

# WOMEN'S WORKING GROUP ON FINANCING FOR DEVELOPMENT (WWG on FfD)\*

## 'Key points on Reforms of the International Monetary and Financial System'

### Inputs to Commission of Experts on Reforms of the International Monetary and Financial System

February 2009

#### Theme 1 Financial Regulation

1. A move away from the self-regulation of markets toward the strengthening of regulatory mechanisms is needed to reduce the probability of financial instability and capital flight and will help to increase the transparency of the financial sector.
  - The financial regulatory structure needs to be complemented by strong competition policy and consumer protection.
  - Agricultural goods should be taken out of Commodity Futures Market in order to protect people's livelihoods.
2. Regulators must monitor the mechanisms used by credit rating agencies, in order to keep their (regulators') regulations stringent, appropriate and susceptible to public and democratic scrutiny.
  - Credit rating classifications are primarily led by credit rating agencies, whose methodology in determining credit ratings is questionable. The revolving door of employment among regulators, ratings agencies and financial firms contributes to the loss of autonomy that regulation requires, effectively resulting in de-facto self-regulation.
3. Central Banks need to be more conscious of the relationship between price stability and other development goals, differently from current obsession with price stability at the expense of the use of macroeconomic mechanisms – such as government spending – that are key to social development.
4. Fiscal and monetary authorities should have better policy and goal coordination, specifically aimed at countercyclical policies.
  - Finance ministries should be interested in capital gains taxes and how these might be used to change incentive structures. Financial products should not provide larger sources of profits than industrial goods and services.

\*The WWG on FfD is coordinated by [Development Alternatives with Women for a New Era \(DAWN\)](#) and includes the following networks/organizations: [African Women's Development and Communication Network \(FEMNET\)](#), [Association for Women's Rights in Development \(AWID\)](#), [Feminist Task Force-Global Call to Action against Poverty \(FTF-GCAP\)](#), [Global Policy Forum \(GPF\)](#), [International Gender and Trade Network \(IGTN\)](#), [International Trade Union Confederation \(ITUC\)](#), [Network for Women's Rights in Ghana \(NETRIGHT\)](#), [Women's Environment and Development Organization \(WEDO\)](#) and [Women in Development-Europe \(WIDE\)](#).

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5. An Universal Declaration of Global Governance - such as the one proposed by Francois Houtart's – could further the goal of building a global economic and financial system within a human rights framework operating under democratic, participatory, accountable and transparent mechanisms.

## **Theme 2 Multilateral Issues**

6. A new multilateral institution (to replace the International Monetary Fund (IMF)) needs to be established.
  - Its role would primarily be financial sector surveillance and it should undertake social monitoring. The weight of a country's vote within this organization would not depend on how much money a country has put into the organization.
7. The United Nations (UN) General Assembly, particularly through a strengthened Economic and Social Council or a UN Economic Security Council should be the forum for peer reviews of macroeconomic stability issues. It should also supervise the actions and functions of the IMF (until its dissolution), the World Bank and the World Trade Organization.
8. Global economic structures and policies must be aligned with commitments to gender equality and (women's) human rights and internationally agreed development goals, identified primarily in the Beijing Platform for Action, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and International Labour Organization Conventions. Further, The UN's gender equality machinery should be strengthened.
9. Political priority should be focused on placing UN agencies at the center of international cooperation for development governance. Hence, expertise should be built within the UN in order to reduce reliance on the World Bank as the only "knowledge-technical assistance-capacity building" institution.
10. Trade liberalization per se must not be regarded as conducive to development if agreements and policies are not carried within a regulatory framework that ensures that policy space and development concerns are prioritized.
  - Progressive trade liberalization principle should be abandoned as a goal in itself.
  - Control mechanisms to oversight Foreign Direct Investments and multinational corporations activities should be set up to ensure that environmental sustainability, social protection, gender equality and people's livelihoods are not threatened by financial instability, capital outflows and human rights violations.

## **Theme 3 Macroeconomic Issues and Addressing the Crisis**

11. It is essential to establish coherence between international trade policies and global commitments to gender and social equality, women's rights and the environment. For this, policy space must be ensured.
  - The proliferation of wide-ranging and ambitious bilateral free trade agreements, which serve mainly developed countries' business interests at the expense of people's livelihoods,

must be reviewed. The often adverse, differential impacts of economic liberalization on women relative to men must be examined and incorporated into policy.

12. To be efficient, effective and accountable, public finance management systems and practices need to support principles of participatory and gender-responsive budgeting.
13. Building, rebuilding and strengthening automatic stabilizers and social insurance systems will help many economies weather the crisis.
  - In the absence of such stabilizers and social insurance systems, women's unpaid labor acts as a stabilizer and this increases their burden.
14. The imbalance between the productive economy and the reproductive economy, which is largely dependent on women, must be urgently redressed. This must not be detrimental to regarding gender equality as urgent, no matter what its interrelation to economic growth is.
  - Policy makers must support strong domestic productive capacity and cautious international trade. Focus must be on promoting living wages that recognize the contributions of all workers to productivity as well as the requirements for full functioning in society and the care of its generations.
15. Official Development Assistance (ODA) should not decrease; indeed, it should increase.
  - In this context of extreme financial and economic hardship, ODA is both a safety net and fiscal stimulus.
  - Still, ODA should be carried with a view on a future where it will be no longer needed.
16. Additional funds - generated, for example, by environment taxes or a tax on financial transactions - must be used for programs/projects (such as increased access to health insurance and finance) and support women and men in under-privileged regions.

#### **Theme 4 Reforming the Global Financial Architecture**

17. The UN is the most appropriate multilateral space to lead the necessary economic and financial reforms.
18. A strong international legal framework for an orderly and transparent debt workout mechanism is needed.
  - In the short-term, a moratorium on all debt payments from developing countries to the governments that they owe should be undertaken.
19. In order to ensure that commodity producers do not become victims to financial speculation, better monitoring and reporting on market-based price risk management is needed as are other risk reducing mechanisms, such as international commodity arrangements. Special Safeguard Mechanism (SSM) and Special Products (SP) under international trade agreements must also be preserved to protect people's livelihoods.
20. In order to meet liquidity requirements, government authorities should be able to access different funding sources. These could include funds from an international funding facility.
21. Policy conditionalities should not be attached to these funding occasions as they, from a human rights perspective, undermine people's right to self-determination.