



**Transcript of IMF podcast:**

## **A Sustainable Future: Ratna Sahay on Mainstreaming Gender**

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Jason Mitchell:

What do you see as the IMF contribution and legacy to closing gender gaps? What can the fund bring to the table that others can't?

Ratna Sahay:

The IMF actually is going to be filling a gap that currently exists at the global level in terms of applying a gender lens to macroeconomic and financial policy making.

Bruce Edwards:

Welcome to the IMF Podcast. But today we're playing you another podcast... it's called "A Sustainable Future" and hosted by Jason Mitchell, Head of Responsible Investment Research at Man Group. In this episode he speaks with IMF Senior Advisor on Gender, Dr. Ratna Sahay, about the institution's first strategy toward mainstreaming gender into its core work. Dr Sahay has had a long and distinguished career at the Fund and has held senior positions in several departments, but she's also been a bit of a gender equality pioneer over the years- helping to break down some of the barriers within her own institution.

Ratna Sahay:

The desire to work on gender begins with my childhood memories. I grew up in Bihar in India where the role of women was quite rigidly defined by social and cultural norms. In fact, all my married female relatives spent most of their time cooking and taking care of the children and the elderly. But as children, my sister and I, and it was the same for my other male cousins or female cousins, we were fortunate in that we attended the best possible schools and colleges and were always encouraged to excel academically. With this top-notch education, the boys were being prepared to find great jobs, and the girls to make good homemakers. That did not make sense to me. I thought, "What a waste of talent." Not just ours, as girls and women, but for our country that was struggling to succeed

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economically. This thought has stayed with me and applies to all countries where female labor force participation is low.

Let me fast forward to my job at the IMF. In the late 1990s, when I was leading my first team to a country, very excited, because it was the Fund's first mission in that the head of the mission was a woman. So were all the team members. But a few days before my travel, I was informed that the Prime Minister of that country had called our management to say that he could not accept a mission which was all women. The head was not even a man or white. This was quite blatant. Our senior management was extremely supportive even then. They gave me the choice to not go on the mission and told me it would certainly not hurt my career. I went home, thought a lot, knowing that they didn't want me, and it was my first mission that I was leading, but I decided to take a chance. I said, "I would go."

Then our senior management told the Prime Minister that they had full confidence in our team and that if they did not accept us, no mission, no IMF mission would be sent to this country, in this particular year. Reluctantly, the authorities accepted. There's a good part of the story, the same Prime Minister, who did not want a mission led by a non-white woman, told IMF management six months later that he had been around in the country for a long time, and that it was the best IMF mission in 20 years. I'm sure that was an exaggeration. The bottom line is that it really did work out and the lesson was to take risks. I also have to add that the IMF has come a really a long way since then. In fact, three of our five top management, including our manage director, are women.

Jason Mitchell:

I love that early story. You could call it the first IMF gender flex. You talked about this in your upbringing, in terms of education. Gender inequalities tend to be often reflected in access to education, which we just spoke about. As well as health and financing. Where do you see, in your experience, the IMF playing the greatest role in all of that? Is it about introducing gender into the public policy domain and pushing towards greater women's economic rights, particularly in vulnerable instances?

Ratna Sahay:

As you might be aware, we recently prepared a strategy. The Gender Mainstreaming Strategy. Where we defined the IMF's role quite clearly. This is to fill a gap that exists at a global level that is indeed in our area of expertise. What is that? It is to focus on the impact of macroeconomic and financial shocks and policies on gender gaps. And how we can help countries design good policies to reduce these gaps, while at the same time, also fostering economic growth and resilience for everybody in society. The fund is also well placed to raise the profile of gender disparities with its direct counterparts in countries. Our direct counterparts are ministers of finance, central bank governors. As you well know, they are really influential as they make and implement national macroeconomic and financial policies. But it is still a

challenge. As you may guess, the proportion of women in ministerial level position around the world on average is only about 23%.

Jason Mitchell:

What would you say are the IMF's vision within that strategy? What are the key elements of it? Can you walk us through the four pillars? Pull back the curtains a little bit and talk about that discussion at the board level around the formulation of the strategy?

Ratna Sahay:

Let me start out by telling you that our vision actually is quite ambitious. For the listeners, very briefly, the IMF performs three main activities to support our 190 member countries. The first is macroeconomic and what we call macro financial surveys of the world and individual countries, which includes providing policy advice. Second, we lend to member countries when they request financial help. Third, we also help members develop capacity in our areas of expertise to support both surveillance and lending activities. Our vision in that context is to embed gender or to apply a gender lens in all of these three main activities. That's our vision, but then what is our strategy? Our strategy has four main pillars.

The first is we really need to strengthen our analytical tools to empower our staff, our country teams, to conduct rigorous analysis. Why do we need to do that? It's because no policy can be well designed without a good understanding of the problems at hand, and how policies affect outcomes. The second is we need an internal governance framework. That is, systems and processes and a supportive structure to ensure that we make steady progress in our vision. We also need to remain within our mandate, and it's important for us to establish a systematic criteria to engage with our member countries. What does that mean? It means that we should prioritize those countries that have the largest gender gaps and that have the most impact in macroeconomic outcomes. For example, raising economic growth.

Third, we should strengthen our collaboration with external partners, such as the World Bank and the UN Women to benefit from knowledge sharing and peer learning, because they do have a head start compared to us. And collectively make a larger impact. Finally, our resources dedicated to gender are quite limited. We need to use them well. We are centralizing part of our resources in a work unit to so that everybody benefits from scale economies both in analytical work, but also to serve as a focal point for external collaboration.

On the second part of your question, you said you asked what were the key issues that board members raised? I should tell you that before we presented a final strategy, we did go to the board in an informal setting to get their early feedback. Of the four pillars that I just outlined, there were two that they felt really strongly about. One was that we really should be sticking to our mandate. That is related to macroeconomic and financial related issues. The second one was they were really keen that we work

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closely with our external partners, multilateral and bilateral. We incorporated in a much stronger way, their feedback and comments.

Jason Mitchell:

Want to pause for a second. Maybe do a little bit of level setting... With the introduction and launch of the IMF gender strategy, why is it so urgent now? To what degree of exogenous factors like COVID 19, the pandemic, the war in Ukraine, the rising insecurity and macro factors like the current inflationary impacts, how they impacted. How does this increase the urgency of the work that you're doing right now? What's at stake for gender, from a post-pandemic perspective?

Ratna Sahay:

That's an excellent question, Jason. We did some internal reflection during the pandemic, and the data that was coming out indicated then, and now, that the ongoing pandemic had impacted women much more than men. Now the fallout of the war in Ukraine, which as you rightly pointed out has resulted in higher food and energy prices and is further aggravating the situation. To give you some numbers, I mean globally, about 64 million women lost their jobs during the pandemic. This was twice as much as men. And they were disproportionately represented in the hardest hit sectors. They are more frequently employed in informal, temporary, and part-time jobs. The types of jobs employers tend to cut first in a downturn. These jobs also come with lower pay and no social protection. Shockingly, nearly one in two women reported that they or a woman they knew experienced domestic violence during the pandemic.

But stepping back, let me say that women in general are particularly vulnerable to physical, economic, and food insecurity due to crises such as conflicts and pandemics that they're going through. These setbacks as well as longer term trends, which we should not forget, like climate change, and recurring conflicts across the globe, are compounding the already large gender disparities. For example, of those displaced by climate change globally, nearly 80% are women. This is a staggering number that should worry all of us. Moreover women actually dominate world's food production, anywhere between 50 to 80% is produced by women. But they only own 10% of the land. These are really large inequities. Finally, you may have seen the World Economic Forum's 2021 Report, which estimates that it is now going to take more than 130 years at current policies to close gender gaps worldwide. This is up from about a hundred years before the pandemic. Indeed attention to gender has never been more urgent than now.

Jason Mitchell:

It seems so. The public tends to traditionally think of the IMF focused predominately on fiscal and monetary policy, not necessarily gender. How do you think gender fits into the IMF's mandate to preserve macroeconomic and financial stability? As we just talked about, it seems like improving gender equality could have powerful growth multiplier effects from an economic perspective.

Ratna Sahay:

It is true Jason that the fund is not an institution with a dedicated focus on gender. I don't believe it ever will be. At least not until I'm alive. But because gender disparities harm countries economic and financial performance, these outcomes become relevant for the IMF's mandate. In the economist jargon, what we call is macro-criticality of gender disparities. Meaning gender disparities are macro-critical because closing gender gaps raises economic growth, builds economic and financial resilience, and reduces inequality. Think for a moment in concrete terms what we are saying, Jason. We are saying unleash women's potential by removing barriers for women to participate more fully in economies. Why? Because this is going to go a long way to solve the threat of inflation and recession that the world is facing simultaneously. In fact, for us macroeconomists, this is really a win-win.

One of our studies shows for example, that a female labor force participation rates were the same as men, GDP in the world would rise by some 35%. This is another staggering number. This means that as economies grow, finance ministers are going to face fewer challenges because government revenues are going to rise, the pressure to increase social spending falls, and servicing public debt also becomes more manageable. The central banks face less of a dilemma in tightening monetary policy to control inflation if the risk of recession is lower. In other words, reducing gender gaps is very closely linked with the IMF's mandate to promote growth and stability.

Jason Mitchell:

How is the IMF integrating gender issues into its core work around obviously surveillance, lending, and capacity development? On surveillance for example. The gender strategy notes that a pilot program from 2015 to 2019, which I found quite interesting, covering nearly 40 countries, already made progress on operationalizing gender. Interesting that there's already a data set of confirmation around gender that exists before this. How did that inform the current strategy report? What did that mean for capacity development on gender budgeting?

Ratna Sahay:

You're absolutely right, Jason. There was a pilot initiative from 2015 to 2019, which began to operationalize gender in IMF work. We did make substantial progress during that initiative. We covered gender issues as you mentioned in 40 countries. We also conducted cross-country research on gender and macroeconomics and finance, including the ones that I co-authored. Then we conducted over 25 workshops on gender budgeting for about 120 countries. This was in collaboration with the UN Women. We began to collect gender disaggregated, financial sector data as part of our financial access survey. So our new strategy builds on past successes. How? It's mainly by strengthening our analytical work and collaboration with external partners. But it was also important to streamline our internal processes and

ensure that we focus on countries where gaps are large and macro critical with the ultimate goal of providing granular advice to member countries, which is tailored to their circumstance.

We really had to take stock, because at the same time that we had started up our pilot initiative, the world got hit by the pandemic. Many of our ongoing work we had to put aside, including some of the new work that our staff were doing on gender, because the fund's main job is to help countries with the immediate crisis they are facing. Now what we are doing is to build in enough buffers so that even if our work on specific topic slows down during a crisis, it does not stop. That's a very important component of our new strategy.

Jason Mitchell:

That's fascinating. From a lending perspective, in what ways can gender play a role in IMF program design and particularly conditionality. Conditionality, at least for me doing a Masters in International Political Economy and International Relations, was that fascinating instrument in the IMF toolkit to force through economic work forms in structural adjustment programs. How do you introduce gender into programs like that, given there's so much supporting economic evidence around that? Again, can you pull back the curtains once more and elaborate on the director discussion around this topic?

Ratna Sahay:

Per our mandate, fund programs can include some measures on narrowing gender disparity, if they are critical to the success of the overall program. For example, if higher spending on education and health on girls lead to better economic outcomes for the country, they would be good measures to include in the program. With regard to the board, the only issue that came up really related to the authorities' legitimate concern about overloading both the authorities and country teams with additional conditionality. And stretching ours and their resources to pay. But this is totally manageable, Jason. As we and other development partners like the World Bank and regional institutions are as well as several bilateral donors are ready to provide capacity development assistance to country authorities to help them.

Second, with regard to our own staff, our strategy implementation is actually designed to be gradual and measured to ensure that our staff have sufficient time to integrate gender in their work. This includes in program countries. Moreover the new central unit on gender that has now been created is also available to help our country teams and through them, the country authorities. You talked interestingly about your experience when you were doing your masters, and how fund conditionality was not particularly viewed positively. We really have come a very long way since then. Country ownership of IMF programs and conditionality is absolutely key for us. If we don't get a sense of that, we simply don't go ahead with that program. We now have embedded a very important component that the authorities need to own their own programs. Which makes sense.

Jason Mitchell:

Can you point to early examples even now, even on a pilot basis, where elements of gender... As you said, education or components of health have been mandated as part of that program for some countries?

Ratna Sahay:

Of these 40 countries, there are only about five or six countries where we had some component of gender. In most of those programs, it was like a starting point that the country's authorities should design a national strategy on gender and we would help them through with that. It was what we call a structural benchmark. That was the most prominent one. The issue was looking forward, which components of that national strategy would the authorities and the country teams working together would like to see progress on. But of course there were others in which gender budgeting was specifically one of the benchmarks. The way we did approach, and we would like to approach this issue, is to make sure that the authorities are fully on board. Then, because there are so many areas with gender gaps that we would focus on those with there were low hanging fruits, let's say. Where the benefits to the economies were the greatest and where they also have the capacity to implement those.

Jason Mitchell:

Can you talk a little bit about what success means in this area? How do you measure it? I assume it has to do with the gender related structural benchmarks.

Ratna Sahay:

A success to us is a much broader concept that goes beyond just the fund programs. Success for us has several milestones. To start out with, if you're having a dialogue with the authority, the first step is for both sides to recognize that there is a problem. If that takes a little bit of a time and convincing, I think we should spend the time through rigorous analysis and also by showing evidence. To be honest, very often in my own experience, it's not that the authorities are against a particular measure that relates to gender, it's about being convinced that these measures are going to help society as a whole. Once there is an agreement or an understanding on both sides that this particular measure is a really important one that not just benefits women, but also the country, then it's very important to design those specific measures in a way that is smart. Which can be implementable and measurable.

There could be timelines set around that because sometimes you have to go to the parliament and that can take time. Especially when it comes to changing laws. Then finally, of course, and this will take time. You also want to see not just the measures that the authorities have taken, but what has been the outcome and impact in the country. It could take several years to come to the final and the most important one, which is what actually happened on the ground. It's very important to go through all

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these three steps and we all have to have patience, but to me, the most important thing is that we need to keep making steady progress and not get discouraged, even if it's taking a little bit of time.

Jason Mitchell:

What do you see as the IMF contribution and legacy to closing gender gaps? It seems like so many other institutions are already heavily invested in gender areas and issues. What can the fund bring to the table that others can't? To what degree do you see the IMF also collaborating with some of these other stakeholders?

Ratna Sahay:

Great question, Jason. As I mentioned earlier, the IMF actually is going to be filling a gap that currently exists at the global level in terms of applying gender ends to macroeconomic and financial policy making. This is very much the IMF's preserve, if you compare us with other international financial institutions. This would complement the substantial body of work at both the micro and the sectoral level that's being done by other multilateral and regional institutions. This is why deepening collaboration with them is such an important aspect of our strategy. Because we're going to learn so much from them. Also when we collaborate with them, it provides an opportunity to collectively advocate for policies and reforms to reduce gender disparities, while at the same time, of course, staying within our own institutional mandates.

Jason Mitchell:

Let's talk about data since the first pillar of that strategy of the gender strategy emphasizes access to relevant data and modeling tools for policy analysis. Do the IMF policy makers and advocates have, in your opinion, the information they need to think about, to formulate the kinds of economic policies you're talking about? And if not, what should be done? And what's the fund, what's the IMF doing about that, in providing those data sets?

Ratna Sahay:

This is a really important topic, Jason. Collecting and sharing gender disaggregate data is absolutely critical for effective policy making. Unfortunately there are large gaps in gender disaggregated data. To give you an example, more than 30% of the data points that are relevant for macroeconomics in over 190 countries who are members are missing actually. This is a shout-out to all stakeholders, including country authorities and others who are helping them to collect and disseminate gender disaggregated data. With regard to the IMF's contribution, as part of our financial access survey, which was established in 2009, we also started collecting gender disaggregated data since 2017. It's pretty recent. But what is unique about our survey is that such data are requested on an annual basis from all our member countries. They relate to access to financial services, they cover both commercial banks, microfinance

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institutions. And the number of countries reporting gendered as aggregated data... Initially, we were very disappointed because there were only like 35 in 2018, but we have more than doubled that.

Jason Mitchell:

How do you see financial inclusion closing the gender gap? I know that from your own research you've got some fantastic papers out there. "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?" Another one, "Financial inclusion and inequality: a cross-country analysis," as well as "Women in Fintech: As Leaders and Users." That's a paper by the Bank for International Settlements. It seems like there's a lot of work addressing gender at the intersection of financial inclusion. What does your research reveal about the potential for women in Fintech? How can we begin to close that financial and digital literacy gap?

Ratna Sahay:

You're right, Jason, my own research has very much been concentrated in this area. It spans three distinct but related topics. They are financial inclusion, gender, and Fintech. There are a few key findings I'd like to highlight. First, higher access to financial services to the underserved, better men or women, they increase economic growth. But second, the benefits are even higher when it includes women. Especially when it comes to reducing income inequality. Third, in many regions actually Fintech is helping narrow gender gaps. But there are still many significant barriers. Fourth, greater gender disparity in the executive board of Fintech firms. This is the latest research that I've done with my co-authors.

That research shows that if you have greater gender diversity in the board, it is associated with better financial performance. Given the benefits to the larger society of greater inclusion of women, both as users, but also as leaders, investing primarily in digital and financial literacy of women should be a priority. There's also evidence that providing equal access to digital infrastructure, by that I mean mobile phones, high speed internet, digital ID, is also going to be crucial. Another aspect is collateral. Collateral is so important when you borrow from banks. Here our policy makers should promote alternate sources of collateral and new ways of building credit histories. Because these are the major barriers for women. As I mentioned earlier, they hardly own much assets against which collateral is given.

Jason Mitchell:

This has been a fascinating conversation Ratna. Any closing thoughts on this? It's clearly important, you've got a lot of research out there. It's fascinating that the IMF is finally stepping into this with, as we've talked about a pretty powerful toolkit.

Ratna Sahay:

Thank you, Jason. One issue that did not come up and I did want to bring up, which is of concern in many countries, is the authorities and the people are worried about how promoting the closing of gender gaps are going to interact with the cultural, social, and religious norms that may matter in many cultures. I come from India, I could certainly attest to that. The one thing I wanted to see about this, that I think it's important to recognize that these barriers exist. But it's also important to know, and there are many studies that show this, is that policies actually matter even more than these norms in bringing down gender disparities. I'm really hopeful that if the authorities actually implement policies, they are going to actually help break down the norms in some sense.

Finally I do want to say, this is at a personal level, first and foremost it really should be a modern imperative for each one of us to eliminate biases, discrimination, and barriers to women's economic empowerment. After all, you're talking about more than half the world's population. But if that argument is not persuasive enough, then what I'd like to say is please remember that reducing gender disparities benefits everyone in many ways. Today's generation and future generations.

Jason Mitchell:

That's such a great way to close. I'm really glad you added that. It's been fascinating to discuss what's at stake when we talk about gender disparities, equality, how the IMF strategy towards mainstreaming gender advances this effort. And why it's vital that we focus on the multiplier effects of gender to drive greater more inclusive economic growth. I'd really like to thank you for your time and insights.

Ratna Sahay:

Thank you very much, Jason.

Bruce Edwards:

That was Jason Mitchell, Head of Responsible Investment Research at Man Group, speaking with Dr. Ratna Sahay, Senior Advisor on Gender in the Office of the Managing Director at the IMF. The interview was originally featured in the Man Institute's podcast called A Sustainable Future. Go to [man.com/ri-podcast](http://man.com/ri-podcast) to check out more episodes.

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I'm Bruce Edwards

Thanks for listening.