

Informal Review Session on Chapter VI Monterrey Consensus (“Systemic Issues”)  
March 12, 2008  
Statement by Aldo Caliari, Center of Concern

Mr. Chairman,

The Monterrey consensus was a remarkable document. But we should not forget that much of the Monterrey Consensus was promise, not achievement. And the realization of the promise was to come through the continued engagement by all development actors in the process.

We are alarmed at the decreasing commitment to this process that we have seen since Monterrey. The failure to agree that the Doha Conference be held at Heads of state level is the most recent sign of this wavering commitment.

We will judge the commitment by the strength of the follow up that is agreed at the Doha conference. In this regard, our recommendation is to replace the current follow up process with a new institutional mechanism that should have, at a minimum, 3 features

First, it should meet periodically and frequently. [we heard yesterday that the systemic issues portion was the one where least progress has been made. We cannot wait five or six years to find out that there is no movement on a certain issue, and only then take corrective actions]

Second, it should produce a negotiated outcome. We have to move from a **non-negotiating** follow up mode, to a **negotiating** follow up mode. We had more than five years of the current non-negotiating follow up, I do not think anybody can be satisfied with the progress. These negotiations, therefore, call for a roadmap with clear benchmarks.

Third, this institutional mechanism should be at the highest level, not only in governments, but also in the international financial institutions and the World Trade Organization, and all relevant development actors.

Unless the Doha Conference dramatically strengthens the follow up, we are afraid the Monterrey process will die a quiet death. We certainly hope no government in this room wants to see that happen.

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The Monterrey Summit also called for participation of developing countries in bodies that set financial standards. No progress has been registered in this area. In the light of the current crises, it is clear that even standards implemented in industrial economies end up affecting developing countries. In fact, the smallest and least resilient the economies are, the most they are affected. These countries are asked to live with the consequences, but they are not asked their opinion in the process of designing the standards.

This is harder to understand when the same governments that agreed to the Consensus sit on the FSF, Basel Committees, OECD. We need to see reports, periodically, from those bodies about what they have been doing to increase participation (Note that I did not say consultation, I did not say dialogue- which is all very nice but participation is about having a seat and a vote ]

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Lack of participation in the design of these standards would not be so serious if another commitment from Monterrey had been kept: this is, that implementation of standards and codes by developing countries should be voluntary. But we have seen standards and codes become consistent part of conditionality and surveillance by the IMF and the World Bank.

At the same time that the IMF is moving into surveillance of financial standards, and also exchange rates, roles that require evenhandedness—and an emphasis on the advanced, not the developing, economies, we observe the IMF has not performed the role of a reliable emergency lender in times of crises. For a few years, there was the Contingent Credit Line that was shut down, nobody had used it. And since then there is no instrument at all.

If for more than 10 years the IMF has not performed a function, maybe it is time to assume it will not do it. And we hope the Doha Conference will explore alternatives to fill this vacuum.

In turn, given that we IMF has de facto shifted from lending to doing surveillance (of standards, of exchange rates), there is no justification for a governance structure that still (even with the reforms of voting that are underway) gives so much primacy to the funding capacity of member countries. Governance reforms in those institutions should be assessed against this context.