The impact of the global systemic crisis on women in Eastern and Southern Africa: responses and prospects

By Zo Randriamaro
2010 Edition
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The Association for Women’s Rights in Development (AWID) is an international, feminist, membership organization committed to achieving gender equality, sustainable development and women’s human rights. AWID’s mission is to strengthen the voice, impact and influence of women’s rights advocates, organizations and movements internationally to effectively advance the rights of women.
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The post-crisis situation in Eastern and Southern Africa

The global economic recession that followed the global financial crisis has left its mark on the economies of Eastern and Southern African countries, although they are considered to be more resilient than other sub-regions in Africa—except for the middle-income economies (such as South Africa) with greater openness to trade, which have been more affected by the collapse in export and commodity markets induced by the global financial and economic crisis (IMF, 2010). Economic growth (GDP: Gross Domestic Product) in East Africa is projected to be the highest in the African region at more than 6 percent on average in 2010/2011, up from an average of 5.5 percent in 2009 (AfDB, cited by Reuters, 17 April 2009; OECD, 2009). According to some observers, this resilience is partly due to sustained macroeconomic reforms in many countries prior to the global economic recession, and sustained aid flows, together with earlier debt relief and loans by the International Monetary Fund and the World Bank and the African Development Bank (IMF 2010; ODI 2010).

All these factors have allowed countries, such as Mozambique, Mauritius and South Africa, to adopt counter-cyclical policies that reduce or neutralize the negative social effects of economic cycles by cooling down the economy when it is on the upswing, and stimulating it when it is in the downturn, helping cushion the impact of the crisis, as further discussed in this document.

Nevertheless, it is important to note that the indicators used to demonstrate recovery are macroeconomic aggregates that tend to conceal the uneven recovery across countries and sectors in the sub-region. For instance in East Africa, the Kenyan economy is expected to grow by 3.6 percent in 2010, against 9.7 percent for Ethiopia. The latter’s high growth rate is mainly driven by strong services exports and increasing official development assistance, whereas Kenya’s main export markets have been affected by the adverse effects of the global economic downturn and the negative impacts of erratic and shorter rainfall on the agriculture and power sectors. The 2008 post-

Footnotes
election violence has also undermined investor confidence in the economy. With regard to sectoral recovery, sectors such as mining and manufacturing were particularly affected by declining commodity prices and global trade in goods and services, while non-tourism services and agriculture, benefiting from favourable weather in many countries, were more resilient and contributed in mitigating the effects of the economic downturn. Moreover, these aggregate growth rates do not reflect the impact of the global crisis on real economies, even less so at the micro level of communities and households. The economic growth rate does not outpace the population growth rate in many countries, which means that the GDP per capita has declined in most countries, while the number of people living in poverty is increasing. Most importantly, macroeconomic indicators used to monitor recovery do not provide insights into current real life processes that affect peoples’ well-being and have enduring consequences for future generations.

The current economic situation in East Africa should be analysed against the backdrop of the lasting effects of the food crisis that still confronts several countries. Despite the slump in fuel and food prices on the world market, global food prices have remained higher than they have been in a decade, nearly double historical levels (IMF, 2009; Reuters, August 7, 2009). Moreover, lower global prices have not entirely impacted on the domestic markets because of factors such as poor transportation infrastructure and landlocked markets. In Kenya, for example, the price of staple food (maize) increased by 49 percent between January 2008 and January 2009 (IDS, 2009), putting considerable pressure on the purchasing power of many families already made vulnerable by the loss of jobs and remittances due to economic recession. The turmoil in global food markets is compounded by the political crisis and uncertainty at the national level.

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Political and institutional impact of the global systemic crisis

The fallout from the global systemic crisis was expected to bring about political instability in Africa, especially among the so-called “fragile” states and countries in conflict and post-conflict situations where the institutions are weak and international support is uncertain. While there has not been widespread political protests that have led to major institutional changes in political governance, the crisis has exacerbated pre-existing sources of political instability in some Eastern and Southern African countries, including growing income inequality in most countries; continuing conflicts (such as in Somalia and Uganda), and xenophobia (as happened in South Africa).

In Madagascar, the on-going political crisis is not a direct result of the global systemic crisis. It has been fuelled to a large extent by the loss of confidence in the ability of the government to ensure decent standards of living for the majority of the population, including the thousands of workers in the Export Processing Zones who have lost their jobs because of the global economic downturn. The political crisis has been complicated by the tendency...
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The global economic crisis has been paralleled by the growth of the illicit economy, involving not only pirates and dealers in drugs and weaponry, but also corrupt politicians. A considerable increase in illicit capital outflows has been documented in the Africa region as a whole. The total amount of such illicit capital outflows has been estimated at $854 billion between 1970 and 2008 (Kar, D. and Devon Cartwright-Smith, D., 2010).

The aftermath of the global systemic crisis has witnessed increasing militarization of responses against social unrest, as happened in Mozambique with the repression of recent riots against the 30 percent hike in the price of bread, and the double-digit increases in energy and transport prices (Patel R., 2010). In addition to the infringement on the right to freedom of expression and the violent repression of social protest, high levels of violence against women in the private sphere has risen in Mozambique and in other countries where food riots erupted in 2008. This is now a major concern facing most African countries. In many instances, the economic downturn triggered a familiar situation where women losing financial independence are more likely to face domestic violence or be pushed into sexual exploitation or trafficking.

Linked to this is the inability of most East African countries to generate decent employment – especially for young women – in the face of the economic downturn. As underlined by the latest ILO report on “Global Trends of Youth Employment,” since the start of the crisis, young women’s chances of employment in developing countries have been significantly reduced compared to their male counterparts. The ILO report draws attention to the paradox which characterizes youth employment in most African countries:

“...it was only in Sub-Saharan Africa that the number of youth who engaged in work increased by a noteworthy 33.3 per cent between 1998 and 2008. Unfortunately, this does not represent a positive development for the region and serves as a reminder that a trend of increasing employment for young people is not necessarily a good thing... (...) increasing youth employment and employment-to-population ratios are not positive indicators when they mean that more young people face an economic need to work for income in an environment marked by widespread poverty and a lack of social protection ... (…) The combination of comparatively high employment-to-population ratios and low unemployment rates is a strong sign of widespread low-productivity, poverty-driven employment. Add to this the regional majority share of employment in the agriculture sector (59.3 per cent in 2008 for the population aged 15 years and above), in vulnerable employment (77.3 per cent in 2008 for the population aged 15 years and above) and in working poverty (81.6 per cent of workers above the age of 15 years living in households with per-capita expenditure of less than US$2 a day in 2008) and the dire reality of decent work deficits for the region become all too obvious” (ILO, 2010:14).

Combined with the well-known concentration of women among the working poor in the Africa region, these statistics show the double disadvantage facing young women as a result of the global systemic crisis, which has exacerbated pre-existing gender inequalities in terms of employment and undermined their right to work.

The global economic downturn has entailed significant shifts in terms of trade and development cooperation. In particular, it has affirmed the key role of China both as a global economic powerhouse and an alternative to traditional donors such as the OECD countries for development assistance to Africa. Chinese foreign direct investment to Africa increased by 80% between 2008 and 2009 (ODI, 2010); China is also becoming a key donor in Sudan and Kenya. During the China-Africa summit in November 2009, China doubled its previous commitment to new low-cost loans to Africa to $10 billion over the next three years (ODI, 2010). In general, African trade with emerging markets of the BRICS (Brazil, Russia, India, China) did not fall as much as trade with developed countries, compensating significantly for the trade deficit resulting from the decline in demand from the developed countries.

While specific data on the impact of the global crisis on intraregional relations and regional integration processes is not available, the literature shows the crisis has renewed interest in regional integration as the best protection against externally-generated crises: “The global financial and economic crisis offers an opportunity for African countries to rethink the development models they have chosen and examine options for other sources of growth than exports and FDI. In particular, they need to reduce their reliance on European and US markets by developing regional and domestic markets (AfDB, 2010).” There is also an increased interest in the informal trade sector – where women are concentrated and which is predominant across the continent – and an explicit recognition of supporting the central role of women in the sector and in regional integration processes. This explicit recognition from major regional institutions, expressed in the flagship report on regional integration, is a cause for hope in integrating gender equality and women’s rights concerns into the regional integration agenda.
Women in the Eastern and Southern Africa regions have been directly affected by the global systemic crisis in several ways, depending on their location in the different social groups and economic sectors. The previous brief on the impact of the global systemic crisis on women underscored the importance of recognizing and addressing the interconnections between the global crises. In particular, it is of utmost importance to recognize the interactions between the factors related to the financial, food, climate and energy crises that seem to be separate and unrelated, and how such interactions influence the consequences of the multiple crises on women’s lives. As an example, the in-depth analysis of all the factors involved in the global food crisis points to such interactions between unexpected weather events in food-exporting countries; financial speculation; and energy and food price hikes (DAWN, 2010; Patel, R., 2010). This brief argues that the same approach also applies to their impacts on women, and focuses on three of these inter-linked impacts related to women employment, coping strategies, and food security.

Direct impact of the crisis on women: some examples

MOZAMBIQUE: Government repatriates Zimbabwe sex workers

A narrow hallway leads to a make-shift wooden counter where a shelf displays a few empty beer cans and soft drink bottles; a side door opens to a corridor with a series of bedrooms, almost all of them occupied. This is the 25 de Setembro Social Centre, one of the largest brothels in Chimoio, capital of Mozambique’s central province of Manica. The establishment has six in-house sex workers, who see an average of 30 clients a day. "There are only three rooms left. One of them costs 300 meticals [US$12] and the other two cost 100 meticals [$4]," said Jochua*, 47, who acts as both guard and pimp. This is where you sometimes find Trish Mwamutara, 32. Although she is not one of the resident prostitutes, a friend lets her bring her clients to the Centre. Mwamutara left a career as an administrative assistant at a rope factory in Zimbabwe. "I came to Mozambique to sell sheets, but my friends convinced me to become a prostitute, because it’s a very profitable business and can help you get through the financial crisis, so I accepted," she said. Many Zimbabwean women, like Mwamutara, cross the border to Mozambique to escape the economic crisis and food shortages in their home country, but a growing number of them end up having commercial sex to survive. Marília Pugas, head doctor at the Manica Provincial Health Department, said the number of sex workers coming from Zimbabwe had increased in the past few years. The women are highly vulnerable to HIV, mainly due to the difference in price between sex with a condom ($3) and unprotected sex ($10).

Operation Broom

Under the pretext of defending the health system, the Mozambican police have been conducting “Operation Broom” since 2008, in which the brothels and barycas – places where sex workers live and sell alcohol to their clients – are being dismantled and the Zimbabwean sex workers deported. Five sweeps were carried out in Manica in 2008, leading to the repatriation of more than 400 Zimbabwean sex workers, most of them with expired Mozambican entry visas. The Mozambican sex workers in the establishments had two options: if they were over 18, they were detained for a week; if they were minors, they were handed over to their families. Not even the foreigners who were in Mozambique legally were able to escape deportation.

"There is a flagrant violation of human rights in the form of discrimination in these operations," said Isidro Rackson of the Human Rights League. "The reason these women are being deported violates foreigners’ right to free circulation and living in Mozambique." Pedro Jemusse, of the public relations department at the provincial police headquarters in Manica, maintained however, that Operation Broom would take place "whenever it is necessary." Adapted from IRIN PlusNews, 14 September 2010.
Because trade has been a major transmission channel of the global economic downturn to African economies, many women workers in the export processing zones of several Eastern and Southern African countries have lost their jobs due to the contraction of export markets. In Madagascar, one of the factories laid off 2,000 workers, like many other factories producing for exports. Most of the workers were women, who constitute more than 70 per cent of the labour force in the export processing zones. Instead of the support that it had promised to the retrenched workers, the transitional government instructed the armed forces to throw teargas at the workers who came to the factory to get their severance pay denied by the company, on the grounds that they were not technically entitled to such benefit (Midi Madagasikara, 21 April 2010). For most women among these workers, the absence of social protection mechanisms marked the start of a spiraling descent into poverty and destitution – from unemployment to homelessness. As expressed by one of them, a mother of four children: “Now, I do not know what to do: if the factory does not pay me today, I will not be able to pay my rent and the landlord will kick me out of the house.”

Related to the issue of unemployment is the reported increase in sex work as a coping strategy, with serious ramifications for human rights.

Underlying all the direct impacts of the global systemic crisis on women is the unresolved food crisis, which is by no means over for the millions of people going hungry in the Eastern and Southern Africa regions, especially for women who manage food security in the households. In Mozambique where the recent food riots took place, half of the country’s poor already suffer from acute malnutrition, according to the FAO. As the Coordinator of the National Peasants Union of Mozambique pointed out, “these protests are going to end … but they will always come back. This is the gift that the development model we are following has to offer” (cited by Patel R., 2010).

This is true not only for Mozambique, but also for all the net-food importing countries in Eastern and Southern Africa and beyond, including Mauritius where a fiscal stimulus plan has been implemented to address the impacts of the global crisis. While it is worth noting that the United Nations Special Rapporteur on the Right to Food, Olivier De Schutter, warned that “the riots in Mozambique should be a wake-up call for governments that have ignored food security problems since the global food crisis of 2008” (Democracy Now, 2010), governments should also be aware that the issue of access to food cannot be addressed in isolation from the broader issues of poverty in the face of higher costs of living and global warming as demonstrated in the testimony below.

Rodrigues Island, Mauritius: Soaring food and fuel prices eat into poor people’s livelihoods

The fish stock in the spectacular lagoon of the island of Rodrigues is becoming depleted. As a result, octopus fishers like Lima Casmir need to find alternative sources of income. “I know that fishing alone cannot give me enough money,” says Casmir. “I could not satisfy my family’s needs because there are not enough fish in the lagoon. Now I work in agriculture.”

High prices for food and fuel

The main market on the island of Rodrigues is located at Port Mathurin. “Whenever I have enough products, I rent a stall at the market,” says Casmir. “The market is quite far from where I live. I have to get up at 3 a.m. to be ready to be picked up by the lorry at 4 a.m. I stay at the market until noon, which is the closing time, and I take the bus back home.” Six months ago, Casmir used to pay 40 Rps for a round trip bus ticket. Now that rising fuel prices have also hit the remote island of Rodrigues, the ticket costs double, and she has to pay 80 Rps for the same trip.

Last week, Casmir awoke in the middle of the night, packed 10 kilograms of tomatoes, 30 heads of lettuce and 2.5 kilograms of fresh octopus in baskets and set off to the market. She sold her tomatoes for 200 Rps, her lettuce for 150 Rps and the fresh octopus for 450 Rps. That day Casmir took in 800 Rps.

“I had two baskets. The lorry man charged me 40 Rps per basket. So I paid 160 Rps for my transportation each way and 30 Rps for the stall rental,” says Casmir. On the way back home I bought 1 kilogram of powdered milk for 150 Rps and 500 grams of dried meat for 120 Rps. In the end, after expenses, I was left with 180 Rps. Everything is more expensive now. Before I could afford to buy two baguettes of bread for 6 Rps. Now I can afford to buy only one, for 5 Rps,” says Casmir. “This means the children have less bread to eat. Soaring food and fuel prices have had a negative impact on Casmir’s livelihoods. Her purchasing power has decreased dramatically, and at this point in time she cannot raise the prices of her products to compensate for higher food prices because of the fierce competition. As a result, her family has less food on the table and is eating less.
The increase in fuel prices has forced Casmir to sell directly from her house. "I cannot afford to pay so much to the lorry man, so now I tell people to come to the house to buy vegetables," says Casmir. "This means I do not get to see the other women as often as I would like to, and I feel left out." Adapted from IFAD, 2010.

In March 2009, the Government of Mozambique established an inter-ministerial Group for the Monitoring of the International Situation (GASI) in order to inform policy decisions. The GASI is composed of the Ministries of Agriculture, Planning and Development, Industry and Commerce and Labour, as well as the Bank of Mozambique under the coordination of the Ministry of Finance. It does not include the national machinery for women, nor any civil society and women’s organizations.

At the macroeconomic level, monetary and fiscal policies have been relaxed in order to prevent the reduction of government revenues and make more resources available to both the government and private sector. The Central Bank has also reduced its interest rates and loosened its exchange rate policy. These measures have allowed for increased spending, notably for the implementation of a new civil service pay scale, along with a fuel subsidy to prevent an increase in domestic fuel prices when international prices were rising. The government also cut expenditures in non-priority areas, except for the Office of the President and the Defence and Security sectors where expenditures increased.

While these expansionary measures are in line with the required counter-cyclical policies, it is not clear to which extent the increase in government’s spending has benefited those sectors that are the most important to women and poor people, such as health, education and water. It is also not clear how the policy choice of increasing the salaries in the civil service can significantly address the impact of the crisis. From a gender perspective, this increase will benefit mainly a small number of women employed in the civil service. With regard to the fuel subsidy, it has certainly contributed to curbing the rise in the costs of transport and consumer goods, but the recent riots suggest that this was not enough for an effective protection of people’s basic rights, including the right to food.

On the social policy front, these macroeconomic measures were aimed at ensuring the continued implementation of the Action Plan for the Reduction of Absolute Poverty. Social interventions focused on employment, with 3,231 new jobs in sugar companies in 2009 and additional jobs created in out-grower cane sugar production fields and sugar cane transport service providers. The government also negotiated with some companies to limit the number of layoffs. The impact of such interventions on women is likely to be minimal, if the cane sugar industry is male-dominated. Moreover, it is not clear to which extent the anti-poverty plan, which was developed before the crisis, can effectively address all the gender-differentiated vulnerabilities entailed by this crisis.

With respect to aid flows, both bilateral and multilateral donors substantially increased their support in 2009, with more than $300 million from the IMF and
$110 million from the World Bank. However, for 2010, donors have announced a reduction of their budget support to 45 percent, down from 52 percent in 2009. It should be noted that this still represents about 6.9 percent of the country’s GDP, compared to an average of 0.7 percent for Sub-Saharan Africa. This also implies that a considerable part of the resources for programs and interventions targeted at women’s rights and gender equality is likely to be dependent on donor funding.

**Potential future impact on women in Eastern and Southern Africa**

The unexpected resilience of African countries in the face of the global systemic crisis has been hailed by many, including World Bank President, Robert Zoellick who underscored their “potential to be another source of growth for the world economy”\(^9\). The prospects for sustained economic growth are certainly positive for women in Eastern and Southern Africa, given the past experience with the dire consequences of negative or low growth rates on women’s work in the productive and reproductive spheres. Nevertheless, it is major cause for concern that the global systemic crisis does not seem to have led to significant changes in the macroeconomic frameworks that prevail across the Africa region, which have proven to be harmful for women’s rights and gender equality.

Despite the Declaration of Freetown of August 2009, in which African ministers of finance boldly committed “to implement fiscal stimulus measures where appropriate to weather the impact of the global economic downturn,” and to use monetary policy to support this fiscal policy, thereby shifting from the prevailing macroeconomic orthodoxy, they also stated that they “remain prepared to exit from the countercyclical fiscal stimulus policies as soon as the macroeconomic conditions permit (CAG 2009).” Thus, it is clear that the adoption of the kind of alternative policies that women’s rights activists have demanded for more than a decade, was just a temporary retreat from the standard neoliberal macroeconomic framework. Moreover, there is a widespread view that the resilience of African countries is mainly due to their adherence to “sound” (i.e. neoliberal) macroeconomic management and reforms.

The expected return to “business-as-usual” policies that prioritize short-term stability of fiscal and monetary indicators over longer-term and significant transformation of African economies also signifies the absence of a critical analysis of the nature and distribution of growth. From a gender perspective, the human development indicators in the Eastern and Southern African regions clearly demonstrate that the large majority of women have not benefited from it, and that it has been achieved at the cost of a mounting crisis in human security.

This human security crisis is closely inter-linked with the employment crisis that affects all African countries, from the top economic performers – in terms of growth -- to the poorest performers. This is yet another reminder that the current sources of growth – relying mainly on primary commodity exports – do not only deplete natural resources, but they have also not created decent employment and have brought about an immiserizing growth for many, especially for women.

Therefore, the potential impact on women in the context of the economic recovery, hinges on the policy space and commitment of African governments to address the structural weaknesses of their economies, which existed even before the global systemic crisis and hindered the potential of growth to create more equitable societies. Most importantly, the impact will also depend on the governments’ political will to decisively address the structural gender inequalities that continue to exclude too many women from the benefits of growth.
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New from AWID is this 2010 edition of the brief series: Impacts of the Crisis on Women’s Rights: Sub regional perspectives. We are excited to present an update, by region, to the exceptional research conducted in 2009 on the impact of the global financial crisis on women’s rights. This update provides relevant new data, testimonies, and voices from women activists on the ground. Each case presents an opportunity to unpack the in-depth challenges faced by different women in diverse contexts while examining possible policy solutions from a feminist perspective. This work takes us on a journey to help us think beyond the financial crisis and its implications, and start reflecting about the new world being created. At AWID we believe these studies contribute to building and supporting women’s movements.

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This publication is part of AWID’s initiative: Influencing Development Actors and Practices for Women’s Rights (IDeA) that seeks to contribute to advancing feminist understandings of the relationship between development and women’s rights issues with a particular focus on the aid effectiveness agenda and the Financing for Development process at the UN.