

## **Financing for Development Issue #2**

### **MOBILIZING INTERNATIONAL RESOURCES**

By Janice Goodson Foerde

#### **Our position**

In the FfD Facilitator's most recent report, "Towards a Fully Inclusive and Equitable Globalization," the first of the seven principles of global economic and social governance is "equity: redressing the asymmetries and imbalances in the distribution of costs and benefits in the current international economic system." The cross-cutting concerns and priorities of gender equity and sustainable social development have been rendered invisible—perhaps unintentionally—in the section on "mobilizing private international resources for development."

Progress towards poverty eradication, sustainable economic growth, and an equitable human development is undermined by the constraints on women's and girls' participation in the development process and the globalized system, imbalances in resource allocation and distribution, and women's and girls' skewed share in the returns of development.

Gender matters in macro-economic policies and in the mobilization of international financial resources involving the transfer of funds between countries, sectors, institutions, households and individuals, through a wide range of institutions and structures that serve as channels, intermediaries, and facilitators. This transfer is guided by the financial policies and monetary and fiscal regulations that direct the actions of an economy, govern the actions of states and institutions, and influence the mobilization and allocation of resources. These policies and regulations also determine the degree of control and access over these resources. Therefore, financial, fiscal and monetary policies have a social and gender content. Existing markets, market- and non-market institutions are permeated by underlying gender biases and inequalities. These policies are not gender neutral—they affect women and men differently, as players and agents in both the formal informal economies, and as members of households. Policies and regulations that do not take gender into account are gender blind and not gender sensitive.

Gender concerns must be consciously designed into economic and financial policy. Gender justice is critical, since women constitute at least half of the global population yet they control and own less than 10% of the resources and earn less than men for comparable work. Gender matters for the effectiveness of both investment and trade policies when gender inequalities and bias constrain women's ability to effectively use the opportunities available, to respond to policy initiatives or to engage in productive improvements in terms of land rights, credit, and technology.

It is important to improve the development content of foreign capital flows because:

- 500 largest TNCs control 80% of foreign investment and 70% of world trade;
- Skewed distribution of FDI—only 12 developing countries received over 70% of FDI in 1997/98, with China topping the list with about 30%;
- FDI has replaced official development assistance (ODA) as the largest provider of financing for some countries;
- FDI flows to the 48 least developed countries (LLDC) are tiny and the level of concentration is higher than with ODA—the top FDI recipients account for 79% of total FDI flows while the top 10 ODA recipients account for 32%;
- Most FDI originates from developed countries, with only about 10% (1990-94) from developing countries, mainly Hong Kong, Taiwan, China, South Korea, Malaysia, and Singapore;
- UNCTAD estimates that for every USD1.00 of net capital inflow to Sub-Saharan Africa from the rest of the world, USD1.06 has flowed out—30 cents through leakage into reserve build-up and capital outflows; 51 cents through terms of trade losses; 25 cents through debt servicing and profit remittances.

The guiding question must be: How to mobilize international resources for development, in the context of gender-aware economic and financial policy-making, to ensure that the concerns of women and girls are addressed.

### **Prioritized Global and Regional Issues**

Taking our point of departure in the “Women’s Consultation Recommendations” presented at the first half of the FfD Third Preparatory Meeting, 2-8 May, 2001, and the Facilitator’s Draft Report of 19 September 2001, we recommend the following:

- Promote investment policies and strategies that prioritize gender-sensitive sustainable human development as a designed, integral part of sustainable economic growth. A mechanism to facilitate this policy could be the establishment of a gender desk in national finance ministries.
- Promote and design gender-sensitive development plans for national and foreign enterprises, both national and multinational (MNE), that embody the social-economic development agenda of the host country.
- Design and enact gender- and environmentally sensitive regulatory framework to direct and monitor global capital flows and employment practices of global corporations/MNEs that promote coherence between FDI the host country’s socio-economic development priorities and initiatives.

- Design and require gender-sensitive Sustainability Impact Assessments of:
  1. Public-private sector partnerships that include responsible assessments of both fiscal and social risks of joint investments and ventures.
  2. FDI to ensure social responsibility, accountability and transparency from the investor that involves the participation of women's and other civil society organizations and unions.
- Develop gender-sensitive programs that promote the development of small businesses, ensuring women's access to these opportunities, linking the development of small businesses with foreign enterprises and encouraging the transfer of information and technology to small businesses and the informal sector.

### Language Recommendations

Para. 15: ...Such support includes strengthening export-credit, risk-guarantee, and co-financing mechanisms, and promoting long-term private flows to support sub-regional and regional projects with high (*add: sustainable human*) development impact.

Para. 16: ...In this regard, we request the World Bank Group and regional development banks, through their private sector activities, to promote (*add: gender-balanced*) socially and environmentally responsible investments, (*add: the use of sustainable impact assessments that include gender, social, environmental and core labor standards analyses in designing activities and cooperation*), and foster good corporate citizenship *and* (*add: responsibility*).

Draft prepared by Janice Goodson FOERDE, WEDO



The *FDI Women's Consultation Briefing Paper* series is an advocacy tool compiled by WEDO with the support of UNIFEM for the Third Financing for Development Preparatory Committee in New York City, October 15-19, 2001. For further information, contact Janice Goodson Foerde, [Janice@wedo.org](mailto:Janice@wedo.org), or Nadia Johnson, [nadia@wedo.org](mailto:nadia@wedo.org).

Women's Environment & Development Organization (WEDO)  
Tel: (212) 973-0325 / Fax: (212) 973-0335 / Website: [www.wedo.org](http://www.wedo.org)