

Financing for Development: Addis Ababa and Beyond

Feminist Perspective from the Global South

Introduction

Global community failed to achieve the Millennium Development Goals (MDG) it set for itself due to the various systemic and financing gaps in the MDG framework. Plausibly well-coordinated Official Development Assistance (ODA) effort of 15 years failed to meet most of the MDG targets, and they imply the daunting coordination challenges posed by the multi-actor financing framework to be agreed for the Sustainable Development Goals (SDGs). Anyway, ODA is not central to the Financing for Development (FfD) agenda which emphasises 'systemic issues' such as debt, trade and investment regimes. The preparatory debates on FfD have extensively highlighted the growing relevance of non-ODA financing modalities as mechanisms to address the post-2015 SDGs. The Third International Conference on FfD is to address the drawbacks of the MDG framework and get United Nations member states to negotiate a political agreement on how to finance development through public and private means, and also through domestic and international policies and programmes for the post-2015 development agenda. Global negotiations on financing policies to address poverty reduction, social inequalities, sustainable infrastructure and climate change

should look at the development challenges in a holistic manner.

FfD is a Feminist Issue

It is important to note that for financing to be effective in reducing poverty and delivering sustainable development, it needs to benefit women and men equally and contribute to empowering women and building equitable societies. Patriarchy and gendered division of labour are grim realities of every household, where women become responsible for the livelihood support for the entire household, resulting in the burden of poverty falling most heavily on the backs of women living in poverty. Statistics ignore the magnitude of 'work' undertaken by women right from their very young age. Mainstream economics does not recognise them because neither labour or product or services rendered by women are exchanged in the market. By not acknowledging women's work, a partial picture of the work done in the economy is presented which doesn't recognise women's contribution in securing food security and also to the national economy of countries.¹ Invisibility of women's work and the gender disparities in education, healthcare, etc. add to women's vulnerability. The gendered division of labour, particularly

¹Desai, Radhika. Women's Work Counts. Feminist Arguments for Human Rights at Work. PWESCR: New Delhi. 2015.

unpaid work and gender-based labour market segregation, is not addressed properly in current discussions on FfD, and yet to be included in the Addis Ababa accord. The opening reference of the zero draft ensuring “gender equality and protect and promote all human rights, including the right to development” is on a positive note. However, this commitment is not consistently reflected throughout the document. Further, from a feminist perspective it raises serious concerns over the instrumentalisation and commodification of women. Women are still portrayed as an instrumentality of profit by looking at the “high return” of investing aid in women and girls as opposed to investing in the improvement of women’s rights through a social justice approach.

As women carry the burden of poverty in and out of the households in the whole of global South, FfD needs to take women onboard in order to achieve financial development for the household, community, country and eventually, the entire region. Investing in gender equality is one of the surest paths to poverty reduction, inclusive growth and prosperity.² This is a historic opportunity to insist on investments that are gender-responsive and to shape a financing package that is fit to deliver on both long-established and newly won commitments on women’s rights.³

Privatisation of Development

Human rights commitments are not adequately reflected in the zero draft, and it does not adequately integrate the human rights commitment to mobilise maximum available resources for the progressive realisation of human rights, which

could have repercussions for the chapter on domestic resource mobilisation. This commitment, in conjunction with the extraterritorial obligations of states, constitutes a duty for governments to refrain from practices that violate other countries’ abilities to mobilise those resources, for example, by offering preferential tax treatment for foreign companies.

Foreign Direct Investment (FDI), Public Private Partnership (PPP) and free trade are given high importance in the zero draft, promoting them as better financing mechanisms and development enablers. The high reliance on private sector as potential sources of finance has diverted the attention away from strengthening domestic public finances in developing countries and ODA. Across the developing world, PPPs involvement with public utilities and service delivery has hardly benefited the poor. Rather than enhancing efficiency and expanding accessibility of services, PPPs have consistently led to price-based exclusion or partial marginalisation of the poorest and the most vulnerable. Aside from the enormous contingent risks they pose to public finances, existing studies on PPPs indicate that barely 10 per cent of them actually benefited people in situations of poverty.⁴ Whereas FDI contribution to growth has been undisputable, their contribution to [sustainable] development in host countries has been largely disappointing, particularly in Africa where they are concentrated in the extractive industry. With hardly any linkages to the rest of the host economies (including the crucial Micro, Small and Medium Enterprises), the developmental impact of large FDI projects in those countries has been disproportionately

²http://www.un.org/esa/ffd/wp-content/uploads/2014/09/Doha_Declaration_FFD.pdf

³<http://www.oecd.org/dac/gender-development/From%20commitment%20to%20action%20FINAL.pdf>

⁴Alexander, Nancy. “Partnerships, Financial Extraction and the Growing Wealth Gap: Exploring the Connections”. Presentation at Regions Refocus, The Corner House: New York, January 2015.

modest. Such capital-intensive projects have had an appallingly low job-creating capacity, a notably shallow fiscal contribution and by and large, a mediocre record on human rights-based development and sustainability indicators.⁵ Various studies show that FDI and free trade have not benefitted women in a positive way. The profit-driven nature of private sector increases gender inequality and marginalisation. It is common knowledge that private sector will not invest in rural, remote, unskilled and informal sector as this will not be cost-effective for them. Women being relatively 'unskilled' and over represented in the informal sector will be affected the most.

Since no individual country will dare set and enforce stringent FDI regulations only to lose that badly needed investment to its next door neighbour, FDI standards (including gender balance targets) have to be agreed upon globally, in order to avoid perverse leveraging on the international competitive equilibrium. Globally coordinated action and cooperation in regulating FDI will bring about the incentives countries need in order to avert the 'race to the bottom' for attractiveness which has led them to cut taxes on FDI to almost zero and loosen labour and environmental regulation. Taxes and the enhancement of a UN mechanism on taxes are key issues for debate in FfD framework.

North-South Dynamics

Many changes in the zero draft are targeted towards shift in financial obligations from the developed countries to middle income developing countries. Terms such as "new donors", "South-South cooperation" and "triangular cooperation" are introduced and used to divert attention from

the imperative of developed country commitments in the established UN principle of international development cooperation. Weak recommitment to the 0.7 per cent ODA and blending it with private finance undermines the prospects of getting more developed countries to deliver on 0.7 per cent, untie aid and ensure a robust commitment to poverty eradication and sustainable development. Similarly, the Rio Principle of Common but Differentiated Responsibilities (CBDR) is not adequately recognised or integrated into the current zero draft.

Monitoring and Accountability Mechanisms

The reach and efficiency of human rights instruments are limited by the non-scrutiny and unaccountability of various actors involved in larger macroeconomic policy decisions. A strong regulatory mechanism at country levels should be created to build institutional capacities to deal with private sector investments which violate human rights. All monitoring and regulatory mechanisms must be designed and implemented from a South perspective, fully adhering to the development realities of South. South governments should not be forced to work on the monitoring guidelines and frameworks developed by the North. Full sustainable development reporting must be done according to the mandatory UN guidelines to ensure that business activity is in line with sustainable development practices and goals. This should emphasise the need for businesses to take account of the potential social, environmental and human rights impact of their practices and to adhere to the guiding principles on business and human rights that were adopted by the

⁵Developmental effects of FDI on host countries are a function of the countries' policies and institutions, the quality of investment, the nature of the regulatory framework, the flexibility of the labour market, and many others (Mayne 1997).

Human Rights Council (HRC) and extraterritorial obligations of transnational corporations and foreign investment.

Key Asks

- The Third Financing for Development outcome document should adhere to the human rights principles and framework.
- Ex ante and ex post human rights impact assessments should be conducted with regard to existing and proposed bilateral and multilateral treaties and agreements, and FDIIs.
- All monitoring and regulatory mechanisms must be designed and implemented from a South perspective, fully adhering to the development realities of South.
- Gender-differentiated statistics and indicators should be collected nationally, regionally and globally in order to measure gender gaps and consequently adjust development programmes to rectify inequalities.
- CBDR must be incorporated in the final outcome draft.
- Unsustainable debt burdens cannot be permitted to threaten governments' efforts to fulfil their commitments to sustainable, inclusive development and human rights. There must be a provision of debt cancellation for low income countries, in accordance with the UN Resolution 68/304 adopted by the UN General Assembly to find sovereign debt solution.
- All bilateral and multilateral treaties must be discussed first in public domain before signing them.
- Recognise that women's economic empowerment is a prerequisite for sustainable development, pro-poor growth and the achievement of SDGs 5 and 8.
- Recognise women's right to development.
- Recognise women in unpaid work. Develop and maintain statistical instruments to measure, in quantitative and qualitative terms, unpaid work that is outside national accounts, to reflect better its value in policies, strategies, plans and budgets across all relevant sectors.
- Ensure universal social security for all.
- Emphasis must be on financing women-led organisations and collectives of women to strengthen women's opportunities and capacity to organise themselves, form associations and act collectively for their common interests.
- Development agenda should also support formation of Civil Society Organisation (CSO) and women's collectives for collective bargaining, and for ensuring just and favourable conditions of work for a life with dignity.

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