ECOFEMINISM – women, ecology and development:

- UN Women – conference, CSW, processes – have been largely based on the assumption that the improvement of women's economic position would automatically flow from an expansion and diffusion of the development process.

- Today it is becoming clear that development itself is the problem. Insufficient and inadequate "participation" in "development" is not the cause for women's exploitation and exclusion, it is rather women's enforced but unjust and unequal participation in it – in which they bear the costs but are excluded from benefits.

- (Economic growth as the postcolonial colonialism, draining resources away from those who need them the most. New national elites instead of colonial powers that masterminded the exploitation on grounds of national interest and growing GNPs, and it is accomplished with more powerful technologies of appropriation and destruction.)

- Women in sustenance economies, producing and reproducing wealth in partnership with nature, have been experts in their own right of a holistic and ecological knowledge of nature's processes and details. But these alternative modes of knowing, which are oriented to social benefits and sustenance needs, are not recognized by an extractivist/reductionist paradigm, because it fails to perceive the interconnectedness of nature, or the connection of women's lives, work and knowledge with the creation of wealth.

- Displacement of women from productive activity by the expansion of development rooted largely in the manner in which development projects appropriated or destroyed the natural resource base for the production of sustenance and survival.

- Indigenous, forest and peasant women in India – have challenged the western concept of Nature as dead, and therefore an object of exploitation and profits – they protect Nature as Prakriti, the living force that supports life. In this, they challenge the western concept of economics as production of profits and capital accumulation with their own concept of economics as production of sustenance and needs satisfaction.

- ❖ Productivity is a measure of producing life and sustenance for Third World women. That this notion has been marginalized to near invisibility in the mainstream discourse does not reduce its centrality to survival (it merely reflects the domination of modern patriarchal economic categories which see only profits, not life). (Patriarchy as the new scienfitic and technological power was a political need of emerging industrial capitalism).

- ❖ It is only by bringing the as yet disparate perceptions and struggles of gender, ecology, ethnicity, class, and human rights in a shared conception of restructuring the human enterprise that there is a future for the feminist movement.

EXTRACTIVES as RESOURCE CURSE:

- Arguably, one of the most perverse paradoxes of global development is that of the '**resource curse**,' a term first coined in 1993 by an academic to describe how countries rich in natural resources, and in particular non-renewable, point-source resources like minerals and fuels, had lower economic growth and worse development outcomes than countries with fewer natural resources.

- Instead of creating employment and prosperity from healthy domestic coffers, natural resource extraction fuels endemic corruption, thwarts effective institutions, undermines inclusive economic growth, perpetrates rights violations, incites armed conflict and devastates the natural ecology environment.

- Following a history of extraction activity under colonization, the African continent continues this trajectory today. **The continent is home to a third of the planet's mineral reserves**, two-thirds of the world's diamonds and a tenth of the world's oil. The Democratic Republic of Congo, as we saw in the powerful documentary, is endowed with an abundance of diamonds, gold, copper, cobalt, coltan and tin.

- **These minerals are not just core components of today's indispensable cell phones and laptops, they very much uphold the productive activity in our world economy, from infrastructure to energy, technology to the automotive industry.**

Dutch Disease, & Economic Enclave Effect:

- Resource-rich countries are plagued by a phenomenon called "Du**tch disease**", which refers to a situation where exports of natural resources leads to foreign exchange inflows that drive up the value of the national currency. **The overvalued currency leads to a decrease in competitiveness of the domestic manufacturing, agriculture, and other economic sectors.**

- The **enclave effect** of natural resource-based economies is a root cause of poverty, lack of employment and vicious inequality. This is because natural resources often provide few jobs, and tend to operate as enclaves with few forward and backward connections to the rest of the economy.

- This enclave effect thus stagnates **economic diversification**, and thwarts the scaling up of both **productive capacity** in the economy as a whole and **productive capabilities** of the labor force in building human capital, skills training and industrial expertise.

- Policymakers may **neglect or delay industrial policy** for diversification, especially increasing manufacturing value-added, agricultural productivity, services in light of the high profits in natural resources which out-compete other sectors.

FREE TRADE AGREEMENTS + INDUSTRIALIZATION

- However, absent from the SDGs is any mention or recognition of the binding constraints that most developing countries face if they implement the very industrial policies and tools that today's developed countries historically employed to industrialise.

- These tools and policies include:

- infant industry protection

- and state-directed regulations and restrictions on foreign investment, such as performance requirements and local content sourcing,

- that assist domestic enterprises in upgrading their technology and labour skills, increase their domestic value-added (which increases demand for labour and output of other enterprises)

- and ensure that local producers have the opportunity to establish themselves and contribute to long-term national development.

❖ These critical industrial policy tools have been increasingly prohibited through legally binding free trade agreements (FTAs), bilateral investment treaties (BITs) and the Agreement on Trade-Related Investment Measures (TRIM) in the World Trade Organization (WTO). Since the entry of the North American Free Trade Agreement (NAFTA) in 1994, trade and investment agreements by the U.S. and Canada in particular carry binding limitations on the use of performance requirements by developing countries. Out of the 20 U.S. FTAs currently in force, all but two prohibit performance requirements under the investment chapter.

The ability of states to manage foreign investment through performance requirements is crucial for the following purposes:

(1) promoting domestic manufacturing capabilities in high-value added sectors or technology-intensive sectors;

(2) stimulating the transfer or indigenous development of technology;

(3) promote small and medium-sized enterprises and their contribution to employment creation;

(4) stimulate environment-friendly methods or products and contribute to sustainable development;

(5) promoting purchases from disadvantaged regions in order to reduce regional disparities; and,

(6) increase export capacity in cases where current account deficits would cause reductions in imports.

In addition to performance requirements, FTAs and BITs also extend pre-establishment rights to investors, guaranteeing the right to establish, acquire and expand investments with the same treatment accorded to domestic investors (e.g. national treatment obligations). Some

investment treaties also include employment clauses that guarantee foreign investors the right to employ staff of the nationality of its choice without interference from the host state.

These measures, among others, pose grave constraints to the right to development through industrialisation, which the SDGs (and the post-2015 development agenda) make no mention of.

How can a diversified and dynamic industrialisation in developing countries, especially LDCs, create structural transformation from primary commodities to manufacturing and services and increase production capacities sustainably and inclusively

when the most basic tools of industrialisation, such as temporarily and strategically protecting infant domestic industries, selective import liberalisation, regulation and restriction in the interest of national development, are barred by binding BITs and FTAs?

Lack of value-added in raw materials & Revenue volatility:

- Sub-Saharan Africa remains an **exporter of unprocessed or lightly processed commodities** (UNCTAD, 2005).

- This is exemplified in the case of the Democratic Republic of Congo, the world's largest exporter of cobalt, but in the form of unprocessed ore – with value added elsewhere, namely, by a smelting industry in China,

- Guinea exports of bauxite are processed into aluminum overseas;

- Angola and Nigeria export (low value-added) crude oil and import (high value added) petroleum and petroleum-based plastics and fertilisers (Africa Progress Panel, 2013).

- A study by the **Southern African Development Community** of the value chain for a **range of minerals in Africa found that the value chain of unprocessed products was typically 400 times greater** than the equivalent unit value (by weight) of the raw material **--- in other words, 400 times more value is added to the raw material through processing!**

- To unlock the full potential of its natural resources, **Africa needs to climb the value-added chain of mineral processing and manufacturing through strategic and activist industrial policy** *(in line with SDG Goal 9 on promoting inclusive and sustainable industrialization).*

- **Commodity price volatility**: we are seeing that right now with the collapse of commodity prices worldwide: revenues shrink, affecting currencies, balance of payments, debt sustainability and fisal position.

GOVERNANCE:

- Extractive-based growth paradigm, particularly in sub-Saharan Africa, has led to the colossal dilemma of **corrupt and unaccountable political leadership.** With an excess of wealth coming from the mining sector alone, the state fails to promote other parts of the economy and society.

- The sole reliance on resource extraction revenue incurs the risk of the nation becoming a "**rentier state**" – that is, a state in which political elites buy support rather than invest in good economic performance.

- In comparison to states that are not centered on natural resources, policymakers in rentier states have **little incentive to promote wider economic participation and growth to improve tax revenues**, and may find it easier to maintain authority through allocating resources to favoured constituents.

- And with resource revenues in abundance, multinational companies, predominantly from the West, increasingly align with the government.

- Rather than invest resource revenues into education, healthcare and infrastructure, corrupt politicians – in collusion with the mining companies – **siphon profits and wealth <u>from the continent's mineral and petroluem wealth into their own pockets, thereby bypassing the vast majority of its citizens.</u>** (This is well documented in countries ranging from Congo, Gabon, Equatorial Guinea, Angola and Nigeria, among others).

- The lack of **<u>functioning redistributive policies</u>**, the lack of **<u>transparency</u>** in the management of natural resource revenues, and the lack of effective **<u>institutions</u>** to hold investors, mining companies and politicians **<u>accountable</u>** for violations and illegal activities all contribute to a dysfunctional state and economy, and to the structural poverty cycle people are trapped in.

- **<u>There are no substitutes for public scrutiny in the formulation of effective and equitable policies</u>** that will lead to fiscal policy and tax reform, to strengthening industrial policies and to fairly manage and distribute oil, gas and mining resources.

(Interestingly, Botswana is one of a few African countries which has successfully used its natural resource capital to **<u>create job opportunities, combat poverty and support dynamic inclusive growth</u>**. 40% of Botswana's gross domestic product (GDP) stems from diamonds. It also has the **<u>second highest public expenditure</u> <u>on education</u>** as a fraction of its gross national product and has enjoyed the **<u>world's highest growth rate since 1965</u>**. **<u>The Botswana experience is noteworthy,</u>** since the country started its post-colonial experience with minimal investments and substantial inequality.)

<u>**Illicit financial flows** – *tax evasion, transfer mispricing, smuggling and other illegal activities*</u>

- The Global Financial Integrity's 2015 report on Illicit Financial Flows revealed some mind-boggling numbers:

- Between 2004-2013, developing and emerging economies lost **<u>US$7.8 trillion in illicit financial flows</u>**, which increased at an **<u>average rate of 6.5% per year</u>**—nearly twice as fast as global GDP.

- The **US$1.1 trillion** that flowed illicitly out of developing countries in 2013 was greater than the **combined total of foreign direct investment and official development assistance** received by those economies in that year. Illicit outflows were roughly 1.3 times greater than total FDI, and **11 times greater than ODA** that these economies received in 2013.

- **As a percentage of GDP, Sub-Saharan Africa suffered the biggest loss of illicit capital**. Illicit outflows from the region averaged **6.1% of GDP annually**. Globally, illicit financial outflows averaged **4.0% of GDP**.

- The fraudulent **misinvoicing of trade transactions** was revealed to be the largest component of illicit financial flows from developing countries, **accounting for 83.4% of all illicit flows**—highlighting that any effort to significantly curtail illicit financial flows must address trade misinvoicing.

- The continued lack of transparency is the key factor facilitating IFFs through **tax havens and secrecy jurisdictions, anonymous trusts and shell companies, bribery, and corruption**.

- **Many ways forward**: Best practices that all countries should adopt and promote at international and regional forums and institutions, including the G20, the G8, the United Nations, the World Bank, the IMF, the OECD, and the African Union.

    - **These best practices include**:

(1) Automatic Exchange of Financial Information

(2) Country-by-Country Reporting

(3) Curtailing Trade Misinvoicing

(4) Beneficial Ownership of Legal Entities

(5) Anti-Money Laundering

(6) UN Sustainable Development Goals / Addis Tax Initiative

-- TARGET 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime

-- The **indicators**, which will not be finalized until March 2016, are the underlying technical measurements that will show if progress is being made on the targets and, subsequently, toward the overall SDG goals.

-- A good indicator for 16.4 would be similar or identical to what GFI publishes each year in this annual update: **a country-level estimate of illicit outflows related to misinvoiced trade and from other sources based on currently available data.**

- **KEY OPPORTUNITY TO ESTABLISH GLOBAL TAX BODY UNDER THE AUSPICES OF THE UN WAS MISSED AT THE ADDIS ABABA FFD CONFERENCE IN JULY 2015:**

Despite the strong push by developing country negotiators, and a global campaign launched by CSOs, the Addis Ababa outcome document did not establish an intergovernmental tax body with universal membership that could lead international tax cooperation, stop illicit financial flows and tackle corporate tax dodging. The FFD follow-up forum, under ECOSOC this coming April, must try to reinvigorate the global tax body discussions.

WAYS FORWARD:

- **In the context of the new SDG Agenda 2030 paradigm here in the UN**, it is imperative and urgent that the international community commits to concrete actions to ensure that resource-rich but poverty-stricken countries like the Democratic Republic of Congo **can channel their resource revenues into poverty reduction, human development, inclusivity and equity, including gender equality and environmental sustainability.**

- The past decade has seen a *raft of international initiatives designed to combat corruption and improve governance* in resource-rich nations, in mining company activities and in international institutions.

- The **Extractive Industries Transparency Initiative** works to improve revenue management in some thirty resource-rich countries.

- **The Open Government Partnership** co-chaired by the United States and Brazil, aims to fight corruption by securing concrete national action plans to fight corruption from governments.

- The **Publish What You Pay and Publish What You Lend** campaigns call on transnational corporations and banks to publicize their payments and loans to local authorities.

- The **Equator Principles** seek to ensure that private bank investments do not exacerbate environmental and social risks. (However, it's a voluntary program that lacks monitoring and oversight to determine actual adherence).

- The **Dodd-Frank Act of 2011** mandates annual reports by U.S. extractive industry companies to the SEC disclosing payments to host governments.

- The **World Bank's International Finance Corporation (IFC)** stipulates social, environmental, and governance requirements for all World Bank investments in private-sector projects. In 2011 the IFC made revisions that included strong improvements mandating **contract and revenue transparency** – (through the sustained advocacy of civil society over years). *However, the IFC rules do not affect bilateral loans. This loophole permits donor countries to continue lending money to companies that collude with unsavoury officials while keeping the terms of billion-dollar oil and mining deals secret from the public.*

- ALL ACTORS HAVE A ROLE TO PLAY: **Governments** in extracting and capital-exporting countries, **bilateral donors**, **multilateral financial institutions**, the **extractive industry**, **private financial institutions**, and **civil society**.

- For example, on a global level the **G20 countries** could immediately agree to apply the IFC's updated extractive industry transparency requirements to all bilateral development loans, export credit agencies and sovereign risk guarantees.

- The **Africa Mining Vision** was adopted by African Union heads of state at its February 2009 summit as a regional response to tackling the paradox of great mineral wealth existing alongside pervasive poverty.

- The AMV is a **first regional effort** at revamping the mining sector and redefining the implications for poverty, development and peace in the region.

- It requires that African governments adopt legislation that requires multinational companies bidding for concessions and licenses to **fully disclose their beneficial ownership** and **avoid tax evasion channels.**

    - **The African Mining Vision** is also about integrating mining into development policies at local, national and regional levels.

      Locally, it means thinking about how mining can contribute better to local development by ensuring worker's rights and safety standards, living wages and protection of environment.

      On a national level, it means breaking out of mining's enclave status so that African can move out of its colonial history as exporter of cheap raw materials to manufacturer of value-added and finished products and supplier of knowledge-based services.

      Regionally, it means integrating mining into industrial and trade policy.