020 - the year of the pandemic that exacerbated gender inequalities.

31. The United Nations Sustainable Development Goals (SDGs). Link: https://sdgs.un.org/goals
32. The African Union's Agenda 2063. Link: https://au.int/en/agenda2063/overview

Figure 3: Gender Development Index of Sub-Saharan Africa, and 4 Country Case Studies (Kenya, Malawi, Senegal and Zambia)



Source: Authors Computation based on UNDP Data Centre

Furthermore, an assessment of SDG5 on Gender Equality (as shown in Table 2 below) reveals that whereas progress has been made in some countries, significant challenges remain in achieving gender equality across the case study countries. Nonetheless, there are encouraging signs. Malawi is on track to achieve SDG 5 on gender equality highlighting the success of national efforts and serves as an inspiration for other countries. Kenya is also demonstrating moderate improvement, signifying progress in tackling gender disparities. However, the situation in Senegal and Zambia paints a concerning picture, as the countries seem to be stagnating in their efforts to achieve gender equality - warranting the need for a closer examination of the specific challenges they face in this front.

Table 2: SDG 5 Performance in Kenya, Malawi, Zambia and Senegal

Kenya	Malawi	Zambia	Senegal
			

Dashboards: SDG achieved; Challenges remain; Significant challenges remain; Major challenges remain; Information unavailable

Trends: On track or maintaining SDG achievement; Moderately improving; Stagnating; Decreasing; Trend information unavailable

Source: https://dashboards.sdgindex.org/profiles

In Kenya, the challenges include but not limited to; a lack of funding, inadequate application of the law, lax accountability procedures, and a gradual transition away from patriarchal and discriminatory gender conventions, attitudes, and behaviours (UN Women, 2023). Detrimental cultural attitudes and ideas about gender roles and norms and gender-based violence remain a key constraint to achieving gender equality.

Similarly, **in Malawi, limited resources are available to support the implementation of current laws, policies, and initiatives** (World Bank, 2022)[33]. Among women in Malawi (aged 15 to 49), one in four have been subjected to physical or sexual abuse by a current or former relationship. In Malawi, 9% of women under the age of 15 and 42% of women between the ages of 20 and 24 were married before turning 18. In Malawi, just 47% of women have control over their sexual and reproductive health (Giovetti, 2021)[34].

In Zambia, there has not been enough focus on capacity-building, financial resources, or inclusive implementation approaches to enable implementing officers to mainstream gender in their programming and programme implementation. This is especially true of the private and public sectors, which continue to develop non-gender responsive budgets. People working in the public and private sectors generally lack an understanding of the significance of gender issues, which results in resistance to adequately implementing gender mainstreaming strategies and taking part in programs for gender and development.

In Senegal, major abuses of women's rights and well-being continue to occur, including rape, forced early marriage, domestic violence, Female Genital mutilation (FGM) and other types of gender-based violence.

Regarding **SDG indicator 5.c.1** that seeks to track the **proportion of countries with systems to track and make public allocations for gender equality and women's empowerment,** only Kenya and Malawi have data showing that they adhere to and have made progress on this indicator. In Senegal, there is no evidence showing that there is a stable system to track and make public allocations for gender equality and women's empowerment while in Zambia, there isn't data to assess the indicator[35].

When it comes to gender-responsive budgeting, there is consensus among citizens, civil society organizations, media and government, among several other stakeholders in all the four countries that national budgets as a public finance instrument should recognize the unique needs of women and girls, as they should for boys and girls. This is supported by the fact that government tax, borrowing, and spending decisions have powerful ramifications on gender outcomes, especially in reproductive health, education, water, sanitation, and women's economic empowerment. Considering the need for gender-responsive budgets, the 4 case study countries have adopted gender-responsive budgeting in some way.

Still, allocations to specific gender initiatives have not been clearly spelt out in the national budgets for Kenya, Malawi, Zambia and Senegal, and several indicators for best practices for gender budgeting are still missing (as shown in table 3 below).

33. World Bank. (2022, June 9). Malawi Must Step Up Efforts to Address Critical Gender Gaps.
Link: https://www.worldbank.org/en/news/press-release/2022/06/09/malawi-must-step-up-efforts-to-address-critical-gender-gaps-to-unlock-untapped-economic-potential-and-empower-women#:~:text=LILONGWE%2C%20June%209%2C%202022%E2%80%94,to%20various%20assets%20that%20affect

34. Giovetti, O. (2021, August 9). Gender Equality in Malawi: One Head Can't Hold up the Roof. Retrieved from Concern World Wide US.
Link: https://www.concernusa.org/story/gender-equality-malawi-umodzi/

35. Systems tracking and making public allocations for gender equality and women's empowerment (2021).
Link: https://ourworldindata.org/grapher/systems-track-gender-equality?time=latest&region=Africa

Table 3: Best Practices for Gender Budgeting in Kenya, Malawi, Senegal and Zambia

Country Case Study/Indicator	Kenya	Malawi	Senegal	Zambia
SELECTED COMPONENTS OF INSTITUTIONAL & FISCAL POLICY				
Ministry of Finance lead entity	✓	✓	✓	✓
Gender budgeting is sustainable beyond political cycles	✓	✓	✓	✗
Gender budgeting strengthens the link between budgeting and key gender equality objectives	✓	✓	✓	✓
Gender budgeting is underpinned by strong data and analysis	✓	✓	✓	✓
Gender budgeting implementation is supported through capacity building	✗	✓	✓	✓
INDICATORS TO PLACE GENDER BUDGETING IN THE BUDGET PROCESS				
Gender budgeting statement in budget documentation	✓	✓	✓	✓
Gender budgeting included in budget call circulars	✓	✗	✓	✓
Gender budgeting in planning and programming	✓	✓	✓	✓
Gender & Equity performance report or audit	✓	✗	✗	✓
Explicit reporting on gender equality spending	✓	✗	✗	✓
LEGAL BASIS				
Gender budgeting has constitutional standing	✓	✗	✗	✗
Gender budgeting is incorporated in public expenditure laws	✓	✗	✗	✓

SDR Allocation and Usage in Africa: Country Findings

The four African countries under study (i.e. Kenya, Malawi, Senegal and Zambia) have a proportion of their foreign reserves composed of SDRs, exceeding 10% but not reaching 100%. This indicates that these respective countries have actively used their SDR allocations[36]. This aligns with a broader trend across Africa, where SDRs have been used for various purposes, including replenishing foreign exchange reserves, reducing government borrowing, and supporting general budgets[37].

While the 2021 SDR allocation provided some relief, it fell far short of what's needed for a feminist economic recovery in low-income and low-middle income countries. The $2.7 billion received by the four case study countries represents a meagre 8% of the continent's total allocation (Table 10). This is significantly lower than the projected 14% of GDP needed for these nations to achieve the Sustainable Development Goals (SDGs).

Compounding the issue is the lack of conditionality on SDR use by the IMF. While this offers flexibility, it also allows recipient countries to prioritize debt service over crucial social spending, particularly those areas that disproportionately benefit women and girls, such as healthcare, education, and social safety

36. Development Reimagined (2023): african-sdrs-how-they-are-used-distributed-and-what-needs-to-change/.
Link: https://developmentreimagined.com/african-sdrs-how-they-are-used-distributed-and-what-needs-to-change/
37. ONE Campaign (2022). Data Dive: Special Drawing Rights - ONE Data & Analysis. Link: https://data.one.org/data-dives/sdr/

nets. This approach risks perpetuating existing inequalities and hindering progress towards gender equality.

Table 4: IMF Allocation to the case study countries (August 2021)

Country	SDR Allocation (SDR Billion)	USD Billion	Type of Use	SDRs as a % of the Global Allocation
Kenya	0.54	0.74	A great portion of new SDRs were used to support economic recovery	0.11%
Malawi	0.13	0.18	All new SDRs were used for repayment on external debts	0.03%
Zambia	0.97	1.33	All new SDRs were used to help finance the budget over 2022-24, with some of this earmarked for the health sector	0.20%
Senegal	0.32	0.44	All new SDRs were used for the health sector, social protection, to support economic recovery, paying down arrears	0.07%

Source: IMF SDR Database

Country Case Profile 1: Kenya

Kenya received SDR 520.2 million (about $737.6 million or Kshs. 83.7 billion) of the IMF's 2021 SDR allocations. This allocation provided African countries and Kenya to be specific an immediate boost in liquidity without increasing her debt stock[38]. The National Treasury borrowed up to half of the SDR allocation (about $370 million or Kshs. 41.8 billion) from the CBK to support the financial needs of the FY 2022/23. The National Treasury's Budget Review and Outlook Paper of 2023 further highlights that the government used IMF's SDR of Kshs. 47.3 billion as part of its borrowing to finance the country's fiscal deficit for that period[39]. In addition, a 2022 joint World Bank-IMF Review indicated that Kenya had so far utilized about three-quarter of its 2021 SDR allocation in meeting the financial needs in the FY 2021/22 and FY 2022/23. The report further added that the amount was on-lent to the national government[40].

There's no evidence that the SDR allocation was directed towards sectors crucial for women's economic empowerment, such as childcare, financing of critical public services such as education and healthcare, or access to finance for women-led businesses. Reports suggest the funds were used for "general budget support," which often overlooks targeted interventions for women. **Besides this, the lack of a legal framework for SDR utilization and reporting hinders transparency and accountability.** Oversight bodies like parliament and the auditor general struggle to track how these funds are spent. This presents a lost opportunity for an inclusive feminist economic recovery.

Instead, this allocation could have been a powerful tool to increase women's financial inclusion by directing resources towards microloans or financial literacy programs for women entrepreneurs, invest in care infrastructure by funding childcare facilities or eldercare services would free women to participate more fully in the workforce, and even bridging the digital divide by allocating resources for women's access to technology and training could empower them in the digital economy.

38. Institute of Public Finance (2022). SDRs for a People's Economic Recovery in Kenya.
Link: https://ipfglobal.or.ke/special-drawing-rights-sdrs-for-peoples-recovery-in-kenya-2/
39. Government of Kenya (2023). The 2023 Budget Review and Outlook Paper.
Link: https://www.treasury.go.ke/wp-content/uploads/2023/11/2023-Budget-Review-and-Outlook-Paper_f.pdf
40. International Monetary Fund (2023). Kenya: Fifth Reviews Under the Extended Fund Facility and Extended Credit Facility Arrangements and Request for a 20-month Arrangement Under the Resilience and Sustainability Facility;
Link: https://www.elibrary.imf.org/view/journals/002/2023/266/article-A002-en.xml

A close look into Kenya's budget across 3 fiscal years between FY 2019/20 to FY 2021/23 demonstrates how direct funding for gender has been insignificant as a proportion of the national budget (See table 5 below).

Table 5: National Gender Financing for Kenya in the cross 2 Budgets (Between FY 2019/20 to FY 2021/22)

National Funding	FY 2019/20	FY 2020/21	FY 2021/22
Total annual budgets (USD-Billion)	25	25	31
National Gender and Equality Commission (NGEC)	3.5	3.8	4
State Department for Gender	40	38	32
Kenya National Commission on Human Rights	4	3.8	3.7
Ministry of Health (including reproductive and maternal healthcare)	23.7	26.6	41
Total traceable gender equality funding	71	72	81
Percentage of total budget for gender equality	0.30%	0.30%	0.30%

Source: Authors Computation based on Budget Documents for Kenya

Kenya has taken strides towards gender equality through a gender mainstreaming strategy and program-based budgeting (NGEC, 2014). This approach aims to identify gender imbalances and allocate resources to address them across development plans. Within the country, the National Gender and Equality Commission (NGEC) developed the "Integration of Gender Equality, Inclusion in County Development" guide. This guide offers clear directions for promoting gender equality and monitoring progress at the county level. Furthermore, Kenya has established gender focal points and officers within each ministry and county. These dedicated personnel play a crucial role in monitoring gender programs and ensuring project plans and budgets comply with NGEC's gender equality requirements. This combination of comprehensive guidelines, a robust assessment framework, and dedicated personnel creates a strong foundation for effective GEB implementation.

However, despite these efforts, success in Gender Responsive Budgeting (GRB) remains limited. Reasons for this are attributed to the lack of comprehensive gender-disaggregated data hinders informed budget allocations, coordination challenges amid core stakeholders in the GRB process, and the fact that government ministries, departments, and agencies (MDAs) face inadequate funding and technical expertise to implement GRB initiatives effectively (SID, 2012).

Furthermore, there's no evidence that Special Drawing Rights (SDRs) have been specifically allocated towards interventions that promote a feminist economic recovery. A critical aspect of achieving gender equality is tracking how resources are used. Without a mechanism to track SDR allocation towards feminist economic goals, it's impossible to assess their impact on achieving a more equitable economic landscape.

Country Case Profile: Malawi

Malawi joined the IMF on July 19, 1965, with a quota of SDR 69.4 million (about $101.7 million), and by 2008, the country had used all its remaining IMF credit, amounting to SDR 54.4 million (around $79.8 million) (Sabola, 2022). As of March 2023, its Outstanding Purchases and Loans (SDR) was 326.62 million, Special Drawing Rights (SDR) 0.34 million, and has received 17 arrangements since its membership with the IMF. In 2021, Malawi received Special Drawing Rights ($188,7 million) from the International Monetary Fund. The funds were intended to be used to offset fiscal support and minimise or regulate the amount of borrowing by the Central Government (Sabola, 2022). Ultimately, Malawi exchanged 98% of the allocated SDRs with hard currency that was utilized for budget support and only 2% for reserves.

'The SDRs arrived at a time when the country was supposed to pay back a $100 million [about K118 billion] loan. Paying off the debt was part of the drive to stabilise the economy and put it back on track to recovery. "If it was not for this allocation, Malawi would have defaulted on such maturing loans which would have worsened its creditworthiness, especially for possible future disbursements.' **- Malawi University of Business and Applied Sciences associate professor of economics Betchani Tchereni**[41].

Prior to the 2021 allocation, Malawi had not utilized its SDRs for budgetary purposes. However, by the end of November 2021, it had utilized a remarkably high proportion – over 80% – exceeding usage rates by both African and global comparators. This substantial use highlights the limited size of the initial allocation. Additionally, Malawi hasn't accessed IMF lending facilities like Stand-By Arrangements (SBAs), Extended Arrangement Facility (EAF), or Extended Credit Facility (ECF). Furthermore, concerningly, recent evidence suggests a lack of transparency from Malawi regarding receipt and utilization of SDR allocations throughout its long-standing membership with the IMF.

While Malawi demonstrates a strong commitment to gender equality through its policies aligned with global frameworks, the allocation of Special Drawing Rights (SDRs) hasn't explicitly targeted gender-related interventions. This lack of clear connection between policy and resource allocation raises concerns about the effectiveness of current strategies in achieving gender equality goals. A more strategic approach to utilizing SDRs, with a portion dedicated to programs that empower women and address gender disparities, could significantly improve outcomes.

"The best way to use the SDRs would have been to invest in public health services through purchasing or replacing equipment, ensuring adequate stocks of drugs, recruiting more healthcare professionals and properly compensating them. Investing in public health services would have had a higher impact and for a longer period." **- Action Aid Malawi Programmes and Policy Lead Wongani Mugaba.**

Notably, Malawi's development frameworks offer potential for integrating gender considerations into budgets. Nonetheless, significant obstacles remain. First, initiatives related to gender-responsive budgeting lack coordination between government agencies, hindering progress at the national level (SADC, 2014). Beyond this, there is inconsistent implementation. Despite efforts to mainstream gender in development frameworks, priority areas and action plans don't always consistently reflect gender equality strategies. Lastly, the country is grappling with the "Cross-Cutting" Trap, where the common practice of treating gender as a "cross-cutting theme" risks neglecting it throughout the planning and budgeting processes (SADC, 2014). This approach can lead to good intentions not translating into concrete action.

41. Nation Online (2023). Malawi used IMF SDRs to pay old debts—report. Link: https://mwnation.com/malawi-used-imf-sdrs-to-pay-old-debts-report/#:~:text=ActionAid%20Malawi%20says%20the%20Malawi,invest%20in%20health%20and%20education

Country Case Profile: Senegal

Senegal received an allocation of SDR 323.6 million (approximately $442 million or 246 billion CFA francs) based on its quota with the International Monetary Fund (IMF). This allocation represented a significant injection of resources, equivalent to 1.6% of the country's Gross Domestic Product (GDP). Here's a breakdown of how Senegal used these SDRs:

- **Debt Reduction (Nearly 42% of the SDR allocation or an equivalent of 103 billion CFA francs):** A significant portion of the allocation was used to accelerate payments on outstanding commitments, particularly in the energy and public works sectors. This aimed to support economic recovery by improving cash flow and potentially reducing future interest burdens. **While this indirectly benefits the overall economy, it's unlikely to directly address gender disparities.**

- **Healthcare Investments (Slightly more than 13% or 33 billion CFA francs):** These funds were directed towards the COVID-19 response, including vaccine procurement and hospital improvements. This is a positive use of resources to strengthen public health, but **the report doesn't specify if it addressed women's specific health needs, such as maternal health or sexual and reproductive healthcare. Further analysis is needed to understand the gender impact of these investments.**

- **Social Protection and Energy Subsidies (Combined 14.3% or 38 billion CFA francs):** A small portion (2%) was used for cash transfers, while another 14.3% contributed to energy subsidies. **While these measures aimed to mitigate the social impact of rising energy prices during the pandemic, the report lacks details on how these transfers were targeted and whether they specifically benefited women or girls.**

- **Financing Needs (42.7% or 105 billion CFA francs):** The remaining funds were allocated to financing needs, but without a gender lens applied to the budgeting process, it's unclear how these resources impacted women's access to essential services or opportunities.

It's important to note that before the SDR allocation, Senegal relied heavily on borrowing to finance its public deficit. This strategy led to a rapid increase in public debt, reaching 67.4% of GDP in 2020 compared to 52.5% in 2019. The rising debt burden, with a growing share of commercial debt, raises concerns about long-term sustainability. Senegal's short-term debt structure, primarily used to finance current expenditures like energy subsidies and COVID-19 responses, could limit future investments in social programs that may directly benefit women.

Despite the lack of a clear gender lens in allocating SDRs, Senegal has made significant strides towards integrating gender equality into its national budget. These include efforts when it comes to policy advocacy, where the United Nations Development Fund for Women (UNIFEM) partnered with the national budget directorate to successfully advocate for including gender-oriented issues in budget planning documents. Since 2016, a gender budget statement has been a mandatory part of Senegal's budget process. When it comes to data collection, the National Agency of Statistics and Demography of Senegal (ANSD) has begun collecting sex-disaggregated data to improve gender-sensitive outcome indicators and analyze macroeconomic policies through a gender lens. The National Strategy for Gender Equality and Equity further proposes allocating at least 15% of each sector's budget to address gender equity concerns. Local governments follow a similar approach. For example, the Parliament increased the 2022 health budget to enhance the use of gender budget tools for addressing women's vulnerability to HIV/AIDS. Furthermore, the Directorate of Gender Equality is establishing mechanisms to monitor the responsiveness of budgets and economic policies to gender equality goals and the government introduced a Gender Budget Document accompanying the annual Finance Bill to ensure timely adjustments based on national priorities and budgetary programming. Additionally, the National Strategy for Gender

Equity and Equality (PASNEEG) was finalized in 2016, accompanied by a pilot exercise on gender mainstreaming in four ministries' budgets.

While Senegal demonstrates a commitment to gender-responsive budgeting, some challenges remain. The gender budget document doesn't track spending across all ministries, making it difficult to assess the actual allocation and expenditure on gender-specific services. **The lack of comprehensive tracking across ministries makes it invisible how much of the SDR allocation (or any budget for that matter) is actually directed towards initiatives that specifically benefit women and girls.** This hinders transparency and accountability, making it difficult to assess if the government is fulfilling its commitment to allocate at least 15% of sectoral budgets to gender equity (as outlined in the National Strategy for Gender Equality and Equity). **Moreover, without clear data on spending across ministries, it's impossible to determine if resources such as Special Drawing Rights (SDRs) are reaching the areas that would most contribute to a feminist economic recovery.**

Country Case Profile: Zambia

On In August 2021, Zambia received a significant boost through the IMF's SDR allocation of approximately US$1.3 billion. This doubled the country's reserves, providing resources for a feminist economic recovery strategy. Here's how Zambia used these resources:

» **Investing in Social Sectors and Women's Empowerment (50% in 2022):** A critical portion (50%) of the SDR allocation was strategically directed towards social sectors in 2022. This included funding for pensions, youth initiatives (with a potential focus on young women's economic empowerment), health services (including sexual and reproductive healthcare), COVID-19 vaccines, food security programs, and cash transfers. These investments directly address the needs of women and girls, who are often disproportionately impacted by poverty and economic shocks. Furthermore, Zambia's commitment to social spending and gender-responsive budgeting is showing positive results. Social Sector Spending: Social sector spending has risen from 23.5% in 2022 to 30.5% in 2023, signifying a significant shift in resource allocation. This translates to increased budgets for health (including potentially for reproductive health services), education (which can empower women through increased skills and opportunities), water, sanitation, and social protection programs that often benefit women as primary caregivers.

» **Transparency and Long-term Planning (Remaining 50%):** The remaining 50% of the allocation was allocated to the 2023 and 2024 national budgets, with a focus on transparency and accountability. Nonetheless, there is no clearly stipulated framework to guide transparency and accountability in the usage and allocation of SDRs.

A zoom into Zambia's legal and policy framework highlights that Zambia has a strong foundation for a feminist economic recovery through its legal framework. The Gender Equity and Equality Act of 2015 mandates "gender-sensitive and responsive budgeting," with tracking and monitoring mechanisms. Civil society organizations (CSOs) like the Non-Governmental and Community-Based Organisations in Zambia (NGOCC) play a crucial role in tracking budgets and advocating for increased resources for education, health, agriculture, and social protection – sectors that are critical for women's economic empowerment.

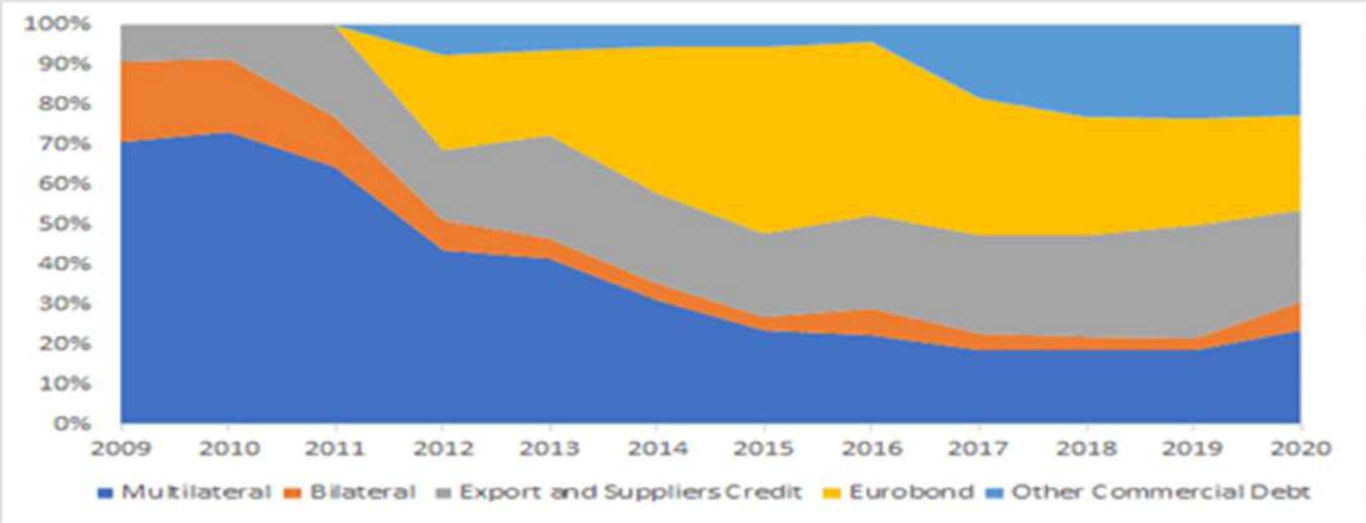
Despite this, the downgrading of the Ministry of Gender in 2021 remains a concern for CSOs. They fear this might weaken the delivery of gender-targeted interventions due to potential funding reductions and fewer dedicated personnel. Continued monitoring and advocacy by CSOs will be crucial to ensure Zambia stays on track with its feminist economic recovery goals.

Besides this, **Zambia's widening fiscal deficit, characterized by a rising public debt stock (USD 30.93 billion excluding arrears, reaching 170.7% of GDP by 2021), raises significant concerns, particularly for**

women and girls. The national debt, both domestic (USD 14.47 billion) and external (USD 16.46 billion), has reached unsustainable levels. This constrains government spending on crucial sectors like health-care, education, and agriculture – sectors that are fundamental for women's empowerment and poverty reduction. Increased debt servicing consumes a growing share of government resources. This diverts funds from essential services that disproportionately benefit women and girls, such as maternal health care, girls' education initiatives, and social safety nets.

The drastic depreciation of the Zambian Kwacha (over 49% since 2019) significantly inflates the cost of servicing external debt, further squeezing resources for social spending. (See figure 6 below).

Figure 4: Composition of Zambia's External Debt Stock (2010-2020)



Source: Ministry of Finance of Zambia

A significant portion (46.4%) of Zambia's external debt is now commercial debt, which typically carries higher interest rates than multilateral or bilateral loans. This shift towards expensive commercial debt raises concerns about long-term sustainability and limits resources available for investments that promote gender equality. Zambia's 2020 Eurobond default exemplifies the risks associated with unsustainable debt levels. This default likely reduces future investment in vital social services, disproportionately impacting women and girls who rely heavily on these services. **As Zambia navigates its debt challenges, it's crucial to prioritize investments in social sectors critical for women's empowerment and gender equality as part of greater efforts to ensure a feminist economic recovery.**

Drivers of Success and Challenges in Implementing Fiscal Policy for Gender Initiatives with SDRs

Drivers of Success in the Implementation of Gender Fiscal Policy Initiatives

African countries are demonstrating their commitment to gender integration in national development through their signature and ratification of numerous agreements, treaties, and international conventions (OECD, 2021). Governments have established the necessary institutional, legal, and policy frameworks to ensure gender equality is mainstreamed. This has led to increased women's political leadership and participation in decision-making, particularly in countries with dedicated measures like quotas. Beyond legislation, the period between 2014 and 2020 saw many African nations adopt legislative measures to address gender-based violence and promote women's access to finance and land ownership (OECD, 2021).

Governments have also designed and implemented gender-responsive economic and social policies aimed at achieving various goals as outlined by UN Women (2018). These goals include poverty eradication, particularly in rural areas, ensuring full and equal participation of rural women in development processes, promoting increased employment and decent work opportunities in rural areas, and encouraging women's participation across all levels and sectors of the rural economy. As we move towards a feminist economic recovery that reimagines the role of Special Drawing Rights (SDRs), there are specific drivers in each of the four African countries under study that would ensure the successful implementation of gender fiscal policy initiatives. These include:

- **The Legal and Policy Frameworks of African Countries present an opportunity for successful implementation of gender fiscal policy initiatives, as well as greater efforts to mainstream gender and equity in public financial management (PFM).** The inclusion of relevant provisions in Kenya's Public Finance Management Act (PFMA) (2012), Malawi's PFMA (2014), Zambia's PFMA (2018), and Senegal's Public Finance Legislation (PFL) (2011) represent a significant step forward. These legal frameworks establish essential safeguards for integrating gender considerations throughout Ministries, Departments, and Agencies (MDAs) and local governments. The specific details within these legal frameworks are crucial. The PFMA and PFL in these four countries enforce mandatory gender and equity considerations within national budgets. This legal mandate holds great potential to ensure sustainable implementation of gender mainstreaming across all government programs. For instance, these provisions might require budget proposals to include: Gender-disaggregated data that breaks down budgetary allocations and spending by gender, allowing for a clear picture of how resources are reaching key populations, including women and girls; Gender-responsive budgeting statements that explain how the budget specifically addresses gender inequalities and promotes women's economic empowerment, and Costed action plans that outline concrete steps and associated financial resources required to achieve stated gender equality goals within budget programs. **However, the legal framework itself is not enough. To fully realize the potential of these legislative measures, robust accountability mechanisms and routine monitoring of gender and equity indicators at all levels are crucial.** This includes: Establishing clear monitoring and reporting structures to ensures data on budgetary allocations, spending patterns, and program outcomes related to gender equality is regularly collected and analysed, Mandating capacity building for MDAs and local governments on gender budgeting techniques and data analysis empowers them to effectively implement these legal requirements, and Strengthening oversight bodies, which could involve empowering parliamentary committees or civil society organizations to hold governments accountable for their progress on gender-responsive budgeting.

- **The existence of well-defined guidelines and a robust assessment framework for Gender Responsive Budgeting is crucial in driving the successful implementation and adoption of various development finance tools across different sectors.** A presence of comprehensive guidelines and assessment frameworks not only empower technical officers and policymakers to understand the principles of Gender Responsive Budgeting (GRB) and translate them into practical actions, but also provide step-by-step guidance on integrating gender considerations into all phases of the budget process, from needs assessment and budget allocation to program implementation and monitoring. Furthermore, Standardized guidelines ensure a consistent approach to GEB across all government departments. This consistency minimizes confusion and promotes best practices, leading to more effective and equitable budget allocations. Lastly, A well-designed assessment framework allows stakeholders to track the effectiveness of GEB initiatives. This framework typically includes clear indicators that measure the extent to which budgets address gender inequalities and contribute to achieving gender equality goals. These indicators could include Increased allocation of resources to programs that benefit women and girls, Improved access to services and opportunities for women and girls and Reduction in gender gaps in key areas like education, health, and economic participation.

» **Fostering inclusive policymaking and stakeholder consultations is a crucial step in creating a more equitable and effective framework for gender-targeted resource allocation.** This process should involve meaningful and participatory engagement of both women and men, as well as boys and girls; civil society, private sector, academia, media, etc. By incorporating diverse perspectives, policymakers gain a more comprehensive understanding of the challenges and opportunities related to gender equality. This allows for more informed decisions based on evidence and data, leading to policies that are more likely to be effective in addressing gender gaps. Furthermore, Consultation ensures that the different priorities and needs of women, men, and marginalized groups are explicitly considered in the policymaking process. This leads to more equitable resource allocations that address the specific challenges faced by different segments of the population.

» Over the years, **civil society organizations (CSOs) have emerged as powerful advocates for gender equality and equitable resource allocation across Africa.** These organizations, such as FEMNET in Kenya, NGOCC in Zambia, CONGAD in Senegal, and NGOGCN in Malawi, among several others are at the forefront of this movement. They have actively built partnerships with their respective governments to address equity and inclusivity in resource allocation processes. In the context of the recent Special Drawing Rights (SDR) allocation by the International Monetary Fund (IMF), CSOs in these four countries are playing a critical role. They are pressuring their governments to prioritize channeling these resources towards gender-transformative sectors, particularly in crucial areas like social protection, reproductive health, girls' education, support for the unpaid care sector, and women's village saving groups. Their advocacy aims to stimulate recovery from the COVID-19 pandemic in a way that reduces inequalities among different population groups. The work of CSOs goes beyond simply advocating for change. They are also pushing for transparency in how SDRs are used by the government. Additionally, they are actively involved in efforts to ensure central banks transfer allocated SDRs for budget support. This approach allows for the inclusion of gender equality initiatives within the national budget, further advancing progress towards a more equitable society (Ref: Abdo., 2021). This serves as a meaningful entry point for advocacy around SDRs and making development finance work for African women and girls.

Challenges in the Implementation of Gender Fiscal Policy Initiatives

Leveraging SDRs for fiscal purposes necessitates the implementation of operational gender budgeting mechanisms. However, challenges persist in translating this approach into effective gender initiatives. These have been described below.

- » Unpredictable Allocation and Lack of Monitoring hinders the successful implementation of various gender fiscal policy initiatives. First, **SDRs are allocated directly to member countries, with no guarantee that a substantial portion will be directed towards initiatives that specifically address gender inequalities.** This undermines the potential of SDRs to empower women and girls. Second, **the absence of clear monitoring mechanisms creates a situation where allocated SDRs may not be used effectively to advance gender equality.** Without transparency and accountability, the intended impact on women's inclusion and economic participation remains elusive.

- » **Insufficient Investment in Gender-Responsive Systems continue to be a challenge in most low- and middle-income countries.** While an increasing number of countries are enacting gender-focused legislation, these laws often lack sufficient budgetary backing. This translates to a lack of resources needed for successful implementation, including Revamping existing institutions to be more responsive to gender needs, Hiring and training skilled and qualified staff with expertise in gender issues, and investing in technology and systems to support gender budgeting and data collection. In addition, coordination gaps manifest in weak national-level monitoring and information sharing between governments and NGOs working on gender equity hinder progress. This lack of collaboration creates inefficiencies and duplication of efforts. (Ref: UN Women 2010, Gender Equality and Institutional Change for Development). Beyond this, local governments Local governments often lack the capacity to identify and address gender issues effectively. This translates to a gap in implementation at the grassroots level, where the impact on women's lives is most crucial. The lack of expertise also hinders the development of methodologies and indicators to collect gender-disaggregated data, which is essential for effective planning.

- » **Data Deficiencies and Quality Control Challenges prevent progressive realisation towards a feminist economic recovery.** In most African countries, including the 4 country case studies in this paper, policymakers lack the data they need to understand the differential gendered impacts of macroeconomic policies. This crucial information is essential for designing and implementing effective gender-responsive initiatives. The lack of gender-disaggregated data across various sectors leads to inadequate data for planning and hinders progress towards gender equality. Moreover, many sectors lack comprehensive gender profiles or relevant statistics, making it difficult to understand the specific challenges faced by women in those areas. Even when data exists, it may be outdated, unreliable, or not standardized across countries. This inconsistency makes it difficult to compare and analyse data effectively. In some cases, existing gender data may not be readily available or accessible, hindering its use for policy development and program evaluation.

- » **Many Sub-Saharan African (SSA) countries struggle with limited revenue and high poverty rates. This fiscal space constriction makes it challenging to prioritize gender-focused investments alongside other pressing needs.** Notably, some policymakers mistakenly prioritize addressing equity issues, which can be easier to identify and manage, over tackling the complexities of gender-specific challenges. This stems from a misunderstanding of the deeper, often structural, issues related to power dynamics between men and women. As a result, these officers may fail to allocate resources effectively to address the root causes of gender inequality.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

Special Drawing Rights (SDRs) hold immense potential to not only address systemic crises, but to also propel Africa towards achieving Sustainable Development Goals (SDG) 5 on Gender Equality and fostering equitable feminist economic recoveries. While the 2021 allocation of SDRs offered a potential resource for African countries, the reality presented several challenges. Africa received only 5.2% of the global SDR allocation, a figure that falls short of addressing the continent's vast development needs and rising debt vulnerabilities. Public debt in the case study countries (Kenya, Malawi, Zambia and Senegal) has increased, placing Kenya and Malawi at high risk of debt distress, with Zambia already heavily burdened. Debt servicing levels have risen, and post-pandemic austerity measures threaten social sector spending, potentially disproportionately impacting women and girls.

Regarding SDRs usage in all the four countries, available data shows that SDR holdings in all the countries represent a significant portion (between 10% and 100%) of their cumulative reserves suggesting utilization. Nonetheless, data on how these resources were specifically used is scarce and fragmented. Available evidence points towards a multi-pronged approach, with SDRs primarily used for general budget support, public debt repayment, and rebuilding foreign exchange reserves. In Malawi and Zambia, there are indications that some SDRs were allocated towards social spending.

Besides this, the lack of explicit earmarking for SDR utilization within national budgets necessitates a closer look at gender-responsive budgeting (GRB) practices in the case study countries. While all four have adopted some form of GRB, they still lack several key indicators of best practices. Based on these inferences, securing sustainable sources of financing is crucial for achieving inclusive budgeting and a feminist economic recovery. Collective action is essential to advocate for the reconceptualization of SDRs, better allocation and transparency in their use. Additionally, exploring alternative financing options alongside strengthening GRB practices are key to achieving a more equitable and prosperous future.

Recommendations

Currently, as is, Africa needs policies that will reduce foreign debt to promote economic justice and at the same time respecting, promoting and fulfilling all women's rights. Since SDRs are a development finance tool to shape a new economic order for Africa, promote a feminist economic recovery and can be a significant starting point for a better and more equitable global financial architecture. Given this context, we propose the following recommendations:

There is an immediate need for a fairer needs-based SDR allocation system. The present IMF quota system for SDRs is fundamentally flawed. It reinforces existing inequalities within the global financial architecture, heavily favouring wealthy and developed economies. This system systematically disadvantages African states, and particularly women and girls who bear the brunt of economic burdens. As such, African governments and civil society must advocate for substantial reforms in IMF governance to achieve a just and equitable SDR allocation system. In this case, we need a needs-based allocation that channels SDRs to the nations and people who require them most. Furthermore, a feminist approach to SDR allocation would specifically target programs that empower women and girls, and this in turn strengthens African Economies as a whole. In addition, a fairer SDR allocation system can play a crucial role in alleviating the burden of debt that many African nations face. This frees up resources for critical investments in areas like healthcare, education, and infrastructure, all of which are essential for inclusive economic growth that benefits everyone.

Strengthening Civil Society Engagement and pursuing multi-stakeholder consultations is integral in advocacy for a feminist economic recovery in Africa. Development partners, African governments and several other stakeholders should invest in training and resources for CSOs, especially women-led organizations, to understand SDR processes, inclusive budgeting practices, and gender analysis tools. Additionally, all stakeholder forums geared towards SDR allocation and utilization should have a minimum quota for women's participation. Prior to these consultations, IMF and national governments should share disaggregated data by gender on the impact of past SDR allocations, informing future strategies.

African governments should invest in strengthening their respective legal frameworks for Inclusive Budgeting and SDR Integration. While existing Public Financial Management (PFM) Acts in many countries provide a solid foundation for economic development, there's an opportunity to enhance them. This can be achieved by incorporating provisions for SDR fiscal consolidations where the legal frameworks explicitly address how SDRs are integrated into fiscal planning and spending. Furthermore, legislation should mandate dedicated budget allocations for programs that promote gender equality. The legal framework should also ensure robust oversight mechanisms that allow relevant stakeholders to monitor the implementation of inclusive budgeting and effective SDR utilisation.

African governments should pursue Sustained Domestic Revenue Mobilization. Global economic shocks can disrupt a country's ability to generate domestic revenue, jeopardizing its ability to invest in essential services and infrastructure. This is where Sustained Domestic Revenue Mobilization (DRM) becomes crucial. By implementing strategic policies and frameworks, countries can achieve sustained domestic revenue collection even amidst economic turmoil. Some of the strategies to consider include Strengthening tax administration, Broadening the tax base, while ensuring fairness and minimizing the burden on low-income earners, combating tax evasion by Implementing stricter regulations and penalties for non-compliance, Enhancing financial transparency. These efforts should be augmented by public awareness campaigns on fiscal policy issues.

There is a need to pursue Evidence based advocacy on fiscal inclusiveness for gender equality: Countries ought to design tax systems and expenditure policies that besides raising adequate revenues should not disproportionately affect poor households or women and girls. Women and young girls on the continent must also be capacitated to hold their governments accountable and demand for gender responsive budgeting. An example is the requirement that all sector budgets meet gender equality before approval by parliament. African Governments need to Enhance Transparency on public debt and utilisation of SDR: African countries should institute measures aimed at promoting transparency on how debt is acquired, allocated and utilised. This will require reforms at country level, including but not limited to legal and institutional frameworks for debt management, debt data quality, debt reporting and dissemination and oversight.

Building Emergency Funds to support Economic Recovery Efforts. African governments through relevant ministries in conjunction with non-state actors should develop disaster risk management strategies which include setting aside sufficient funds/contingency fund through the budget process for emergency cases to cushion specifically women and girls from adverse effects, putting in place an efficient disaster response mechanism to guide and coordinate response during periods of emergencies.

ADVANCING INCLUSIVE FEMINIST ECONOMIC RECOVERY IN AFRICA

A FOCUS ON SPECIAL DRAWING RIGTHS IN KENYA, ZAMBIA, MALAWI & SENEGAL

FEMNET
The African Women's Development and Communication Network

BILL & MELINDA GATES foundation