Asia Pacific Forum on Women, Law and Development

DEVELOPMENT JUSTICE NOW!

Feminist Demands for Financing for Development

A briefer by the Asia Pacific Forum on Women, Law and Development (APWLD)

Introduction

Several years into the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs), the world is shoved deeper yet again into multiple crises and further away from achieving Development Justice (see Box 1). The COVID-19 health crisis exposed and widened the cracks in the global neoliberal order that thrives on inequalities, exploitation and extractivism. Decades of colonial extraction, and the subsequent liberalisation and deregulation of economies, and privatisation of public services enforced by the structural adjustment programmes of the International Monetary Fund and World Bank (IMF-WB) and further reinforced through neoliberal trade and investment agreements have strengthened the capture of corporations over economies on the one hand, while weakening the capacity of developing countries and their people to respond to crises such as COVID-19 on the other. Crippling public debt burden, illicit financial flows, as well as inequitable global tax rules are draining public coffers, preventing the channeling of resources to policies and programmes that will transform economies towards achieving human rights, gender equality and genuine sustainable development.

As the pandemic raged, disruptions in the globalised production networks combined with flexible labour schemes and lack of social protection pushed millions into joblessness, poverty and hunger during the lockdowns. The neoliberal model of development that led to decades of privatisation and corporate capture of health systems further deprived poor people of healthcare services and proved to be unfit to handle a global pandemic. Globally, extreme poverty has increased by more than 90 million people.[1] Global inequality increased by 0.37 Gini points between 2019 and 2021.[2] According to the Food and Agriculture Organization (FAO), between 702 and 828 million people were affected by hunger in 2021. The number has grown by about 150 million since the outbreak of the COVID-19 pandemic – 103 million more people between 2019 and 2020, and 46 million more in 2021.[3]

Asia and the Pacific was considered an engine of economic growth pre-pandemic. However, even before COVID, the region's peoples on whose backs this growth was built upon were already suffering from the implications of neoliberal globalisation which were exacerbated during the pandemic. Decades of application of neoliberal policies of privatisation of public services, trade and financial liberalisation and deregulation, and labour flexibilisation as part of structural adjustment programmes from the IMF-WB, loan conditionalities, and the implementation of neoliberal trade and investment agreements have made the region an attractive place for manufacturing and extractive industries. Contrary to the promises of development by neoliberal globalisation, inequality between the rich and the poor in the region has worsened as more wealth is being concentrated among a few elites. According to the United Nations Development Program (UNDP), the most unequal sub-regions

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[1] Mahler, D. G., Yonzan, N., Lakner, C., Aguilar R. A., & Wu, H. (2021, June 24). Updated estimates of the impact of COVID-19 on global poverty: Turning the corner on the pandemic in 2021?. https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-turning-corner-pandemic-2021

[2] World Bank. (2022 January). Impact of COVID-19 on global income inequality. In World Bank. World Economic Prospects January 2022. https://thedocs.worldbank.org/en/doc/cb15f6d7442eadedf75bb95c4fdec1b3-0350012022/related/Global-Economic-Prospects-January-2022-Topical-Issue-2.pdf

[3] FAO, IFAD, UNICEF, WFP, & WHO. (2022). The state of food security and nutrition in the world 2022. https://www.fao.org/documents/card/en/c/cc0639en

are South Asia and East Asia wherein income inequality varies greatly, ranging from a Gini coefficient of 19 in Azerbaijan to 52 in India.[4] The lack of social protection for more than 50 per cent of the population in Asia-Pacific[5] contributed to the increase in poverty and hunger in the region during the pandemic. Job and income losses pushed an estimated 75 million to 80 million more people in Asia into extreme poverty[6] while a quarter of the region's population experienced moderate or severe food insecurity during 2020 and 2021.[7] As global demand for manufactured products went down, factory workers in Asia-Pacific experienced either reduced working hours or retrenchment with little to no pay. Workers in the tourism industries of Brunei Darussalam, Mongolia, the Philippines, Thailand and Vietnam also suffered as nearly 1.6 million jobs, or nearly one third of job losses in 2020 were in tourism.[8] In Pakistan, the poorest third of the population employed in the informal economy lost 16 per cent of their incomes during the pandemic.[9]

Women in Asia-Pacific were again disproportionately affected by the crisis. Moderate to severe food insecurity was more prevalent among women (28.5 per cent in 2020 and 28.1 per cent in 2021) compared to men (25.8 per cent in 2020 and 23.7 per cent in 2021).[10] Women are more represented in low-paid jobs in manufacturing, services, as well as in the informal economy where job and income losses occurred. In a region where women do 4.1 times more unpaid care work than men.[11] The pressure on women to perform more unpaid care work increased during lockdowns and due to failing healthcare and education services. Even in the paid care sector, women are overly represented in lower-wage and vulnerable work. The approximately 79 to 81 per cent of nurses in the region who are women[12] are often poorly paid and yet are more exposed to patients infected with COVID-19.

Climate change induced disasters are increasing economic and social hardships in a region already suffering from the pandemic. Droughts in Vietnam in 2019 to 2020, heatwaves in India and Pakistan in 2022, the recent flash floods in Bangladesh and Pakistan, the stronger typhoons crossing the Pacific Islands and the Philippines, and rising sea levels are already negatively impacting food systems, jobs, health and security of millions of people and impairing their capacity to recover from the pandemic.

Meanwhile, as governments are scrambling for resources to respond to the multiple crises, they are hounded by a looming debt crisis and austerity as a result of the

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[4] Kidd, S., Athias, D., Nastasi, S., & Pop, A. (2022). Inequality and social security in the Asia-Pacific region. https://www.undp.org/publications/inequality-and-social-security-asia-pacific-region
[5] https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_817572.pdf
[6] Jerving, S. (2021). Extreme poverty rose by 80 million in Asia and Pacific due to COVID-19. https://www.devex.com/news/extreme-poverty-rose-by-80-million-in-asia-and-pacific-due-to-covid-19-100672
[7] FAO, IFAD, UNICEF, WFP, & WHO. (2022). The state of food security and nutrition in the world 2022. https://www.fao.org/documents/card/en/c/cc0639en
[8] ILO. (2021). ILO research highlights massive COVID-19 impact on tourism employment in Asia and the Pacific. https://www.ilo.org/asia/media-centre/news/WCMS_827494/lang--en/index.htm
[9] Bussolo, M., Sharma, S., & Timmer, H. (2020). COVID-19 has worsened the woes of South Asia's informal sector. https://blogs.worldbank.org/endpovertyinsouthasia/covid-19-has-worsened-woes-south-asias-informal-sector
[10] FAO, IFAD, UNICEF, WFP, & WHO. (2022). The state of food security and nutrition in the world 2022. https://www.fao.org/documents/card/en/c/cc0639en
[11] Mercado, L., Naciri, M., & Mishra, Y. (2020, June 1). Women's unpaid and underpaid work in the times of COVID-19. https://asiapacific.unwomen.org/en/news-and-events/stories/2020/06/womens-unpaid-and-underpaid-work-in-the-times-of-covid-19
[12] CARE, & UN Women. (2020). The COVID-19 outbreak and gender: Regional analysis and recommendations from Asia and the Pacific. https://reliefweb.int/report/world/covid-19-outbreak-and-gender-regional-analysis-and-recommendations-asia-and-pacific-may

loans they incurred during the pandemic and the removal of flexibilities applied for the loans they incurred before the pandemic. In Asia-Pacific, nine low-income countries are either in a high risk of debt distress or already experiencing it.[13] Continued debt servicing, increase in the reliance on private loans, as well as the impending austerity not only undermine the capacity of developing countries to recover from the pandemic, but are also preventing them from implementing policies that will enable people to respond to climate change and prevent future pandemics.

Clearly, the neoliberal global economic order that siphons resources from developing countries and marginalised peoples into the hands of developed countries and the elite should be stopped. Instead, this order that promotes inequalities, massive suffering and destruction, and waste of human lives must be replaced with an economic and financial model that promotes accountability, human rights, social and gender equality, and care for both people and the planet.

Box 1. What is Development Justice?

Development Justice is a new model of development that aims to address inequalities of wealth, power and resources between countries, between rich and poor, and between men and women–a model that asserts the right to development for all peoples over private profit.

The Development Justice model is framed by five transformative shifts:

1. **Redistributive Justice** aims to redistribute resources, wealth, power and opportunities from a selected few to all human beings equitably. It compels us to dismantle the existing systems that channel resources and wealth from developing countries to wealthy countries, and from people to corporations and elites. It recognises the people as sovereigns of our local and global commons.

2. **Economic Justice** aims to develop economies that enable dignified lives, accommodate needs, and facilitate capabilities, employment and livelihoods available to all, and is not based on exploitation of people or natural resources or environmental destruction. It is a model that makes economies work for people, rather than compelling people to work for economies.

3. **Social and Gender Justice** aims to eliminate all forms of discrimination, marginalisation and exclusion that pervade our communities. It recognises the need to eliminate patriarchal systems and fundamentalisms, challenge existing social structures, deliver

[13] As of September 30: https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf

gender justice, ensure sexual and reproductive justice, and guarantee human rights of all peoples.

4. **Environmental Justice** recognises the historical responsibility of countries, and elites within countries whose production, consumption, and extraction patterns have led to human rights violations, climate crisis and environmental disasters. Environmental Justice compels those responsible to alleviate and compensate those with the least culpability but who suffer the most: farmers, fisherfolk, women and other marginalised groups of the Global South.

5. **Accountability to Peoples** requires democratic and just governance that enables them to make informed decisions over their own lives, communities and futures. It necessitates empowering all people, particularly Indigenous Peoples and the most marginalised, to be part of continuous free, prior and informed decision making in all stages of development processes at the local, national, regional and international levels.

What is the United Nations Financing for Development (FfD)?

Movements and civil society have long been campaigning and advocating for the transformation of the global economic and financial architecture away from profit and corporate control towards upholding human rights and environmental sustainability. They have been campaigning against debt-dependence, trade and investment liberalisation, privatisation of public services, public-private partnerships and unequal North-South relationships in global economic decision-making processes. They have been advocating for a human rights-based approach to and decolonisation of aid and development cooperation, for debt cancellations, for an end to illicit financial flows and for a UN-administered tax body that will ensure justice and equity in global taxation. One of the spaces that they have been engaging governments for such reforms is the FfD process.

The United Nations Financing for Development Forum (FfD) is a process launched by the United Nations (UN) in 2002 that supports the follow-up to the agreements and commitments reached during the three major international conferences on Financing for Development: in Monterrey, Mexico in 2002; in Doha, Qatar in 2008; and in Addis Ababa, Ethiopia in 2015. The FfD process also continues the discussions on the financing for development-related aspects of the outcomes of major UN conferences and summits in the economic and social fields, including the 2030 Agenda and the Sustainable Development Goals (SDGs). The topic areas tackled in the FfD are domestic resource mobilisation; domestic and international business and finance; international trade; international development cooperation and official development assistance; debt; technology; and systemic issues.

Born during the aftermath of the Asian Financial Crisis of 1997 (AFC), the first FfD conference in Monterrey, Mexico in 2002 was an attempt to put the UN at the centre of the global economic and financial system. To address the impacts of the AFC and prevent another crisis, developing countries and civil society sought to reform the global financial architecture through proposing measures such as enhancing their participation in decision-making with regards to international economic policies and dealing with external debt, increasing support for strengthening their financial sectors and regional focus on financing for development needs.

The Monterrey Consensus of 2002 contained commitments to increase domestic financial resource mobilisation, increase the amount and quality of Official Development Assistance (ODA), address external debt problems and use international trade as an engine for development, among other objectives. However, the outcome document's treatment of gender is at best shallow and does not adequately address the gender dimensions of the crisis. Women's groups asserted that women are more vulnerable during crises because of gender-based biases and beliefs that prevent them from accessing decision-making spaces and resources, pushing them to become overrepresented in the unprotected, precarious, and often neglected informal sector as well as in the most affected sectors such as healthcare services and the care economy.

The FfD Conference of 2008 in Doha was yet again held against a backdrop of another crisis, this time, at a global scale. The global financial, food and fuel crises of 2007 to 2008 resulted in massive unemployment, hunger and other economic hardships that disproportionately impacted women. In 2007, the Women's Working Group on Financing for Development was created by women and feminist organisations to systematically engage the Doha FfD in order to ensure that gaps in the Monterrey Consensus, including the gendered impacts of the crises, are properly addressed in the forum.

Together with other civil society organisations of the CSO FfD Group, they advocated for, among others, fair taxation systems, gender responsive budgets and participation of poor women in fiscal policy-making, regulation of investments, redirection of the WTO negotiations and preserving the policy space of developing country governments to legislate and implement laws for development, removal of aid conditionalities and debt cancellations. As a result of their advocacy, gender equality was recognised in the Doha Declaration on FfD as a fundamental human right and an issue of social justice essential for economic growth, poverty reduction, environmental sustainability and development effectiveness. However, feminist organisations insisted that the commitments to gender equality in the document will only be truly meaningful if the systemic issues that underpin poverty, asymmetries and maldistribution of power and resources in the global political economy are decisively addressed.[14] Feminist organisations demanded stronger gender equality and women's human rights-based policy commitments and actions on development, trade, finance, debt, aid and systemic issues.

The Addis Ababa FfD Conference in July 2015 was held before the adoption of the Agenda 2030 and the Sustainable Development Goals (SDGs) in September

[14] Women's Working Group on Financing for Development. (2008, December 2). Good but not enough: Women's rights and gender equality in Doha 2008 [Press release]. https://wwgonffd.files.wordpress.com/2014/10/2008_wwg-press-release-doha.pdf

2015. While the UN lauds the Addis Ababa Agenda for Action (AAAA) as important for generating financing for the new sustainable development agenda, civil society lamented the inadequacy of the results in tackling the structural injustices in the current global economic system and ensuring that development finance is people-centred and protects the environment.[15] Feminists in particular were disappointed with the AAAA's failure to remove the global obstacles to development and to shift the balance of power in the international financial architecture in order to address systemic issues and create the conditions to respect, protect and fulfill human rights, in particular women's human rights. The AAAA also failed to acknowledge the macro-economic dimension of unpaid domestic and care work and the need to reduce and redistribute it among the State, private sector, communities, families, men and women.[16] Moreover, the outcome document shows strong tendencies towards the instrumentalisation of women, wherein financing gender equality and women's empowerment are viewed as means to achieve economic growth, to increase productivity and to improve economic performance. Civil society also lamented the stronger role accorded to the private sector in development, the lack of commitments to debt and tax justice, non-fulfillment of donors to their commitments on development cooperation, lack of critical assessment of trade regimes and how they violate human rights and worsen under-development, lack of action to address systemic issues particularly the IMF's failures on unwarranted austerity advice as a response to crises and the lack of concrete commitments from governments and all actors to publish timely, comprehensive, accessible and forward-looking information about all development activities and resource flows.[17]

The lack of meaningful progress in the FfD, the multiple crises that the COVID-19 pandemic helped exacerbate, and the ongoing climate emergency are reasons why civil society groups are calling for a fourth conference on FfD. These crises further stress the need for urgent reforms of the global economic and financial system. Civil society organisations (CSOs) demand that the fourth FfD should ensure democratisation of global economic governance, recognising the right of every country to be at the decision-making table, not only those with concentrated power or resources. Such multilateral reforms include the need for a UN multilateral legal framework to address unsustainable and illegitimate debt including through extensive debt cancellation, establishing a universal, intergovernmental UN tax body, negotiating a UN tax convention and a global technology assessment mechanism at the UN.[18]

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[15] CS for FfD Group. (2015, July 16). Civil society response to the Addis Ababa Action Agenda on Financing for Development. https://csoforffd.files.wordpress.com/2015/07/cso-response-to-ffd-addis-ababa-action-agenda-16-july-2015.pdf

[16] Women's Working Group on Financing for Development. (2015, July 17). Reaction to the Outcome Document of the Third International Conference on Financing for Development: Addis Ababa Action Agenda. https://wwgonffd.files.wordpress.com/2015/07/women-working-group-reaction-to-addis-ababa-action-agenda-17-july-20151.pdf

[17] CS for FfD Group. (2015, July 16). Civil society response to the Addis Ababa Action Agenda on Financing for Development. https://csoforffd.files.wordpress.com/2015/07/cso-response-to-ffd-addis-ababa-action-agenda-16-july-2015.pdf

[18] CS for FfD Group. (2022). Call for a 4th Financing for Development Conference!. https://csoforffd.org/2022/05/19/call-for-a-4th-financing-for-development-conference/

Unpacking the Issues: Debt, Austerity Measures and Regressive Taxation and Private Financing in Development

This section will deep dive into three issues surrounding financing for development: debt, austerity measures and regressive taxation and private financing in development. These issues have their roots in colonial extraction as well as in the neoliberal 'reforms' that the IMF-WB and trade and investment agreements championed. Colonisers extracted wealth and labour from their colonies, a pattern which was continued after the supposed independence of the colonised countries through unequal trade and investment agreements. Newly independent but cash-strapped countries fell into debt and are falling deeper into it as their policy spaces for implementing pro-people development have been restricted by neoliberal reforms that keep them in deficit. This helped create a situation where austerity measures and regressive taxation negatively impact poor communities' access to services and their overall well-being. The continuous indebtedness of developing countries has also made the narrative of increasing the private sector's role in delivering public services and in achieving overall development results, more acceptable. However, this narrative also conveniently blames the inefficiency of governments and glosses over the critical issue of why developing countries remain struggling with achieving development objectives in the first place.

Debt Dependence

COVID-19 triggered a huge surge in debt due to borrowings by governments to respond to the crisis. While developing countries had already been deep in debt even before the pandemic, COVID-19 dug the debt trap even deeper. In Asia-Pacific, external debt stocks rose in 2021, especially in South Asia which saw a sharp 10.2 per cent increase or USD 900 billion. The 9 per cent rise in the external debt of India comprised 70 per cent of the external debt in the sub-region. For the same year, Pakistan and Bangladesh also saw their external debt increase to 12 per cent and 23 per cent, respectively. While the East Asia and the Pacific region (excluding China) saw a slowdown in the increase of external debt stock from 7.8 per cent in 2020 to 3.5 per cent in 2021, the regional average hides the fact that a number of Pacific Islands[19] experienced around 20 per cent increase in external debt stock after being hit by both the pandemic and climate-change induced disasters.[20]

[19] As of November 30 in IMF's List, Kiribati, Marshall Islands, Micronesia, PNG, Samoa, Tonga and Tuvalu are at high risk of debt distress. Solomon Islands, Vanuatu and Timor Leste are at moderate risk of debt distress. https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf

[20] World Bank. (2022). Debt report 2022. Edition II. https://thedocs.worldbank.org/en/doc/6e72b0ded996306fa01f5db7a0c38b19-0050052021/related/2022-Debt-Report-Edition-II.pdf

Due to ballooning debts and the economic crisis, several countries in the region are already in debt distress. According to IMF data, as of 30 November 2022, Kiribati, Marshall Islands, Micronesia, Papua New Guinea (PNG), Samoa, Tonga and Tuvalu are at high risk of debt distress, while Solomon Islands, Vanuatu and Timor Leste are at moderate risk of debt distress. While the IMF defines debt distress as a situation wherein countries fail to or are at risk of failing to meet debt repayments, the organisation Debt Justice developed an alternative risk classification to reflect the human rights impact of ballooning debts. According to Debt Justice, when external debt payments exceed 15 per cent of government revenue, this tends to lead to a decline in government spending,[21] which means less financing for health, education, and programmes that aim to promote gender equality and women's empowerment. According to this alternative analysis, several countries in the region are either at risk of either public or private debt or are already experiencing it in 2021.

Table 1: Asia-Pacific Countries Debt Crisis Risk

Country	2021
Australia	Risk of private debt crisis
Bhutan	In debt crisis
Indonesia	In debt crisis
Kazakhstan	Risk of private debt crisis
Kyrgyzstan	Risk of private debt crisis
Lao People's Democratic Republic	In debt crisis
Maldives	In debt crisis
Mongolia	In debt crisis
Nepal	Risk of public debt crisis
New Zealand	Risk of private debt crisis
Pakistan	In debt crisis
PNG	Risk of public and private debt crisis
Samoa	Risk of public debt crisis
Sri Lanka	In debt crisis
Tajikistan	Risk of public debt crisis
Tonga	Risk of public debt crisis
Turkmenistan	In debt crisis
Vanuatu	Risk of public debt crisis

Source: https://data.debtjustice.org.uk/

[21] Debt Justice. (n. d.) Our risk analysis. https://data.debtjustice.org.uk/our-analysis.php

Box 2. Two Perspectives on Debt Distress/Crisis

According to the IMF, a country is in debt distress when it is unable to fulfill its financial obligations and debt restructuring is required.[22] However, this definition adopts a debtor perspective wherein the concern is much too focused on paying back the debt. It does not take into account the impacts on human rights, especially on marginalised groups such as women and children, of elevated levels of debt.

CSOs such as Debt Justice therefore developed an alternative definition of debt crisis which centers on human rights. According to Debt Justice, a debt crisis is where debt payments undermine a country's economy and/or the ability of its government to protect the basic economic and social rights of its citizens. Debt crises can be caused by debt owed by governments, or by debts owed by the private sector, e.g. businesses, banks and households. Private debt can lead to a financial crisis, which then passes debt on to the public.[23]

[22] Hakura, D. (2020 September). What is debt sustainability? https://www.imf.org/en/Publications/fandd/issues/2020/09/what-is-debt-sustainability-basics
[23] Debt Justice. (2022, September 2). Debt data portal. https://data.debtjustice.org.uk/

In fact, a lot of countries in the region increased their debt service-to-revenue ratios even in the middle of the pandemic. Below is a table of Asia-Pacific countries whose external debt service is denoted as a percentage of government revenue. At least 8 countries spent 15 per cent of their revenue to pay back debt. Increase in debt servicing affects the ability of governments to spend on public services. For example, government spending on education (as per cent of GDP) in Timor Leste and Uzbekistan decreased by 11.32 per cent and 11.15 per cent respectively between 2015 to 2017, while debt service (as percentage of GDP) increased by 601.96 per cent and 78.18 per cent, respectively for the same period.[24] Decreasing financing for public services especially impacts women as they tend to be more reliant on these services (see Box 3 on the case of Sri Lanka).

Table 2: External Debt Service (% of government revenue)

Country	**2019**	**2020**
Sri Lanka	47.0	**59.3**
Lao People's Democratic Republic	16.3	41.0
Pakistan	27.0	34.5
Fiji	12.3	29.6
Maldives	27.3	26.8
Papua New Guinea	10.7	22.3
Indonesia	13.3	21.2
Mongolia	10.6	15.6
Vanuatu	6.4	12.2
Samoa	10.1	12.0
Tajikistan	10.4	10.0
Kyrgyzstan	7.1	9.9
Marshall Islands	10.0	8.7
Philippines	8.5	7.5
Bangladesh	6.2	7.5
New Zealand		7.5
Viet Nam	6.0	7.2

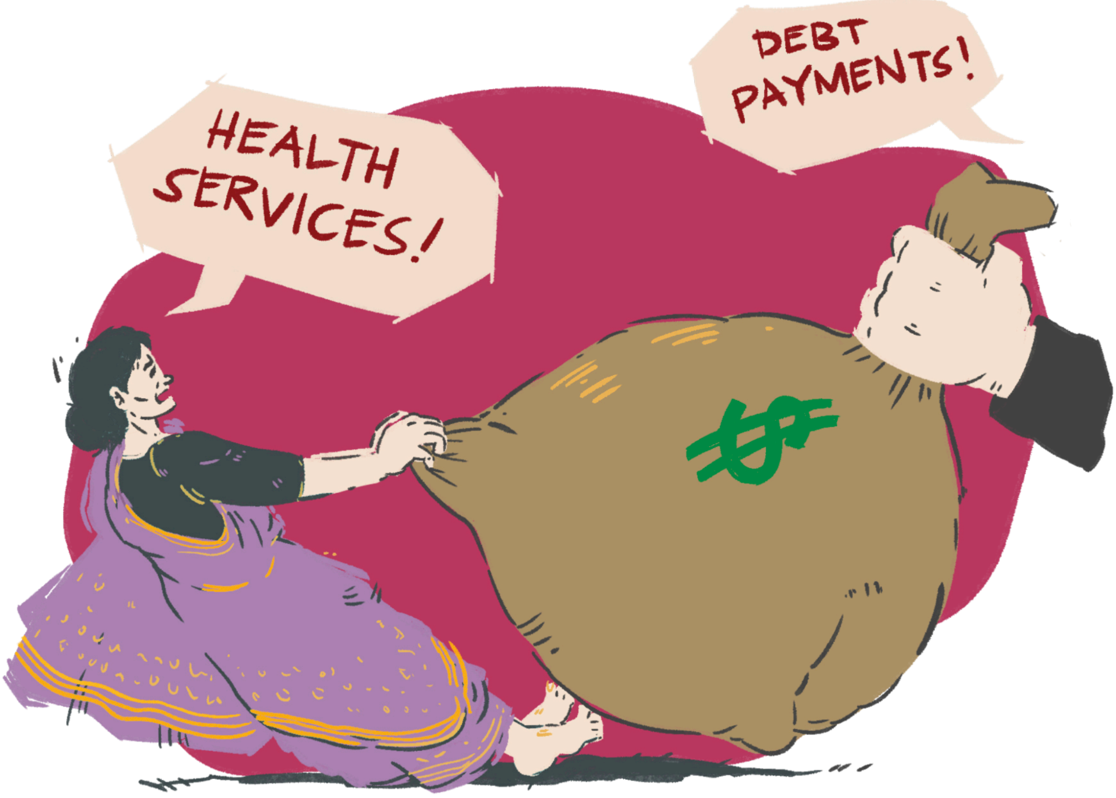
[24] Fresnillo, I. (2020). Out of service: How public services and human rights are being threatened by the growing debt crisis. https://www.eurodad.org/outofservice

Box 3. Sri Lanka's Debt Crisis and Impacts on Women

Sri Lanka's application of neoliberal policies led to the country's bankruptcy and poor implementation of development programmes. The country has relied on external debt and the usable foreign reserves have become too low to cover their needs from the international market. Sri Lanka imports USD 3 billion more than it exports every year, resulting in the exhaustion of foreign currency reserves. At the end of 2019, it had USD 7.6 billion in foreign currency reserves, which have dropped to around USD 250 million.[25]

Decreasing public financing and support for social services has been increasing inequality and worsening marginalisation of vulnerable groups including women and girls. Delivery of sexual and reproductive health services, including maternal health care and access to contraception is severely impacted[26] and many young women have been experiencing a medical crisis as the current economic crisis affects supplies of medicines and equipment, leading to increasing maternal mortality.

Excerpt from the APWLD Feminist collective statement of concern on the situation of grassroots women in Sri Lanka amidst the austerity measures and the debt and economic crisis released in August 2022.



[25] Perera, A. (2022, July 14). Sri Lanka: Why is the country in an economic crisis?. BBC. https://www.bbc.com/news/world-61028138
[26] UNFPA. (2022, August 8). Upholding the dignity and building resilience of women and girls: UNFPA's response to the economic crisis. https://reliefweb.int/report/sri-lanka/upholding-dignity-and-building-resilience-women-and-girls-unfpas-response-economic-crisis

The global debt architecture that is supposed to address challenges created by increasing debt levels is very much dominated by developed countries who are the creditors themselves. For example, the G20 Common Framework for Debt Treatment that was agreed on in 2020 was designed by a limited group of countries containing the biggest creditors, without the participation of heavily indebted countries that are already in debt crisis or at risk of it. The lack of clarity on the participation of private debtors in the framework is an additional challenge given that loans from private creditors have also been increasing in the past few years. Despite calls for debt cancellation, especially of unsustainable debts and illegitimate debt incurred by dictatorships and corrupt governments, the G20 Common Framework states that, 'In principle, debt treatments will not be conducted in the form of debt write-off or cancellation'.[27] Debt cancellation is reserved for the most 'difficult situations' without clarity on what these situations include and is contingent upon meeting several hefty requirements.

Austerity Measures and Regressive Taxation

Austerity measures and regressive taxation are two measures that governments turn to in response to economic crises. Both measures negatively affect the poor by cuts in social spending and taxing the poor and the middle class. On the other hand, the wealth of the elite is preserved by funneling money into subsidies for corporations instead of implementing a wealth tax.

After the financial crisis of 2007-2008, governments in Asia-Pacific[28] have implemented one or a combination of the following measures: subsidy reforms such as cuts in the subsidies on energy and agricultural production in rural households, reduction or caps in public wage bills, increase in consumption taxes and Value-Added Tax (VAT) on basic goods and services, narrowing of social protection schemes, pension reforms and labour market reforms.[29] These measures were taken after the 2007-2008 global financial crisis that triggered the Great Recession.

The COVID-19-induced debt crisis will have some countries implement austerity and regressive taxation in the next decade, if they are not already implementing them. While some governments voluntarily implement these measures, the IMF plays an active role in pushing for these measures to their client governments as conditionalities for their loans. Oxfam's research on loans incurred during COVID-19 shows that '85 per cent of the 107 loans negotiated between the IMF and 85 national governments to respond to the COVID-19 crisis indicate plans to undertake "fiscal consolidation", i.e. austerity, during the recovery period. These plans are now being finalised in countries across the Global South, where public services and social protection were already in need of serious government investment even before the pandemic'.[30]

[27] G20 & Paris Club. (2020). Common framework for debt treatments beyond the DSSI. https://clubdeparis.org/sites/default/files/annex_common_framework_for_debt_treatments_beyond_the_dssi.pdf

[28] including Indonesia, Malaysia, Myanmar, Timor-Leste, Thailand, Philippines, Laos, Fiji, Papua New Guinea, Palau, Marshall Islands, Tonga, Mongolia, Micronesia, Cambodia, Tuvalu, and China

[29] Ortiz, I., Cummins, M., Capaldo, J., Karuranethy, K. (2015). The Decade of adjustment: A review of austerity trends 2010-2020 in 187 Countries [ESS Working Paper No. 53]. https://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_431730/lang--en/index.htm

[30] Abed, D. & Kelleher, F. (2022). The assault of austerity. How prevailing economic policy choices are a form of gender-based violence. https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-11/bp-assault-of-austerity-prevailing-economic-choices-are-gender-based-violence-221122-en.pdf

Austerity measures are actions implemented by governments to reduce government spending and public debt. These measures can come in the form of budget cuts to education, health, welfare, or wage freeze among government employees.

A **regressive tax** is one where the average tax burden decreases with income. Low-income taxpayers pay a disproportionate share of the tax burden, while middle and high-income taxpayers shoulder a relatively small tax burden. A common form of regressive tax is the VAT which is a form of indirect tax and affects the poorest when applied to basic goods and services. A **progressive tax** on the other hand does the opposite: the tax burden increases as the income increases.

Austerity measures are often implemented hand in hand with regressive taxation as responses to economic crises. The former cuts government spending which usually hits public services such as health, education and social protection, while the latter aims to extract revenue to fill government coffers, unfortunately, from the pockets of the poor and middle class, rather than the super-rich.

Meanwhile, wealth continues to concentrate in the hands of the elite due to the same measures that push people deeper into poverty during crises. Often, governments incur loans that are used to bail out banks and corporations that are considered 'too big to fail' while workers lose their jobs and are unable to access social security. Corporations that extract massive profits from cheap labour also often do not have their fair share of taxes, further draining public funding for social services. According to the Organisation for Economic Cooperation and Development (OECD), 'on average, taxes on goods and services were the main source of tax revenues in the Asia-Pacific region in 2020, accounting for 50.6 per cent of total tax revenues' while revenue from corporate income tax is at 18.8 per cent on average.[31] Aside from the low tax rates levied on corporations,[32] different perks such as reduced taxes and tax holidays, if corporations invest/operate inside Special Economic Zones (SEZs), are also enjoyed by corporations, as in the case of the Philippines. Meanwhile, workers in these SEZs that employ women in low-value production such as electronics assembly and garment sewing, do not get the same tax holidays enjoyed by corporations and often do not have social security as they are hired under flexible labour terms.

[31] OECD. (2022). Revenue statistics in the Asia Pacific. https://www.oecd.org/tax/tax-policy/revenue-statistics-asia-pacific-brochure.pdf

[32] Regional average corporate income tax between 2011 to 2021 is 21.43%, several countries in Asia Pacific have CITs lower than this: Uzbekistan at 7.5%, Kyrgyzstan at 10%, Hong Kong SAR at 16.50%, Singapore at 17%, Brunei Darussalam at 18.58%; and Afghanistan, Cambodia, Kazakhstan, Taiwan, Thailand, Turkmenistan, and Vietnam at 20%

Aside from low corporate income taxes (CIT), corporations are also able to dodge taxes through illicit financial flows and shifting their profits to tax havens. According to the Global Alliance for Tax Justice, Public Services International and Tax Justice Network, an estimated USD 76.95 billion is lost in tax revenue in Asia-Pacific, of which USD 52.39 billion is from corporate tax abuse, and USD 24.55 billion is from offshore wealth.[33]

What are Illicit Financial Flows (IFFs)? Illicit financial flows or IFFs are funds produced through a range of activities including tax evasion, misappropriation of state assets, laundering proceeds of crime, corruption, as well as tax dodging and tax avoidance by multinational corporations and the elite by abusing domestic tax laws, bilateral or multilateral tax treaties and trade and investment agreements.[34]

What is Profit Shifting? Profit shifting is a technique used by multinational corporations to pay less tax than they should that involves a multinational corporation moving the profit it makes in the country where it manufactures products or sells goods and services into a tax haven. By shifting profit into a tax haven, the multinational corporation underreports the value of its profit in the countries where it produces or sells goods and services and so pays less or no tax in that country. The profit shifted into a tax haven then gets taxed at a very low rate or not at all depending on whether the tax haven has a very low corporate tax rate or no corporate tax rate.[35]

Women are disproportionately affected by budget cuts to services especially in health and education, not only because they are more dependent on these services, but also because these cuts increase the unpaid care work of women. Women also feel the squeeze from regressive taxation such as VAT levied on basic goods and services as they struggle to make ends meet, especially for food expenses.[36] See Box 4 for more information on how austerity and regressive taxation affect women in Nepal and in the Philippines.

[33] Global Alliance for Tax Justice, Public Services International, & Tax Justice Network. (2021). The state of tax justice 2021. https://taxjustice.net/wp-content/uploads/2021/11/State_of_Tax_Justice_Report_2021_ENGLISH.pdf

[34] Biyani, N. (2019). Towards tax justice in Asia. https://www.globaltaxjustice.org/sites/default/files/CETRI_%20Biyani%20-%20Towards%20tax%20justice%20in%20Asia.pdf

[35] Tax Justice Network. (n. d.). What is profit shifting?. https://taxjustice.net/faq/what-is-profit-shifting/

[36] Abed, D. & Kelleher, F. (2022). The assault of austerity. How prevailing economic policy choices are a form of gender-based violence. https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-11/bp-assault-of-austerity-prevailing-economic-choices-are-gender-based-violence-221122-en.pdf

Box 4. Gendered Impacts of Austerity and Regressive Taxation

In 2020, 15 countries including Nepal received a directive from the IMF to cut their government spending, including public sector wage bills. For Nepal's education sector, this meant cutting or freezing wages, resulting in stopping the hiring of new staff, as well as salaries being stagnant and unable to cope with the rising inflation. Women are more impacted because the majority of the low-paid teachers in Nepal are women, who on average receive 30 per cent less wages than men. This not only widens the gender pay-gap, but also puts women into further economic hardship.[37]

The Philippine government boasts of the TRAIN Law (Tax Reform for Acceleration and Inclusion,) which supposedly ensures equality by raising the taxable income threshold to PHP 250,000 (USD 5,000 at PHP 50/USD). However, the TRAIN law also imposed an excise tax on fuel, which caused a chain reaction of price increases in basic commodities. According to a housewife interviewed by the Center for Women's Resources (CWR) in the Philippines, her family practices 'no earning, no eating', which means that whenever there is no earning for the day, their family would only make do with water or nothing at all.[38] With the drastic rise in food prices, she struggles to feed her family with her husband's meager salary. There are days when they only drink water to ease hunger.[39]

[37] ActionAid International. (2022). The care contradiction: The IMF, gender and austerity. https://actionaid.org/sites/default/files/publications/The%20Care%20Contradiction%20-%20The%20IMF%20Gender%20and%20Austerity.pdf
[38] De Vera-Ruiz, E. (2019, January 29). Women get poorer with TRAIN — CWR. Manila Bulletin. https://mb.com.ph/2019/01/29/women-get-poorer-with-train-cwr/
[39] Adan, J., & Lumbera, S. (2019, March 6). Taas-presyo ng bilihin, pasan ng kababaihan. Pinoy Weekly. https://pinoyweekly.org/2019/03/taas-presyo-ng-bilihin-pasan-ng-kababaihan/?platform=hootsuite

Increased Private Sector Role in Development

The neoliberal measure of increasing the role of the private sector in development has been justified by the rationale that governments are ineffective and are already in deficit, and therefore, not able to implement development objectives, including the 2030 Agenda and the SDGs, that will cost trillions of US Dollars. Therefore, private sector investments need to be roped in since they are seen to be more efficient and have the funds.

However, the narrative that we need the private sector to make up for governments' failures hides the colonial and neoliberal roots of the perpetual state of indebtedness and inefficiency of developing-country governments. It also glosses over the fact that the imperative of private investments to produce profit may not always be in line with meeting the development needs of the people.

Some of the measures being promoted to attract private investments in development are public-private partnerships (PPPs) and giving more roles to the private sector in development policy making through multistakeholderism especially at the global level. Both measures strengthen corporate capture of economies, especially public services, and increase the influence of corporations to bend policies to conform to their profit-making objectives.

According to World Bank, **PPPs** 'are a mechanism for the government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector. Where governments are facing ageing or lack of infrastructure and require more efficient services, a partnership with the private sector can help foster new solutions and bring finance'.[41] On the other hand, Transnational Institute argues that PPPs have privatised public services and have tended to privatise gains (in the form of shareholder dividends and vast executive salaries) while socialising the costs (such as chronic underinvestment in infrastructure, collapsing wages, short-term and zero-hour contracts, increases in waiting times and so on).

According to researcher Harris Gleckman, **multistakeholderism** 'is a new emerging global governance system that seeks to "bring together global actors that have a potential stake in an issue and ask them to collaboratively sort out a solution." It diverges from the international governance system, multilateralism, established at the end of World War I or World War II in which "governments, as representatives of their citizens, take the final decisions on global issues and direct international organisations to implement these decisions"'.[42] However, most of these multistakeholder spaces have become routes for the private sector, especially big transnational corporations, to influence development plans according to their profit imperative.

[41] World Bank. (n. d.). What are PPPs?. https://ppp.worldbank.org/public-private-partnership/about-us/about-public-private-partnerships

[42] Transnational Institute. (2019 March). Multistakeholderism: A critical look [Workshop report]. https://www.tni.org/en/publication/multistakeholderism-a-critical-look

Public-private partnerships have been known to privatise public services and harm access by the poor, therefore increasing inequalities and marginalisation. They have been notoriously unsuccessful in delivering public services such as water, health and education (see Box 4 on Education PPP in Pakistan). These PPPs intend to attract private investments in public services by reducing the risks for investors by making the government assume all or a significant portion of the risks. Macro-economic shocks such as pandemics and unanticipated costs can lead to the failure of PPPs, making them debt risks when they need to be bailed out by governments using loans.

Box 5. Education PPP in Pakistan

World Bank has supported various types of PPPs in the region, including in the education sector. One such PPP was implemented by the Punjab Education Foundation (PEF) in Pakistan who was one of the beneficiaries of a series of loans totalling USD 1.7 billion in 10 years. According to Oxfam, PEF's PPP models included 'a voucher program (providing tuition- replacement vouchers for students to be spent in low-fee private schools); a program that provides per-student stipends to existing low-fee private schools; another that funds the establishment of new schools in rural or underserved areas; and a public school takeover program which transfers the management of public schools to private entrepreneurs and civil society organizations'.[40]

In terms of impact, the PPP did not address the marginalisation and exclusion of female children and children with disabilities from education. Oxfam found out that: (1) very few children in the PPP schools were previously out-of-school; (2) very few children with disabilities were accessing the schools; (3) schools were actively screening and selecting children for academic ability, and the program's test-based funding model created incentives for exclusion; (4) gender parity was not being achieved in most of the schools sampled, with high drop-out rates among girls; (5) non-fee expenditures are a significant financial barrier to access for the poorest children.

Moreover, it was found that schools relied predominantly on a female workforce, where average reported teacher salaries were less than half the minimum wage, suggesting that the system relies on gender inequity in the labor market.

From Afridi, M. (2018). Equity and quality in an education public-private partnership. A study of the World Bank-supported PPP in Punjab, Pakistan. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620529/rr-education-ppp-punjab-pakistan-020818-en.pdf

[40] Afridi, M. (2018). Equity and quality in an education public-private partnership. A study of the World Bank-supported PPP in Punjab, Pakistan. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620529/rr-education-ppp-punjab-pakistan-020818-en.pdf

Governments are providing more space to corporations in policy-making through multistakeholderism. While multistakeholderism supposedly democratises decision-making spaces by welcoming those who have a 'stake' in decisions to be made, these spaces do not have mechanisms to counter the power imbalance between corporations and marginalised communities as well as CSOs, the result being corporations dominating these spaces. Multistakeholder partnerships for addressing climate change, improving food systems, delivering the COVID-19 vaccines, and achieving the SDGs in general have been made with corporations who propose privatised means to achieve development goals (see Box 6 on Our Common Agenda). Making the private sector assume a bigger role in development policy making and implementation on the one hand and reducing government role in development to one that makes an enabling environment for the private sector risks making development objectives and fulfilling human rights subject to the capacity of people to pay.

Box 6. Our Common Agenda (OCA) and the Corporate Capture of the UN

The UN Secretary General (SG) Antonio Guterres released the OCA report on 10 September 2021. In the OCA, Guterres proposed new multi-stakeholder approaches, termed 'networked multilateralism'. An example of this is the 'Summit of the Future' which is now slated for September 2024 in New York City.

However, these multi stakeholder approaches undermine the authority of governments in the UN as a multilateral space on the one hand and open the door for corporate capture on the other. According to the CSO FfD Group, 'The SG proposes a multi-stakeholder digital technology track in preparation for a "Summit of the Future" to agree on a "Global Digital Compact". The proposal echoes the recommendation of the UNSG's High Level Panel of Experts on Digital Cooperation which was co-chaired by key personalities in global technology platforms (Big Tech)'.[44]

The CSO FfD Group and the Women's Major Group commented that the high accord given to the private sector is not matched with accountability, despite the known human rights violations that private investments can inflict on communities especially in the Global South. According to the CSO FfD Group, 'rather than reaffirm the role of universal and democratic intergovernmental processes, the [OCA] proposals rely on new multi-stakeholder approaches, termed "networked multilateralism" in the SG report, that bring to the decision-making table the global corporate monopolies and international financial actors that have concentrated wealth and power, subsumed regions into debt and austerity, eroded environmental integrity, exacerbated poverty and human rights violations, actively undermined equal and just access to vaccines and profited from disasters'.[45]

[44] Reyes, E., Fresnillo, I., Dano, N., & Rangaprasad, P. (2022, February 15). 'Our Common Agenda': Guterres' open door to corporate capture of the UN. Global Issues. https://www.globalissues.org/news/2022/02/15/30079

[45] Women's Major Group. (2022). A feminist analysis of Our Common Agenda: The Women's Major Group's response to the UN Secretary General's report. https://womensmajorgroup.org/wp-content/uploads/2022/05/WMG-Analysis-on-_Our-Common-Agenda_.pdf

Our Feminist Demands and Key Asks

The multiple crises caused by neoliberal policies must be stopped. As discussed previously, civil society including feminist groups have tirelessly campaigned for demands that will put both people and the planet at the heart of the global financial and economic system. These demands are based on the Development Justice framework, which calls on governments and powerful institutions to confront the current distribution of power in international economic and financial governance, and address these inequalities that undermine human rights.

Debt cancellation. Cancel debts, particularly those incurred under onerous terms, and ensure debt-free support to education, health, and social protection in the post-pandemic recovery period. Debt is a shackle to maintain the colonial and imperialist power structures. Debt cancellation will enable governments to use their fiscal and monetary instruments to provide basic services, implement policies for women's human rights and ensure social protection for the people. On the other hand, Global North countries and industries must pay their climate debt by committing to climate financing including through loss and damage.

End austerity measures and commit to universal social protection. Austerity measures disproportionately impact women, more especially when social protection measures are reduced given the overrepresentation of women in informal employment where they are not covered by employment-based safety net schemes. Universal social protection is a critical tool for addressing poverty experienced by women and is especially important in times of crisis. In line with the International Labour Organization (ILO) Recommendation 202, governments must establish social protection floors as a fundamental element of national social security systems. There is also a proposal for a global fund for social protection, which would be a solidarity-based financing mechanism to assist countries to design and implement national social protection floors.[43] In light of the food, economic and climate crises, immediate economic relief and reforms to address hunger and promote food sovereignty must be implemented.

Establish a sovereign debt restructuring mechanism. This mechanism is a necessary alternative to the fragmented, ad hoc and often inequitable legal approach that currently exists for restructuring debt— a problem exacerbated by the growing number of creditors as debt has moved from banks to capital markets and by the role of so-called vulture funds. As a universal and democratic multilateral body, the UN is also a more appropriate forum to consider sovereign debt restructuring than a discussion led by a major creditor institution, such as the IMF. We assert the establishment of a sovereign debt workout mechanism under the UN auspices instead of the Paris Club. The current Common Framework sustains the asymmetrical relations between creditors and debtor countries. It reproduced the power of the Paris Club of Northern countries to set the terms in debt re-negotiations— prolonging the chains of debt instead of breaking them.

Establish a UN Intergovernmental Tax Commission and negotiate a UN Tax Convention. The enormous quantities of money that leave developing countries each year as a result of tax evasion and tax avoidance by corporations leave little doubt that the international tax system is in urgent need of reform. The most important proposal to address this put forward during the FfD negotiations is establishing a truly universal, intergovernmental process at the UN to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows that obstruct redistribution and drain resources that are crucial to challenging inequalities, particularly gender inequality. A global tax body housed in the UN would be a critical step towards a coherent global system of tax rules that is in the interests of all countries, including the poorest countries who stand to lose the most from the loss of tax revenue and towards putting an end to the dangerous 'race to the bottom' in tax incentives.

Create a binding, regulatory framework for business based on international human rights law. There is a need for robust regulation of businesses to ensure they act consistently with human rights standards and are held accountable for human rights violations. As observed by the UN Working Group on Discrimination against Women in Law and in Practice, weak corporate accountability and increased corporate mobility have created 'insurmountable barriers for women to access justice' for corporate abuse and violations of

[43] Read a campaign brief by ITUC on the Universal Global Social Protection Fund here https://www.ituc-csi.org/IMG/pdf/ituc_campaign_brief_-_a_global_social_protection_fund_en_v3.pdf

human rights, of which most of the victim-survivors are women. With the rampant abuse that corporations inflict on human rights, especially women and other marginalised groups, this legally binding treaty must be put in place for governments to recognise states' extraterritorial human rights obligations and international obligations of TNCs. Moreover, the treaty should provide recourse for all victims affected by companies' actions along their value chains.

Transform international trade and investment rules to facilitate Development Justice. Ex-ante and periodic human rights and gender impact assessments of trade and investment agreements will help in preventing the implementation of harmful trade and investment agreements. These also have the potential to help create trade and investment rules that will aid in achieving economic, redistributive, environmental, social and gender justice. Equally important is the establishment of transparency and accountability mechanisms that will enable peoples and civil society groups to engage the impact reviews and scrutinise free trade agreement proposals by the provision of access to negotiation materials and text.

About APWLD

The Asia Pacific Forum on Women, Law and Development (APWLD) is the region's leading network of feminist and women's rights organisations and individual activists. For over 35 years, we have been carrying out advocacy, activism and movement-building to advance women's human rights and Development Justice.

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