

**Written input from the Women's Working Group on
Financing for Development¹ to the 2nd round of Substantive Informal Sessions**

New York, 9 to 12 December 2014

Dear Honourable co-Facilitators of the preparatory process for the Third International Conference on Financing for Development, Government Delegates and CSOs colleagues,

Hereby, the Women's Working Group on Financing for Development (WWG on FfD) would like to submit to your attention few comments regarding the conversations held this week during the 2nd round of Substantive Informal Sessions.

First of all, allow us to draw your attention to the fact that gender aspects are not being present enough in this week's conversations, neither other types of discrimination and inequalities. Gender power relations and its intersections with other categories such as race, disability, ethnicity, age, wealth and sexual identity, explain to a greater extent, the distribution of opportunities and resources existing in societies. This implies that women and men experience the impacts of international trade, financial liberalization, tax regimes differently, as members of the workforce, consumers and producers, and in their level of responsibility for the activities of the "care economy" within and outside households. Thus, development and macroeconomic policies are not gender-neutral. They can perpetuate inequalities, occupational segregation, gendered and international division of labour, or on the contrary, promote gender equality and women's human rights in different economic sectors and territories. The Financing for Development (FfD) process has the potential to develop a systemic approach to poverty and inequalities eradication through sustainable development and the promotion of a just and healthy economic and financial environment. Furthermore, Governments affirmed and committed in Doha the need for gender mainstreaming into the formulation and implementation of development policies, including financing for development policies, and for dedicated resources (Para 4, Doha Declaration on FfD, 2008). However, delivering on such commitment would only be possible if the current FfD process effectively addresses issues related to human development, gender equality, economic and ecological justice and thus human rights for all.

We understand **economic justice** as an enabling international environment for development that upholds the extra-territorial obligation of states to ensure macroeconomic and financial policies meet economic and social rights as enshrined in the Maastricht principles. This would include, among other, development-oriented trade, fiscal, monetary and exchange rate policies, progressive tax measures, a sovereign debt workout mechanism, and ending trade and investment treaties that impoverish nations and people. As well as the challenging of global intellectual property rights frameworks, the promotion of technology transfer, financing, monitoring, assessment, and research in line with the precautionary principle and re-directing investments in

¹ The Women's Working Group on Financing for Development (WWG on FfD) was formed in October 2007 as an alliance of feminist and women's organizations and networks to advocate for the advancement of gender equality, women's empowerment and human rights in the Financing for Development (FfD) related UN processes. More information can be found here: <http://wwgonffd.org/>.

the warfare industry from militarized security to human security.

We hope this written input helps with providing some of these inter-linkages.

Regarding the conversations around the **international monetary and financial system; regulations to balance access to credit with financial market stability**, the WWG on FfD stresses the following:

- The need **to strengthen the authority of the United Nations (UN) to lead the necessary rights-based pro-development economic and financial reforms**, in particular responding to issues of global macroeconomic policy including its social and ecological dimensions. 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 UN 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 and also to democratize the governance of the voting system in international financial institutions.
- **Reform and regulation of global financial markets and the international financial system** are imperative and urgent so that fiscal and monetary policies are in line with human rights standards, including particularly economic, social and cultural rights and women's rights, preserving national policy space to fulfil these rights. Thus, for example, foreign debt re-payments should no longer be an obstacle for governments to fulfil their human rights obligations and design sustainable development-focused fiscal policies.
- The need **to establish mechanisms for effective international monitoring and coordination to reduce the probability and size of international financial crises**. This will involve the regulation of systemically important financial corporations and financial centers avoiding the socialization of private losses.
- To develop and implement an **effective regulatory system** for countries and blocks of countries that issue reserves, including measures such as the transition from overdependence on the dollar in international transactions and replacing it with an international currency.
- To regulate food and commodities markets to **reduce volatility of prices and protect women's and all people's livelihoods and rights**. The use of "food financial markets", "vulture trading" and other commodities markets that use high-speed, speculative financial trade of food and water for no motive other than corporate or personal profit should be illegal, and determined financial regulation should be established toward a global moratorium to end such harmful speculative practices. The disproportionate negative impact of high food and fuel prices on women and children should also be recognized.
- To **develop and implement international financial transactions taxes**, the collection of which should be oriented to fulfil human rights commitments with a special focus on populations commonly excluded due to sex, gender, race-ethnicity, age, disability; and environmental standards.
- To **re-establish capital controls** at national and international levels to prevent sudden panic exits of foreign capital and resulting currency devaluations and financial crises.

- **Improve credit rating classification methods** through transparent monitoring of credit rating agencies.
- Publicly-owned development banks should promote **access to finance and business development subsidies for women and women entrepreneurs**, especially in small and medium enterprises, ensuring that other support services and government policies are put in place in order to avoid creating a cycle of indebtedness and enable their economic empowerment and autonomy.

Regarding the conversations around **international tax cooperation** the WWG on FfD would like to stress the following:

- According to Part 2, Art. 2 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), States have the duty to mobilize the maximum available resources. Among other measures, this can be achieved through **combating tax evasion** and avoidance to substantially increase state revenue and so provide the necessary resources to implement public policies for the realization of the human rights of all, including women and girls. Tax evasion and avoidance not only affect horizontal equity as individuals and companies with the same capacity to pay are not contributing in the same way, but also reduces the redistributive impact of tax policy. For instance, states reduce their fiscal resources, consequently they lost their capability of spend incomes in social and public goods and services. According to the report of the Special UN Rapporteur on Extreme Poverty and Human Rights, “tax abuse by corporations and high net-worth individuals forces Governments to raise revenue from other sources: often through regressive taxes, the burden of which falls hardest on the poor. Therefore, if States do not tackle tax abuse, they are likely to be disproportionately benefiting wealthy individuals to the detriment of the most disadvantaged” (A/HRC/26/28, 2014, p. 15).
- Moreover, since regressive tax structures have disproportionate negative impacts on women, **states should increase the tax base in a progressive way, based on reviews to identify explicit and implicit gender impacts to ensure they do not reinforce existing gender inequalities, including through their impact on unpaid care, paid work and unpaid labour**. This would imply shifting the burden of taxes away from women, people living in poverty and other commonly marginalized groups such as gays, lesbians and trans who often are at the bottom of the income distribution towards highly profitable sectors such as the financial sector and the extractive industries that are benefiting from tax incentives and subsidies and using strategies of tax evasion and avoidance to shift their profits to low-tax jurisdictions. So, progressive tax systems should include taxes on high land and wealth concentration and financial speculation, be fully individualized and not based on household or other income aggregates, exempt low incomes from taxation, provide fully refundable tax credits for VAT or other taxes that tax incomes needed for basic human sustainability, and ensure that women and men are taxed equally in relation to business, investment, and income security programs.
- **To support the strengthening of international tax cooperation through upgrading the UN Tax Committee**, providing it with gender expertise and mandating it to review national, regional and global tax policy according to gender equality and human rights obligations. An upgraded UN Tax Committee should promote the adoption of country-by-country reporting standards for all transnational corporations, automatic exchange of informations between all tax authorities, and to review tax incentives and structures in compliance with human

rights obligations, gender equality and environmental standards.

- **Charge the UN Tax Committee with reviewing and amending its Model Tax Treaty** to provide model language that strengthens host country positions on appropriate terms concerning appropriate bilateral tax treatment of resource extraction, export development zone, and FDI tax jurisdiction and payments.
- Furthermore, it is necessary to **adopt a mechanism for global cooperation to reverse the “race to the bottom”** (based on lowering of taxes, human rights, environmental and labour standards to attract Foreign Direct Investment (FDI)). Gender gaps in wages and labour conditions represent a vicious incentive for FDI in the global South. In this sense, FDI should have performance requirements in order to create decent work, by eliminating the gender pay gap, providing technology transfer and improving skills, promoting links with small and medium enterprises and fostering territorial decentralization. This mechanism should be explicitly charged with reviewing the existing terms, conditionalities, and public finance agreements pertaining to export production zones and resource extraction zone agreements with a view to developing minimum standards to safeguard host country rights to protect the integrity of its own fiscal, environmental, labour market, and health standards. Last but not least, this will require strengthening measures for budgetary transparency at national level with special attention to tax expenditures that can allow public scrutiny of the costs, distribution and benefits of tax and other domestic resource mobilization policies based on gender equality, human rights and environmental protection principles.
- In addition, **global network of facilitators** (banks, consulting firms, investment advisors and legal and tax advisors) **and financial secrecy jurisdictions** (hubs for both capital flight as a result of tax evasion and avoidance and money from networks of drug trafficking and trafficking in human beings) that disproportionately affect women and children in developing countries **must be confronted and addressed**.
- More democratic and **innovative financing for development mechanisms** need to be put in place. For example, establishing a package of financial transaction taxes – with special emphasis in those investing domestic capital in foreign countries – that contribute to finance development and overcome the disparities inherent in the current global economic system.

Regarding the conversations on **debt crisis prevention and resolution**, wishes to reiterate the findings of the Independent Expert on the Effects of Foreign Debt and other related International Financial Obligations of States on the Full Enjoyment of all Human Rights that sovereign debt has a particularly deleterious impact on the enjoyment of women’s human rights (A/67/304). Further, the WWG on FfD would like to stress the following:

- The need to **cancel the illegitimate and odious debt of developing countries** and immediately create an international legally binding framework for a transparent debt audit process and predictable, equitable and comprehensive debt workout mechanism with the participation of debtor governments, women's rights and other civil society organizations.
- **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 impoverished and marginalized, livelihoods and economies, and on the environment. 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.

- **Regulate the financial sector to prevent public bailouts and austerity measures.** The human rights violations and social and gender impacts of austerity policies and measures to support debt restructuring should be avoided through the implementation of counter-cyclical fiscal and monetary policies.

Regarding the conversations **on trade, technology and capacity building and other nonfinancial means of implementation**, the WWG on FfD would like to stress the following:

- **On fostering science, technology and innovation:** The intellectual property rights regime that prevents access to technologies that are environmentally sustainable has been one of the main barriers for developing countries to achieve sustainable development. Thus, the FfD conference should agree on **establishing a global mechanism for transfer of safe, clean and environmentally sound technologies to developing countries agreed in mutual terms and the protection of indigenous and local technologies and knowledge from appropriation for commercial exploitation.**

On investment regimes for sustainable development:

- To **review investment protection treaties and Free Trade Agreements** signed by countries, which more often than not erode national laws and policy space to fulfil States obligations regarding human rights and environmental sustainability; including, among other, women's access to quality education, healthcare including access to medicines and sexual and reproductive health services, to safe and accessible drinking water; and to sustainable and affordable energy sources. Particular attention should be paid to the role of powerful dispute-settlement mechanisms that often enforce bilateral and multilateral trade and investment treaties, such as Investor-State Dispute Settlement, in eroding the enjoyment of human rights and undermining the regulatory sovereignty of States.

This mechanism should include a **binding multilateral code of conduct** for transnational corporations to control and monitor their compliance with human rights obligations and environmental standards and ensure accountability in light of the resolution entitled "Elaboration of an international legally binding instrument on Transnational Corporations and other Business Enterprises with respect to Human Rights" (A/HRC/26/L.22) adopted on 26 June 2014 by the UN Human Rights Council in Geneva.

On trade regimes for sustainable development:

- To **address trade asymmetries between regions and countries**, guaranteeing the Special and Differential Treatment principle for developing countries, the removal of subsidies in developed countries, especially in agriculture, and the flexibilization of Intellectual Property Rights rules in order to protect public health,

environment, natural resources, etc.

- To **subject trade and investment policies to ex ante and ex post facto gender, human rights and environmental impact assessments.**
- **Remove mandatory clauses in the General Agreement on Trade in Services (GATS) and Free Trade Agreements (FTAs) on the liberalization of trade in financial services.** Strengthen the ability of developing countries to use a mix of trade and investment policy tools necessary for them to mitigate the impact of the global financial crisis on their real economies.

Regarding the conversations on **Governance**, the WWG on FfD would like to stress the following:

On Data revolution on finance, enhancing transparency and accountability:

- The development of statistics, targets and indicators that measure well-being, freedom of choice, wage inequality, job segregation, informalisation of work, unpaid work, including care work and other forms of social reproduction, time use with specific attention to ending persistent and rising inter-state, intra-state inequalities and intersecting forms of discriminations based on gender, age, race, disability, sexual orientation, gender identity, location, migration status, among others.
- To promote investment in data that enables accurate gender impact assessment of tax instruments, thus, actual disaggregated data on income, expenditure and consumption for all individuals as well as for households, families, and all business forms is needed.

On enabling and conducive governance, including global economic governance:

- **Inclusive and meaningful women's participation in economic governance structures** and policy dialogues at local, national and international levels must be ensured not only in the planning stage but also in implementation, monitoring and evaluation. In some cases this may require the creation of relevant gender offices and institutional mechanisms if they are not already in place. Governments should ensure proposals to guarantee meaningful participation of civil society organizations, including feminist and development organizations, in the intergovernmental process of negotiation of the development agenda through the strengthening of civil society's participation mechanisms.
- All national governance systems must guarantee there is an **enabling environment for CSOs and particularly for women's human rights defenders** to do their work and participate effectively without fear of persecution or violence. All states have the responsibility to implement and respect all provisions of the UN Declaration on Human Rights Defenders.
- Justice will not be possible without effective governance mechanisms, for which it is necessary to guarantee the respect for, enforceability and justiciability of all human rights, as well as ensuring the rule of law. Access to justice must be guaranteed so that there are effective remedies and redress at the national level for women's human rights violations.

- There must be **policy coherence for development and in line with human rights commitments and standards**. Although the private sector can play a relevant role in development, human rights-based development is primarily the responsibility of states as the primary duty-bearers. Governments are the first responsible on social development, human rights and gender equality, and cannot transfer their responsibilities to actors and financial flows that are not predictable, that they cannot control, that are not legally bound to human rights obligations and that in many cases they hardly regulate. The lack of multilateral and public oversight is a main concern that should be addressed before promoting certain partnerships. Policies and actions by private sector actors must commit to human rights legal standards, including those relevant for women’s rights, conciliation between family life and labour decent work, and environmental sustainability following the principle of extraterritorial responsibility.
- All development actors, including the private sector, must adopt policies of **automatic and full disclosure of relevant information and submit to the norms and direction setting of the UN**. In particular, transnational corporations should also be held to the same standards in relation to transparency and accountability as other donors.
- **Strengthen the authority of the UN to lead the necessary rights-based pro-development economic and financial reforms, in particular responding to issues of global macroeconomic policy including its social, gender equality and ecological dimensions.**
- **Establish a UN Global Economic Coordination Council** that is transparent, accountable, and with the full and equal representation of developing countries and the involvement of women’s rights and other civil society organizations.
- Reporting on gender equality outcomes should be mandatory for all governments and development actors **using gender-disaggregated indicators and data**. An example can be found in the OECD-DAC Gender Equality Marker.

Regarding the conversations **on learning from partnerships and follow-up process**, the WWG on FfD would like to stress the following:

On learning from partnerships:

- The agreement on means of implementation for the post-2015 agenda needs to **prioritize public financing** over public-private partnerships or private funding alone. Increasing domestic resource mobilization and strengthening progressive taxation regimes are essential to this goal. A roll-back on the role of the State in providing and protecting key public goods and policies—such as the provision of affordable healthcare, education, childcare, and the valuation and redistribution of unpaid care work—is one that will undermine gender equality and women’s human rights. Any financing for development strategy must learn from the exploitative pattern of foreign direct investment in the global South that continues to see gender gaps in wages and poor labour conditions as an incentive for investment.
- **To establish an open, transparent and participatory intergovernmental space for oversight, monitoring and review of any partnership developed in the name of the UN on sustainable development.** CSOs should be enabled to monitor the Global Compact, the United Nations Partnerships Facility, and the voluntary

initiatives promoted by the United Nations Secretary-General.

- **Public-Private Partnerships (PPPs) must have strong criteria assessment based on human rights obligations and environmental sustainability standards as well as effective accountability and regulatory mechanisms.** In particular, PPPs should not be allowed to shrink the fiscal space necessary to states to adopt instruments for revenue raising and redistribution through tax and expenditure policies.
- **Last but not least, PPPs must be approached with caution, and should only be considered if/when other less expensive and risky financing options are not available.** When designing projects, the development needs of people should be explicitly assessed, and equity concerns should be addressed in terms of equitable and affordable access to infrastructure and services.

On strengthening the FfD follow-up process; accountability framework:

- The FFD follow-up mechanisms should be built in **consultative processes, with clear opportunities for consistent and regular inputs by women's rights organizations and networks and gender equality experts.** Women's organizations, networks and gender experts are key for assessing how global instability and financial crises have a disproportionately negative impact on women and provide innovative policy approaches to prevent and manage the occurrence of crises informed by gender analysis and to address for instance, the gender dimensions of macroeconomic and exchange rate coordination, the development of financial codes and standards, and the regulation of private sector activities.
- Furthermore, **the participation and contributions of feminist and women's rights organizations' in the processes around this UN Financing for Development Conference and other intergovernmental development processes must be guaranteed, together with overall CSO participation.** This extends to their role as equal partners in the implementation of commitments, including through the provision of timely information, financial support and space in the policy dialogue.
- **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, CEDAW and the Beijing Platform for Action.
- **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, such as macro-economic policy.** 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.
- **Strengthen the UN's gender equality machinery and enhance the capacity of**

national gender machineries to participate and influence the financial, monetary and fiscal policy processes. Create coherence between macroeconomic policy and gender equality goals by changing the incentive structures in society so that the responsibilities for provisioning and care are shared among states, markets, and households or communities.

- **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 forms – development cooperation, investment, debt and domestic savings – and their systemic underpinnings.

As we move forward in the process, the Women’s Working Group on FfD hopes the issues and angles raised here are properly considered.

We look forward to continue working with you.

With kind regards,

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WIDE+, European Network.

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