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Panel on Financing for Development

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- A. Doha Conference, 29 Nov – 2 December
 - 1. Six chapters -
 - i domestic resource mobilization
 - ii private capital flows
 - iii trade
 - iv official development assistance
 - v external debt
 - vi systemic issues
 - 2. Various streams that feed into ideas for the process
 - i Commission on the Status of Women
 - ii UNCTAD 12 in April in Ghana
 - iii Paris declaration on official development assistance
 - iv September MDG meeting
- B. What should be advocated, which cannot be separated from what can be advocated
 - 1. Basic deficiencies in the international system – but cannot be remedied in one shot
 - i impact of interest rate setting in the industrial economies on developing countries
 - ii sovereign debt restructuring – should there be an independent (of all creditors) international debt resolution commission
 - iii capping international tax competition
 - iv cross-border cooperation in financial regulation
 - v rating agency regulation
 - vi Triffin paradox and SDR – evolution not revolution
 - vii developing country representation in setting standards and codes
- C. What are the key issues?
 - 1. Cross-border financial regulation
 - 2. Exchange rates, interest rates coordination or discussion for a
 - 3. Sovereign debt restructuring mechanisms
 - 4. Credit rating agency
- D. Two choices – self-organize or petition

1. Self-organize: Use Doha process to build and legitimize networks
 - i Regional arrangements – such as Chiang Mai
 - ii Middle income countries
 2. Petition – suggest and advocate text to be included in the Doha document that seeks reform in international arrangements
 - i No need for very technical language, but agreement on principles
 - ii Agreement on process of reform and timing
- E. Political feasibility of suggestions depend on the demands of the moment – ongoing financial turmoil
- i if wait too long, nothing happens: for example after the Asian crisis, there was a lot of discussion on the role of credit rating agencies
 - a took too long to come to a specific suggestions and petered out
 - b now, of course, role of credit rating agencies are again being discussed
 - ii successful resistance in the face of little danger: sovereign debt restructuring – cause taken up by the IMF, and resisted successfully by Wall Street
2. suggest immediate and time-bound actions that do not have to resolve the issue but assign its resolution
 3. For certain issues – such as developing country representation in Financial Stability Forum, and other code-setting bodies, one could suggest “encourage” or “challenge” wording to these bodies to reform their representation
- F. Main suggestion – Form Commissions on a few key issues and request them to report to Financing for Development Process within 12-15 months
1. Should be small – 20-30 countries
 - i ECOSOC used to be 27 countries in 50s and 60s and was very influential
 - ii Outside UN (including BWIs which are part of UN) or not
 2. Should be representative, with at least 50 per cent developing country representation, and
 3. Regionally representative – Nigeria, Egypt, S Africa.
 4. Adequately supported with professional staff – including (possibly former) IMF staff