

## Briefing note 5

### **A new look at global economic policy**

*The Monterrey Consensus addresses several weak points in global economic decision-making: its narrow base of participation and a lack of coherence among the major trade, finance and development agencies. Work in these areas is integrally related to UN Secretary-General Kofi Annan's challenge to the international community to restore the spirit of multilateralism and reinvigorate the UN and its relations with international agencies.*

An important proposition of the March 2002 International Conference on Financing for Development is that the developing countries and those with economies in transition are under-represented in global financial decision-making – especially as their relative weight in the world economy has increased dramatically in recent decades, and the consequences of global financial volatility on their fortunes are much greater also.

Since then, there have been various indications that the need for a **greater voice of developing countries in economic discussions and decision-making** is being recognized: the invitation of African heads of state to the 2002 Group of 8 meeting in Kananaskis, Canada, and of emerging market countries, such as Brazil, China, India and South Africa, to the 2003 G-8 meeting in Evian, France.

There has also been a growing insistence on the part of the developing countries themselves, as dramatically evidenced by the tough negotiating position of the Group of 22 countries at the World Trade Organization ministerial meeting in Cancún, Mexico, in September (see accompanying paper on "World trade – what happens after Cancún?").

In response to the Monterrey Consensus, the Bretton Woods institutions have been seized with the issue of enhancing the voice and participation of developing and transition economy countries in the work and decision-making of the World Bank and the International Monetary Fund. At its September 2003 meeting in Dubai, the Development Committee noted that "complexities involved in changing the voting structure and composition of the Boards will require time and effort to arrive at the necessary political consensus", and asked the Boards of Executive Directors to report back on all aspects of the issue in September 2004, with a roadmap on procedures and next steps to be considered at its spring meeting next April.

The Monterrey summit and its outcome marked the emergence of **the United Nations as a catalyst and convening agent for finance issues related to development and poverty reduction**. The Monterrey meeting brought together for the first time the Bretton Woods institutions, the World Trade Organization and the UN itself as co-stakeholders in a global conference. Also for the first time, it deployed a multi-layered national representation – head of state, plus finance, trade, foreign and development cooperation ministries – at one global conference.

The report of the UN Secretary-General on Monterrey follow-up (A/58/216) envisions a continuation of this central role, as well as continued consultation and coordination with trade and financial institutions. That effort should build on recent advances in the follow up to UN conferences,\* and it should be part of a broader process to enhance the effectiveness, coherence and balance of roles and responsibilities across all the principal organs of the United Nations in relation to ongoing efforts to modernize the organization.

In line with another report of the Secretary-General, on meeting Millennium Development Goals (A/58/323), the need to strengthen the coordinating and oversight role of the UN Economic and Social Council is emphasized. The Monterrey Consensus assigned a key role in FfD follow-up to the ECOSOC annual spring meetings with the international financial and trade institutions which are an opportunity to focus on means and ends. Specific reforms are proposed to sharpen preparation for these meetings in closer cooperation with the intergovernmental oversight bodies of the stakeholder institutions. Particular attention is paid to selecting ECOSOC representatives to interact with Executive Directors of the Bretton Woods institutions, and having a more focused agenda for the annual spring meetings.

Two other specific proposals that entail greater international action in the economic arena were endorsed in the Monterrey Consensus.

One was a call for **strengthening international tax cooperation**, for the purpose of developing principles and models for avoiding double taxation, combating tax evasion and addressing other cross-border issues. The Secretary-General's report recommends that the existing UN Ad Hoc Group of Experts on International Cooperation in Tax Matters should be elevated to the status of an intergovernmental body, either in the form of a committee of governmental experts or of a special new commission. Details of the conversion could be referred to the Group of Experts itself, which meets next in Geneva in December 2003.

More substantial progress has been achieved in regard to an **international convention against corruption**. After almost two years of negotiation, UN Member States reached agreement on 1 October on the text of a new international treaty that sets standards for prevention, criminalization, international cooperation and asset recovery. The Monterrey meeting was the first global summit to endorse the need for such a convention, and this support has helped to achieve a breakthrough in this crucial but politically sensitive arena. It is expected that the Convention will be adopted by the UN General Assembly and opened for signing in Merida, Mexico, early in December.

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\* See General Assembly resolution 57/270B on the report of the Ad Hoc Working Group of the General Assembly on the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields.