

# **Financing for Development Issue #6**

## **SYSTEMIC ISSUES**

**By Nadia Johnson**

**R**eforming the international financial architecture, improving global governance, and strengthening the role of the UN are the three major dimensions of this increasingly contentious issue. At stake is the direction that development financing will take beyond Monterrey. Women's groups and other NGOs contend that the global human ecosystem is being jeopardized by severe imbalances in productivity, resource mobilization, and the distribution of goods and services resulting from the policies of the Washington Consensus, the current prevailing economic system that promotes deregulation, privatization, and trade and financial liberalization. This neoliberal model, which subordinates poverty eradication and gender equality to economic growth, is economically and politically unsustainable.

Women activists and feminist economists are advocating for the transformation of the existing global economic system to incorporate the social content of international trade, fiscal, and financial policies into macroeconomic decision-making towards achieving sustainable human development. In achieving this goal, policies must be implemented in full coordination with the development frameworks of each country, respecting the sovereignty of developing countries and countries in transition in particular. Such socially sustainable policies and their implementation are critical to the development framework, particularly for women, who are disproportionately illiterate, poor, and impoverished, and lacking access to resources, education, training, and healthcare. Yet in most policy making still, sustainability is an afterthought to growth, and institutions creating and implementing these policies remain unmonitored, unaccountable, and unchecked.

Global economic activity should operate under global economic governance. Institutional self-governance and unequal power relations between countries have served to further marginalize developing countries in favor of market interests. The role of the UN proves critical as we identify the need for an international body to govern the international financial, monetary, and trade institutions in order to ensure coherency, democratic participation, transparency, and implementation of the international commitments already agreed to in prior UN conferences concerning human rights, environmental protection, and gender equality.

Economic decision-making processes typically conclude with an outcome declaration that includes but does not mainstream social and environmental components to economic development, in effect sprinkling words like 'human rights' and 'gender equity' here and there, without ensuring that these concerns are equally addressed with those of economic growth. In failing to *systematically* address gender concerns, the Financing for Development process will fall short in achieving its purpose: poverty eradication. UN processes and their outcomes must not work in isolation from, but rather build on each other. Coherency must extend to the international financial, monetary, and trade institutions as well, strengthening these institutions in support of sustainable human development. This can be accomplished by increasing their coherence with

organizations whose mandates particularly address social, environmental, and labor issues, such as UNIFEM, UNEP, and ILO, for examples.

Recommendations:

- Monitor global economic conditions, policies, and institutions from the perspective of overall development goals, including poverty eradication and equality, as established in the internationally agreed commitments in the UN Charter, Millennium Declaration, and all UN conferences of the past decade.
- Include all sectors of civil society, particularly women, in the design and application of trade, fiscal, and financial policies, at national, regional, and international levels.
- Establish the primacy of the UN in addressing the lack of institutional democracy and transparency in the international financial, monetary, and trade institutions – the World Bank, IMF, and WTO.
- Establish greater support from the UN system, the World Bank, IMF, and WTO and other international and regional intergovernmental bodies, parliaments and civil society, including the private sector and NGOs, for government efforts to achieve full and effective implementation of their commitments from prior UN processes, including the Beijing Platform for Action.

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