

## **Women's Consultation on Financing for Development Church Center, New York, June 16-17 2008**

### **Formal Submission to the Financing for Development Review Process**

#### **Preamble**

1. In 2002, heads of State and Government gathered in Monterrey, Mexico and adopted a set of actions addressing the inter-connected challenges of financing for development around the world, particularly in developing countries. These agreements known as the Monterrey Consensus had the aim of mobilizing increased and predictable resources toward achieving the internationally agreed development goals, including the Millennium Development Goals (MDG). The review of the Monterrey Consensus takes place this year amidst evidence showing that women's empowerment and welfare indicators are the weakest among the MDG targets. Moreover, gender equality which is now widely regarded in official circles as a cross-cutting issue suffers from a lack of conceptual clarity and clear monitorable targets that exacerbates what has been a persistent gap between official rhetoric and action.

2. Much more needs to happen to address the national, international and systemic challenges of financing development spawned by an environment of intensified and unregulated trade and financial liberalization processes that often bear unpredictable negative consequences for productivity, growth, employment, poverty eradication and income distribution goals. The current financial, food and climate change crises are stark realities in a volatile environment marked by confusing market competition processes. A gender analysis raises further questions on the connection of these trends and volatilities to (a) women's wages, employment and unpaid labor, (b) state of social reproductive and social protection capacities, resources and services, and (c) within-country and within-household sharing of financial risks and shocks. Gender inequality is embedded in asymmetrical economic structures and systemic processes that underpin the uneven spread of financial risks and widening social disparities which are experienced more acutely by those most disadvantaged especially women. For example, empirical evidence shows that women in developing countries who work for very low wages in the large informal sector also carry a disproportionate share of financial risks as household finance managers in a context where there is inadequate or non-existent publicly provided social welfare and protection for the poor.

3. This set of proposals that substantively address women's inter-linking concerns in the Monterrey Consensus was discussed and adopted at a women's consultation meeting convened by the Women's Working Group on Financing for Development in New York on June 16 and 17 2008. The women's consultation, attended by 50 women and men was supported by UNIFEM and the Financing for Development Office in DESA as well as benefited from intensive interaction and collaboration with the larger Doha NGO Group of Networks, a process that enabled women's issues and gender equality concerns to be recognized by a larger constituency. Thus, our proposals align with but also enhance several key recommendations found in the draft Civil Society Key Recommendations for the Doha Draft Outcome Document and the Trade-Finances Linkages Lobby Document for FFD.

Key Recommendations for Forward Actions

#### **Chapter 1: Domestic Resource Mobilization**

The Monterrey Consensus highlighted domestic resource mobilization, both public and private, as the principal source of financing for development. It called for an enabling national environment where macroeconomic policies and regulatory frameworks that support growth,

employment, poverty eradication, redistribution, equality and human development coexist in interaction with participatory and accountable governance systems and processes. Central in this commitment is the issue of domestic policy space and how the international institutional environment supports or undermines the capacity of national governments to achieve development.

### **1. Promote Participatory and Gender Responsive Budgets**

The greater allocation of domestic resources toward gender equality is critical to achieving MDG3 and signals a country's commitment to gender equality and good governance through investments of their own resources. The Monterrey Consensus had already stressed the critical need for reinforcing national efforts in building capacity for gender budget policies and practice while the 2005 High Level Dialogue emphasized that domestic resource mobilization should encourage gender-responsive budgeting to ensure that relevant commitments to gender equality, poverty eradication and social welfare and protection are resourced. To be efficient effective and accountable, Public Finance Management systems and practices need to be supportive rather than undermining of participatory and gender responsive budgeting.

Toward this end, resources should be allocated for the following:

- (1) training of government bureaucrats on the use of participatory and gender responsive budgets;
- (2) collection and utilization of gender disaggregated data, including time-use surveys that measure women's unpaid work and its contribution to the national economy to make visible women's actual economic contribution and gender-responsive poverty measure in the National Accounts System (ECLAC Quito Consensus 2007); and
- (3) meaningful and regular participation of women's rights advocacy groups and representatives of civil society in participatory and gender responsive budget processes.

Gender budget practices may also be applied to the planning and implementation of ODA funded projects and programs both on the part of donor and recipient countries.

### **2. Strengthen the national commitment to and enforcement of Decent Work**

National enforcement of policies and regulation that promote decent work is a strategy that simultaneously responds to poverty reduction, gender equality and equitable growth. It promotes good governance and the rule of law by ensuring that the rights of a large majority of citizens (workers) such as their right to a living wage and collective bargaining processes are protected by law. Related to this, we welcome a recent report that criticized the World Bank's Annual Doing Business Report which ranks countries on whether or not they have a favorable business environment, and that gives low rankings to countries attempting to promote the decent work principles.

Policies to create decent work should fully account for rapid changes in labor markets and opportunities as governments begin to put in place the necessary adjustments toward a properly sequenced and managed trade liberalization that enhances rather than weakens domestic productive capacity. Efforts are needed to immediately reach the large numbers of women in Export Processing Zones and in informal work.

We recommend special attention be given to women workers in the following aspects:

- (1) need for quality jobs for women workers
- (2) training that improves women's options across different sectors of the labor market
- (3) access to finance for women entrepreneurs, especially in small and medium enterprises
- (4) provision of health insurance including access to reproductive health care services
- (5) provision of maternity benefits and access to affordable child care, and

- (6) protecting the rights of women workers to self-organization and self-representation in social dialogues

### **3. Utilize progressive and fair taxation schemes including tax rebates and tax relief for the poor and women**

Progressive tax regimes can optimize revenues, while easing the income disparities that have marked growth in many countries (UNIFEM 2007). In this light we support progressive fair and efficient taxation, including taxation of transnational corporations, addressing more forcefully the problem of tax evasion and tax havens, and strengthening world-wide tax cooperation and setting up an International Tax Organization, all of which have been proposed and endorsed widely by CSOs and citizens' groups.

In addition, we recommend the following additional tax measures:

- (1) tax rebates to women in recognition of their contribution to the society, their historical discrimination in land ownership as well as their unequal sharing of family responsibilities
- (2) tax relief for the poor and for single household heads a majority of whom are women who either care for the very old or the very young

### **Chapter 2: Foreign Direct Investments and Private Capital Flows**

The Monterrey Consensus for the most part valorized the increase in the volume of private and public capital flows to developing countries, the changing composition and the differentiated impacts of various kinds of capital flows, as well as, their changing geography. While largely recognizing the opportunities for financing development from these kinds of flows, governments also acknowledged in a preliminary and generalized way the need to "mitigate the impact of excessive volatility of short-term capital flows are important and must be considered. Given each country's varying degree of national capacity, managing national external debt profiles, paying careful attention to currency and liquidity risk, strengthening prudential regulations and supervision of all financial institutions, including highly leveraged institutions, liberalizing capital flows in an orderly and well sequenced process consistent with development objectives, and implementation, on a progressive and voluntary basis, of codes and standards agreed internationally...." (Monterrey Consensus, para 25).

We join in the effort by our colleagues in civil society in putting forward the call for a multilateral mechanism that would subject investors and transnational corporations to more lawfully binding norms and standards. In the meantime, investor behavior continues to pose problems to developing country governments that have difficulty dealing with the effects of wage competition and the global tax race to the bottom. In a situation of liberalized financial markets that continue to exhibit tendencies toward crisis, these governments need to deal with an increasingly riskier environment as they seek opportunities for sourcing finances for development through private capital flows while ensuring stability of growth for their economies.

Given the current context of yet another financial crisis, the time to act is now. The present financial turmoil showed that existing national regulatory mechanisms even within developed countries as well as international economic surveillance and information exchange systems are inadequate and unable to respond to the increased emergent risk-taking practices of banks and other non-bank financial institutions and to the growing speculative behavior of investors and traders in an environment of increasing volatility and risks. Financial crises have employment and earnings effects, as well as indirect effects on welfare and poverty reduction that ultimately reach women and men differentially, with women who are care providers often taking on the burden of risk sharing and adjustment in the household.

In the spirit of supporting the call for binding norms for transnational corporations in the United Nations, we propose the joint recommendations, as follows:

**1. Convene within the United Nations and at the soonest possible time, an inter-governmental meeting addressed to how governments can efficiently and in an effective way manage their competition for FDI and other capital flows**

**2. Strengthen at the national sphere the rule of law and citizen's access to information and the legal system in order to compel investors and traders to behave as "good citizens".**

### **Chapter 3: Trade**

The framework of rapid and intensified trade liberalization that is espoused by the World Trade Organization and which is driving some regional and bilateral free trade agreements has been criticized for its anti-development elements. Trade is not an end in itself – it must serve pro-people and inclusive development, the realization of human rights and the right to development for all, and the achievement of a caring economy and environmental sustainability. A gender perspective of trade is a holistic one, supportive of the broader framework of international conventions and multilateral commitment for the common good.

Trade affects gender equality through employment and income opportunities or losses, as well as shifts in the costs of basic goods and services. There is as yet no mechanism to monitor the extent to which current trade policies have worked to reduce gender inequalities, but trade liberalization, which is normally accompanied by lower revenue collection from tariffs, can slow investments in public services and shift tax burdens towards labor in ways that limit women's productivity. Some industries favored by trade improve women's employment prospects as a general principle, but others, including some high-tech sectors that offer better wages, may not benefit women because of persistent gender biases that reduce women's chances of cultivating appropriate skills. This is seen in the widely criticized practice of export oriented industries of regarding women as low-cost inputs into production (UNIFEM 2007).

**1. Actively apply special and differential treatment and less-than-full reciprocity as principles for trade negotiations.**

In the current trade liberalization climate, countries are unable to protect their industries some of which had traditionally produced incomes and supplied affordable basic services for women. Particularly in the area of food and agriculture, women are the majority producers of the world's staple crops. As small producers, they lack access to land, markets, credit, and other inputs. This could be remedied through targeted domestic support for small producers.

As countries grow in their ability to integrate into the global economy, the international environment must support their newly emerging capacities. All international trade agreements should make allowances for countries to address varying national development circumstances. Policy options might include the identification of specific industries for support; the encouragement of foreign direct investment that supports development targets; some amount of trade protection through reasonable tariffs and related measures that help domestic producers develop their capacities; and the upgrading of skills and technology so that a country's competitive advantage is not based solely on low-cost labor and other inputs, but also on technological and human development (UNIFEM 2007).

**2. Support and strengthen women's meaningful involvement in multi-stakeholder oversight processes and mechanisms related to trade agreements and reforms at all levels.**

Women are consistently not involved in a meaningful way in trade negotiations processes nor is a gender perspective included in the analysis and understanding of the potential impacts of trade agreements and trade-related adjustments. Civil society and parliamentary oversight must be incorporated into regular trade impact reviews at all levels so that there could be monitoring of the social and gender impacts of trade. The effort to draw up a list of indicators

that are sensitive to uncovering contradictions in relation to social targets and commitments in trade must also be funded and supported.

#### **Chapter 4: International Financial and Technical Cooperation**

Although the overall share of ODA in the financing landscape is smaller than private financial flows and trade, in poorer countries, ODA is essential for achieving the internationally agreed development goals, the MDGs included. There is recognition that aid flows are highly volatile and threatens the continuity of development programs, for instance, on gender equality. It is in this light that we welcome the emergence of South-South Cooperation and other innovative sources of financing for development.

Recognizing that donors allocate ODA when they fund specific projects, and recipient governments determine the allocation of donor financing given as direct budgetary support or sector support, we recommend to:

##### **1. Ensure additionality and predictability of aid flows**

Women worldwide are the most affected by poverty and structural adjustment programs, with the privatization of education and health services and of other resources & services essential to social reproduction having a more severe impact on women. Projects that support women's empowerment suffer a shortage of funds and must be strengthened if progress is to be made. Moreover, gender and social transformation takes place over a long period of time and must receive sustained support to become possible. This is true not only of developing countries where aid flows are highly concentrated in but also of certain sectors and regions within middle income countries which must also be reached by traditional and new donors.

With this in sight, donor governments must immediately meet its pledge of 0.7% of their GNP as official development assistance to developing countries. In addition, donors and recipients should scale up the share of ODA for gender equality and women's empowerment to reach 10% by 2010 and 20% by 2015, ensuring that there are year-to-year increases by some agreed upon level. They should avoid ODA distorting practices such as inflating their ODA statistics by arbitrarily including various types of costs or shuffling funds from an old to a new item without any real topping up of finances or counting debt relief as part of ODA.

As well, the increase in ODA should not lead to a cycle of debt for the recipient country. Rather the major increase in ODA should be felt in the grants component of aid rather than in the loan component.

##### **2. Remove conditionalities and strengthen mutual responsibility, accountability and transparency of donors and recipient countries**

ODA must not be used to exercise power over recipient countries through the use among others of conditionalities. Neither should ODA be linked to trade negotiations. Instead, ODA must be used to develop the capacity of the recipient country's economy to generate and mobilize its own resources, to promote development while reducing structural inequalities including gender inequality. In short, ODA should be a contribution that truly supports national economic and social development within a framework of a vibrant and robust democratic society and transparent and accountable governments propelled by their own empowered political actors.

To ensure that the benefits of additional financing benefit gender equality, social justice, and inclusion, ODA processes must uphold the mutual responsibility and obligations of governments to fulfill the internationally agreed development norms, goals, targets and actions which have been identified in the Beijing Platform for Action, Convention on the Elimination of All Forms of Discrimination Against Women, International Convention on Population and Development, Education For All, among others, without resorting to impositions and conditionalities within the narrow framework of aid giving.

Mutual accountability should ensure equal partnership between donors and recipients and facilitate governments of both donor and recipient countries to be accountable to various publics, women included. Negotiations on ODA must be country-driven rather than donor-driven, and should be democratic and inclusive in its processes and practices, as well as, subject to a multilateral and multi-stakeholder review forum such as the ECOSOC's Development Cooperation Forum.

### **3. Develop gender-sensitive indicators, tools and methodologies for the evaluation of the quality and development effectiveness of aid**

In support of mutual responsibility and accountability for gender equality on the part of both donors and recipients, monitoring and evaluative tools and methodologies need to be developed to assess the extent to which aid allocations address or do not address the achievement of redistributive, social and gender goals. The categorization of gender, along with human rights and environmental sustainability, as cross cutting issues have led to difficulty in tracking outcomes within basket funds and sector-wide programming. The development of gender-informed tools and methodologies must be carried out in a participatory process and should involve both traditional and emerging donors and across several aid modalities. Moreover such exercise should take place across all levels, with resources being allocated to enable women's rights advocates meaningfully participate in national, regional and international processes. The United Nations system in particular its various agencies and entities charged with the promotion of women's rights and gender equality must be the location of this process at the multilateral sphere.

## **Chapter 5: Debt**

The inclusion of debt into the Monterrey Consensus provided an opportunity for the international community to commit to new principles related to the long-time problem of debt burden among developing countries. Nevertheless, the concrete agreements centered on a limited debt write-off mechanisms through the HIPC whose underlying weakness may be found in the unbalanced emphasis on financing and on required policy conditionalities rather than on the development dimension of external debt.

### **1. Undertake a more critical round of review and redefinition of the Debt Sustainability Framework that should involve not only national governments but also civil society including women's rights organizations**

Current strategies for debt relief are only oriented to resolve fiscal and financial and not development problems. Most countries are still suffering from the huge burden of debts and the impact of losing much needed resources to debt service. There is an urgent need to expand and deepen debt cancellation to cover not only low income countries and middle income countries burdened with debt. The revised Debt Sustainability Framework must be a framework that gives centrality to human development goals and human rights, which includes gender equality and women's empowerment.

### **2. Loans and debt cancellation must be de-linked from conditionalities**

Policy conditionalities that have accompanied loans as well as debt cancellation programs (ex HIPC) have had negative effects on women, the poor and marginalized, livelihoods and economies, and on the environment. The impacts of these conditionalities negate the positive outcomes of debt cancellation.

Donors must not unilaterally determine where to use funds freed from debt cancellation, such as, for instance, to support gender equality programs. A transparent, accountable and democratic process of deciding on where to utilize the funds must include in-country CSOs throughout the whole process, women's rights organizations included. Such a process, at the same time, obligates financial transactions to recognize and uphold the mutual responsibility

and obligations of governments to protect human rights, ensure gender equality and women's empowerment, and promote environmental sustainability.

### **3. In the UN, a political dialogue must be initiated to deal with the question of odious / illegitimate debts.**

There is growing recognition of the problem of odious and illegitimate debt, the shared responsibility of lenders and borrowers in the emergence and perpetuation of this problem, and the justness of the call to cancel odious and illegitimate debts. Norway has led the way when it cancelled debt that it recognized as illegitimate. This had been followed by other initiatives such as the World Bank Roundtable and UNDP discussions on illegitimate debt as well as UNCTAD's paper on illegitimate debt.

Comprehensive country debt audits are encouraged to address among others the question of illegitimacy of debt. There is also need to develop a common platform for Principled and Responsible Financing to be upheld by both lenders and borrowers.

## **Chapter 6: Systemic Issues**

Gender disparities reflect and are related to the structural imbalances in the global economic system, which are expressed as the development gaps between North and South, the marginalization of groups of peoples from core growth processes and their low levels of participation and decision-making in global economic governance. Addressing these inequities is an important step towards responding to the needs of people, women and men, on the ground.

The framework for enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development requires a commitment to bringing into the rubric of the United Nations entities such as the Basel Committee where developing countries are not represented but whose actions and decisions have an impact on financial markets, as well as, to prioritizing the promotion of social objectives and policies over narrow financial objectives.

Toward this end, we recommend:

### **1. Continue to ensure that FFD follow-up mechanisms, consultative processes, and opportunities for technical inputs in all of its multi-stakeholder arenas are effective spaces for consistent and regular inputs on gender equality by women's rights organizations and networks and gender equality experts.**

Global instability and financial crises have a disproportionately negative impact on women, hence, the need to prevent and manage the occurrence of crises informed by gender analysis. The FFD's multi-stakeholder approach is uniquely situated to bring in women's organizations and networks and gender experts for the identification of innovative policy approaches and solutions that explicitly address the gender dimensions of macroeconomic and exchange rate coordination (especially of large economies), the development of financial codes and standards, and the regulation of private sector activities. Discussions can also include exploration and development of mechanisms to collectively provide resources for programs and institutions (including national women's machineries) that meet social objectives and gender equality.

Strengthening the institutional links and arrangements within the UN system to support women and women's organizations in all levels of planning, monitoring and evaluation of development processes at the national and international settings is needed to bolster the implementation of commitments under the Monterrey Consensus (para. 4 and para. 64). Coherence and consistency is also needed between the Monterrey Consensus and the Beijing Platform for Action.

The FFD's multi-stakeholder approach and strong participation from civil society including women's rights organizations and networks may be replicated elsewhere in the UN system. For instance, the Development Cooperation Forum which is a multi-stakeholder platform with a more flexible agenda may be used for more frequent information exchange on best practices and dialogue for peer learning and that can provide the boost for the exploration of new approaches on participatory and gender-sensitive international, regional, and national economic governance mechanisms.

As such, all UN entities on gender equality and women's empowerment should strengthen their capacity to link with issues and areas not traditionally identified with gender equality. Efforts should not remain small and sporadic. This will open up new thinking and strategies on promoting gender equality and women's empowerment in the context of building new consensus around development and global governance within the United Nations system.

## **Chapter 7: Emerging Issues**

### **1. Financing to address the food and climate crises should not be in the form of loans.**

The food energy and climate crises render peoples of the South, and women who dominate the food sector, more vulnerable to the accumulation of new loans. Governments should not offer or enter into loan-financing for seed purchases and similar food and agriculture programs, or loan-financing of climate mitigation and adaptation mechanisms.

#### Staying Engaged for Gender Equality

The Women's Working Group on the FfD commits itself to keep fully engaged in all follow-up processes and to build bridges between commitments and actions on development, trade, finance, debt and systemic issues and women's rights and gender equality commitment and goals which are consistent with the holistic agenda of the Monterrey Consensus. Engendering the financing for development process cannot be realized without a holistic approach that looks at the inter-connections among trade and finance in all its different form – aid, investment, debt and domestic savings – and their systemic underpinnings.

#### List of Endorsers (in alphabetical sequence)

Arab NGO Network for Development  
African Women's Economic Policy Network  
Agribusiness Accountability Initiative - Asia  
Asia Pacific Women Law and Development  
Association of Women's Rights in Development  
Center of Concern  
Centre for Budget and Governance Accountability  
Development Alternatives with Women for a New Era  
ENLACE-Education and Networking for Latina Cooperation and Empowerment  
Feminist Task Force – Global Campaign Against Poverty  
FEMNET - African Women's Development and Communication Network  
Gender and Trade Network - Africa  
Institute for Economic and Social Studies  
International Institute for Cooperation amongst Peoples  
International Presentation Association of the Sisters of the Presentation  
International Trade Union Confederation  
International Council for Adult Education  
International Gender and Trade Network-Asia  
International Federation of University Women  
International Women's Anthropology Conference  
International Women's Tribune Center  
Latin America Gender and Trade Network  
Medical Mission Sisters

Population Action International  
Public Services International  
Servicios Ecumenicos Para Reconciliacion y Reconstruccion  
SIGLO XXIII  
US Gender and Trade Network  
Women and Gender Institute – Gender, Development & Economic Globalization Program  
Women Environment and Development Organization  
Women in Development Europe  
Women of Color Policy Network  
Women’s Resource and Advocacy Centre  
World Council of Churches – Poverty, Wealth & Ecology Project