



Economic and Social Council 2011 Substantive Session

Coordination segment

Item 6 (a): Follow-up to the International Conference on Financing for Development

PANEL DISCUSSION

“Global Economic Governance and Development: Enhancing the coherence and consistency of the international monetary, financial and trading systems”

Monday, 11 July 2011, 3:00 p.m. – 6:00 p.m.
Geneva, Palais des Nations

C o n c e N e

BACKGROUND

The topic of global economic governance has received renewed attention in the wake of the world financial and economic crisis. In the 2008 Doha Declaration on Financing for Development, Member States welcome “the ongoing international discussions on global economic governance structures,” and underline that “this debate should review the international financial and monetary architecture and global economic governance structures in order to ensure a more effective consultation with Member States and relevant organs

The institutional architecture of global economic governance has increasingly revealed a number of significant shortcomings. Most of the current institutions and rules were shaped more than 60 years ago - but the world has changed dramatically. Many developing countries have emerged as powerful players in the global economy. However, their growing importance has not been reflected in global economic governance structures. In particular, there exists a deficit in coherence and consistency within the existing international monetary, financial and trading systems. As a result, current institutional arrangements have been proven to be woefully inadequate in addressing a range of pressing developmental issues including reducing global economic imbalances, advancing a multilateral trade agenda and strengthening the United Nations Economic and Social Council. Whatever the

system of global economic governance become more effective, transparent and legitimate in its coherence, coordination and oversight of concerted responses to global challenges.

Partly as a result of the shortcomings with the institutional architecture of global governance, a number of industrialized countries have increasingly relied on informal arrangements and ad hoc groupings – i.e. G7, G8, G10, G20 - to deal with issues of global concern. The substitution of the G-20 for the G-8

as the major forum for international economic cooperation is a welcome development that makes it a more representative group which better reflects the increasing importance of emerging economies and developing countries in the global economy. However, there remain concerns relating to the limited representation of the group, the logic of its composition and its implication for smaller developing countries. These in turn render it important that the G20 engages with the wider membership of the UN and performs a role that is complementary to the efforts of the multilateral system at large. While the G20 has demonstrated increased willingness to involve non-Member States and foster engagement with relevant stakeholders within the UN system and beyond, these fall short of meeting the demands for more a formal institutional relationship between the UN and the G20.

Consideration should also be given to better incorporating regional arrangements into the framework for global governance. Regional institutions and arrangements have the potential to strengthen the existing architecture of global economic governance in a number of ways. For instance, they can complement the work of international organizations through better addressing specific regional needs and demands, especially with regard to small countries. A reformed framework for global governance could comprise a multi-layered system, which includes a strong network of regional and sub-regional institutions, including UN regional commissions, development banks, reserve funds, trade and investment agreements. The co-existence of global, regional and sub-regional arrangements may mean that services are in some cases provided on a complementary basis and in other cases on a competing basis. Benefits of such an arrangement would be, firstly, greater stability due to services provided by larger number of and more diverse institutions and, secondly, greater balance due to greater voice and representation to smaller countries.

OBJECTIVE, FORMAT AND OUTCOME

The objective of the panel discussion is to explore reforms, initiatives and proposals that could pave the way for a more effective global economic governance system, underpinned by greater legitimacy, accountability, and coherence. These would include a discussion of ways to enhance the role and effectiveness of the UN system in global economic governance. It is also important to give consideration to measures to forge stronger institutional linkages between the G20 and the United Nations, as well as ensuring that the efforts of the G20, the UN and other multilateral entities are complementary.

The panel discussion will consist of a moderator and four panellists, comprising senior representatives of multilateral entities and