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**DEPARTMENT OF ECONOMIC AND
SOCIAL AFFAIRS**

**NEW RULES FOR GLOBAL FINANCE
COALITION**

MULTI-STAKEHOLDER CONSULTATIONS ON SYSTEMIC ISSUES, 2004-2005

A salient feature of the Monterrey Consensus of the International Conference on Financing for Development is the inclusion of a section on “Systemic Issues” as an integral part of its central chapter on “Leading Actions”. The Consensus recognizes the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems in support of development. It notes important efforts to reform the international financial architecture and make existing instruments more effective, while acknowledging the diversity of country needs and situations. In particular, it calls for broadening and strengthening the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting.

In order to support the Financing for Development (FfD) follow-up process in this important area, the New Rules for Global Finance Coalition, in consultation with the Financing for Development Office of the United Nations Department of Economic and Social Affairs, will organize a series of multi-stakeholder consultations on key systemic issues identified in the Monterrey Consensus. Pursuant to General Assembly resolution 58/230, these consultations, including experts from the official and private sectors, as well as academia and civil society, will seek to examine issues, exchange information and promote best practices related to advancing rules for global finance to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development. These activities are programmed for the second half of 2004 and 2005, and are envisaged to provide a contribution to the 2005 High-level Dialogue on Financing for Development.

The multi-stakeholder consultations will aim to explore the structure and functioning of existing global “rule-making” institutions such as the World Bank, the International Monetary Fund (IMF), the Bank for International Settlements (BIS) and the Financial Stability Forum (FSF). The debate will examine who participates in the decision-making processes, and what direct and indirect policies result from such institutional arrangements. Participants will be invited to make recommendations for improving existing structures and instruments of the international financial institutions and to propose complementary and alternative policies to enhance stability of the global financial system and its ability to support sustained growth and poverty alleviation.

The New Rules for Global Finance Coalition, in consultation with the FfD Office, will coordinate four multi-stakeholder expert dialogues. The first meeting will be held in Washington, DC, to ensure maximum participation of government representatives dealing closely with these issues, as well as staff of the World Bank and the IMF. Two consultations are planned to take place in developing countries, one in Latin America and another one in Africa. Their local co-conveners will take the lead in identifying potential participants from civil society and the private sector, as well as governments and regional institutions. They will be also encouraged to host public forums before and/or after those meetings. A concluding session will take place in New York to ensure that inputs from the United Nations bodies and Member States are duly integrated into the outcome of the consultative process.

Within the broad framework of international financial stability and poverty eradication, core topics of the multi-stakeholder consultations will include:

- Effective representation of developing countries in the design and implementation of financial system reforms, including the following two aspects:
 - First, how developing countries are represented in individual institutions that constitute the existing framework, such as the World Bank and the IMF, and standard-setting bodies such as the Basel Committees of the BIS and the FSF; and
 - Second, how these bodies work together in the design and implementation of reforms (e.g., how the IMF integrates standards designed by BIS into its programs for borrowing members), and the impact of these arrangements on the effective participation of developing countries in global decision-making processes.
- The impact of the current reform agenda of international financial institutions, in particular the promotion of Financial Standards and Codes on systemic stability and poverty reduction. The project will select key topics from the 12 Standards and Codes originally designed by the FSF and the BIS, endorsed by the G-7, and implemented by the World Bank and the IMF.
- Evaluation of alternative policies, such as counter-cyclical prudential regulations and related measures (e.g., different types of prudential regulation, capital controls, long-term borrowing in domestic currency) designed to protect developing countries' financial sectors and promote poverty alleviation.

The multi-stakeholder dialogues will develop papers prior to each expert meeting. These papers will be distributed broadly through the Internet to provide for maximum discussion and debate before each meeting. Reports on principal conclusions from each meeting will likewise be distributed electronically. A concluding publication will provide a synthesis of inputs and discussions as well as resulting recommendations.

Next steps

As the multi-stakeholder consultations will be fully inclusive and transparent, information on their progress, dates of upcoming meetings and results of meetings will be regularly posted on the Financing for Development website (www.un.org/esa/ffd) and the site of the New Rules For Global Finance Coalition (www.new-rules.org). The Coalition and the FfD Office welcome proposals, queries and comments from interested entities and individuals around the world. Please address such communications to ffdoffice@un.org and/or fpfone@epinet.org.