

Financing gender inequality: why public-private partnerships leave women worse off

Policy brief

October 2019

This briefing offers a simple introduction to the issue of public-private partnerships through a gender lens, outlining why strong public services are essential for achieving gender equality, how the rise of public-private partnerships risks undermining this, and offering policy recommendations that seek to meet the needs of women around the world.

Summary

The use of public-private partnerships (PPPs) and other private financing modalities have been on the rise since their introduction more than twenty years ago. PPPs are regularly used across the world to finance the costs of delivering essential, public services and building large-scale infrastructure. With international financial institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF) setting out privatisation as both necessary and desirable in order to involve the private sector and generate the capital needed to meet the Sustainable Development Goals (SDGs)¹, the governments of countries in both the Global North and Global South have largely accepted this reality as either donors or recipients of overseas aid.

However, the evidence available demonstrates that when governments opt for private investment for the construction and service

delivery of public services such as healthcare and education, access to essential services by the poorest and most vulnerable is restricted and inequalities tend to increase. Overall, PPPs are antithetical to achieving gender equality, and their pursuit of maximising commercial profit detracts from the wider goals of reducing poverty and improving access to quality healthcare and education for women and girls.

Globally, we need a shift towards the promotion of high-quality, publicly-funded public services which work in the interests of people, not company shareholders. Governments and IFIs need to stop the ideological promotion of PPPs, and instead ensure gender-responsive and accessible public services to achieve gender equality and relieve women and girls of the burden and drudgery of unpaid care work.

¹ www.brettonwoodsproject.org/wp-content/uploads/2019/03/Privatising-womens-rights-WEB.pdf

Background

Since 2015, governments globally have been working towards achieving the Sustainable Development Goals (SDGs); a universal framework of 17 global goals that includes eradicating poverty and creating a fair and healthy planet, with a range of ambitious targets to be met by 2030. Among these targets is SDG 5, the goal which calls on states and other stakeholders to achieve gender equality and empower all women and girls. The process of Financing for Development (FfD) was introduced as a means of financing the bold goals set globally. This signalled a shift from the traditional mechanism of overseas aid (known as Official Development Assistance or ODA), to a greater emphasis on the use of finance made available through private sector investment.²

Public-private partnerships are increasingly being used as a key mechanism to bridge the “gaps” in financing needed to fund the necessary developments in infrastructure and service provision.³ PPPs are contracts where a private

company pays for, builds (and sometimes runs) an infrastructure project or service that is traditionally delivered by the public sector, such as schools, roads, railways and hospitals. The profit received by private sector providers through PPPs can be generated by service users through user fees, through regular payments by the government, or through a combination of the two. Civil society organisations, among others, have raised concerns both with national governments and IFIs about the alarming increase in the use of PPPs as a form of international development or “aid”.⁴

The rise of private financing is another symptom of our current political and economic reality, more than ten years on from the onset of the global financial crisis. Austerity has become institutionalised both within Europe and beyond, while corporate capture has been further embedded within political processes, stripping back the role of the public sector and shifting power into the hands of the private sector.

Why are strong public services crucial for achieving gender equality?

The privatisation of essential services through PPPs and other modalities hits women hardest, primarily for the reason that public services are vital for achieving gender equality.⁵

We know that women face stark, intersecting inequalities across many aspects of their lives. Women earn less than their male counterparts, own less wealth, assets and land, and are more likely to experience sexual and gender-based discrimination, harassment and violence - which for many of the world’s most vulnerable women is also coupled with the intersecting experience of discrimination based on age, sexual orientation, race, ethnicity, religion or disability.

Moreover, women are responsible for around 75% of domestic and unpaid care work globally.⁶ Through this lens, the importance of universal, accessible and high-quality public services such

as healthcare and education for achieving gender equality are clear:

- the fewer public services available, the more time women spend caring for children, elderly relatives and other dependents;
- the more time women have to spend undertaking care, the less time they have available to engage in paid labour, and therefore acquire their own economic resources and financial independence;
- the drudgery and time-intensity of domestic and care work can have significant negative impacts on both the physical and mental health and wellbeing of women.

Overall, women are often both more in need of public services, and less likely to be able to access them.⁷

2 <https://www.eurasia.undp.org/content/rbec/en/home/blog/2017/7/12/What-kind-of-blender-do-we-need-to-finance-the-SDGs-.html>

3 www.eurodad.org/HistoryRePPPeated

4 www.eurodad.org/files/pdf/1546822-public-private-partnerships-global-campaign-manifesto-1507748444.pdf

5 www.eurodad.org/files/pdf/can-public-private-partnerships-deliver-gender-equality.pdf

6 www.oecd-development-matters.org/2019/03/18/why-you-should-care-about-unpaid-care-work/

7 www.eurodad.org/files/pdf/can-public-private-partnerships-deliver-gender-equality.pdf

Women's unpaid labour already subsidises the cost of care to the economy. The diversion of funding from publicly-owned goods and services towards profit-orientated private interests in effect means that private sector companies and their shareholders are profiting from the poverty of the world's poorest women.

The instrumentalist rhetoric of gender equality and women's rights propagated by IFIs and governments around the world should be held up in direct contrast with their promotion of ideologically-driven macroeconomic policy such as austerity and privatisation that are proven to undermine gender equality and women's rights.⁸

How do public-private partnerships impact on gender equality?

While PPPs are praised by IFIs and many European donor countries as the best way to achieve the SDGs (and therefore gender equality), there is a host of evidence to suggest that the risks associated with PPPs mean they conversely tend to undermine gender equality:

- PPPs tend to **restrict access** to essential services such as healthcare, education, water, sanitation and hygiene for the most vulnerable through the introduction or **increase in user fees** or tariffs. Private investors ultimately want to see a good financial return on their investment, and the cost of generating a profit will almost always fall back onto the service user.⁹
- PPPs are poor value for money, with **higher payback costs** meaning that governments are often left with **less money to spend on the public services and infrastructure** needed to support women's rights.¹⁰
- Private financing through PPPs is a lot **riskier than public financing**, which can easily **constrain states' budgets** and therefore undermine the delivery of essential services or **necessitate dangerous and harmful cuts** to

vital services.¹¹ Moreover, if something does go wrong, the state, not the private provider, is still held responsible for covering the costs.

- PPPs also **lack accountability and transparency**, with private providers ultimately accountable to their shareholders rather than to citizens.
- The **profit-orientated motives** of private sector providers can also undermine the ability of women to access decent work. PPPs have been known to lead to "precarious" work, lower labour standards and infringements on workers' rights.¹²

Overall, PPPs are very often an inappropriate and unduly costly means of financing essential services. The services delivered through PPP contracts are not geared towards achieving sustainable development or realising gender equality, but are instead focused on maximising commercial profit. In addition to the direct threat to women's ability to access essential services, the use of private financing risks the ability of the state to adequately provide essential services and social care, which hits women and other marginalised groups the hardest.

8 www.brettonwoodsproject.org/2018/12/bretton-woods-institutions-instrumental-gender-approach-ignores-structural-elephant-in-the-room/

9 www.jubileedebt.org.uk/wp/wp-content/uploads/2013/01/Double-standards_Final-version_08.17.pdf

10 www.eurodad.org/files/pdf/1546822-public-private-partnerships-global-campaign-manifesto-1507748444.pdf

11 www.eurodad.org/files/pdf/1546822-public-private-partnerships-global-campaign-manifesto-1507748444.pdf

12 www.eurodad.org/ED-open-letter-PPPs

Policy recommendations

Accessible, high-quality gender responsive public services are essential to the achievement of gender equality and women's rights.

We call on our governments, the European Union, international financial institutions and the United Nations to...

- **Stop the excessive promotion and use of PPPs** and impose a moratorium on new PPPs until risks are fully understood.
 - **Promote public financing** and effective, transparent aid spending as the primary means to build high-quality public services and as part of states' legal and moral requirement as duty bearers to fulfil their human rights obligations.
 - Call on governments as both donors and recipients to **mobilise domestic resources** through implementing fair and progressive taxation systems, **ending all forms of illicit financial flows**, including tax avoidance and abuses, and to take action against political corruption and wasteful spending. This will allow states genuine choice in deciphering the different financing options available to them.
 - Introduce **mandatory gender equality impact assessments** and regular, robust and transparent reporting mechanisms for both publicly and privately-financed projects to ensure that they are gender-responsive and focused on meeting the needs of citizens, not company shareholders. An **evidence-based approach** must be utilised to ensure the financing mechanism chosen will be affordable (to both the state and service users), accessible and appropriate; private financing should not be considered where it cannot meet these requirements.
 - Enforce private providers' **compliance with human rights and equality standards** as a mandatory condition of any contract.
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Resources and recommended reading

Bretton Woods Project (2018) *Gender-Just Macroeconomics The World Bank's privatisation push.*

www.brettonwoodsproject.org/wp-content/uploads/2019/03/Privatising-womens-rights-WEB.pdf

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Stamp Out Poverty and RE-DEFINE (2019) *Billions to Trillions – A Reality Check.*

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