

Guest Editorial: The Monterrey Consensus, 14 Years Later

Aldo Caliari¹

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The International Conference on Financing for Development (FFD or ‘the Conference’) was held in Monterrey in 2002. More than 50 heads of State and Government, over 200 ministers of finance, foreign affairs, development and trade, attended it. From an institutional and process perspective, FFD’s features and ambitions made it unique among conferences convened by the United Nations.

Although the United Nations Charter assigns to the United Nations responsibility for international economic cooperation, it is no secret that, since the 1960s and 70s, the axis of decision-making on economic policy matters began to shift to the Bretton Woods Institutions. Compared to the UN, where the growth in the number of developing country members allows them to have greater influence, under a one country-one vote system, rich countries feel more comfortably in control at the Bretton Woods Institutions, where the capital-laden voting structures give them the advantage.

Against that backdrop, FFD represents a historical attempt to recover for the UN a voice on international economic policy- and decision-making.

FFD as a Platform for All Development Actors

FFD created a platform to bring together all development stakeholders, institutional and non-institutional, under the aegis of the United Nations. The agenda and process of FFD began to form up by the late 1990s, against the backdrop of the experience of the conferences of the 1990s.

✉ Aldo Caliari
caliarialdo@yahoo.com

¹ Washington, DC, USA

These conferences had revealed themselves rich in normative developments, rhetoric and commitments, but short on impact outside the United Nations. This was especially noticeable when it came to their elements that were meant to impact financing or economic policies, typically dealt with by the Bretton Woods Institutions, the then recently-established World Trade Organization, the Organization for Economic Cooperation and Development or other institutions with specialized economic missions.

For the success of an effort that would take the UN straight into purely economic policy field, it was deemed crucial that FFD take a ‘beyond-UN’ approach, with the inclusion of financial institutions—e.g. the World Bank and the International Monetary Fund—, and trade institutions. Even the then-Financial Stability Forum (the predecessor of the Financial Stability Board) participated to the Conference. That is why the UN FFD was, deliberately, not called a UN conference but the International Conference on Financing for Development, with the UN billed as the coordinator and convenor of the participating actors. This represented an important qualitative difference with the conferences of the 1990s on Population and Development, Women, Social Development, Sustainable Development, and so on.

For the same purpose, FFD also sought to involve the counterparts of such institutions at the domestic level, that is, Finance and Trade Ministers, Central Banks, and others, trying to transcend the deep-rooted tendency for UN matters to remain confined to portfolios of Ministries of Foreign Affairs or Development. To this date, FFD conferences and their follow-up process have always been ‘multi-institutional’ endeavours, with the World Bank, IMF, WTO and UNCTAD involved as ‘institutional stakeholders’. After the Third FFD Conference, UNDP has been added to that roster.

Other Stakeholders

Inclusiveness efforts did not stop at the institutional level: FFD also implemented an innovative approach by recognizing civil society and the private sector as ‘stakeholders’, an approach that has remained its trademark to this date. This included the right to make interventions—at the discretion of the chair—and be present during the deliberations, including that they were allowed to witness the proceedings even up to a late stage in the negotiations.

Civil society involvement, though, was not to be taken for granted on the ‘demand side’. For reasons that parallel those in the realm of the institutional stakeholders, the civil society organizations that typically focus on finance traditionally used to target with their advocacy the Bretton Woods Institutions, WTO and the like. In their minds, the UN was as much associated to ‘soft issues’—and disassociated from ‘hard’ economic ones—as in those of officials carrying economic policy portfolios. Convincing the civil society community with expertise on the matter that the UN was a worthy venue to follow came with no small effort.

With the benefit of policies that, in the lead up to the 2030 Agenda, significantly broadened access and participation of non-governmental constituencies in the proceedings, the scale of the innovation that FFD’s practice represented in the late 1990s may easily get lost on today’s observer.

But for a conference whose square focus—unlike the 2030 Agenda or past UN conferences—is on financing policies, it carries an added significance. In fact, for civil society, and to the time of this writing, its modalities set FFD apart, in terms of transparency and participation, from the secretive and closed practices that continue to characterize the proceedings at global economic institutions. FFD represents the only international venue where an official discussion on such matters enjoys this level of openness. Although such level of access has, more than a few times in the history of FFD, entered into tension with the need to ensure the purely intergovernmental nature of the outcome, such tensions have always been easily resolved. In fact, civil society participants have been the first ones to refrain from demanding a right to actively intervene—and only retain a right to be present and contribute informally—when negotiations on inter-governmentally-agreed outcomes start.

The Conceptual Framework

FFD set up a conceptual framework to address all financing sources in a holistic, comprehensive and integrated way. Transcending the usual identification of financing for

development with aid, FFD provided a framework for the consideration of all different sources of financing (debt, domestic and international investment, trade), but still placing them in the context of how they could be used to finance development. Such a comprehensive approach would allow FFD to break away from a compartmentalized consideration of policy for each source and set the stage for a consideration of their interrelationships, a vantage point of which FFD has arguably not taken full advantage, yet. In this way, it would also enable stakeholders to spot incoherence among different initiatives.

The approach played to the advantages of the UN as an umbrella organization with universal membership. It proposed that there was something to be gained in exploring financing for development sources in an interrelated fashion that the specialized nature of other institutions’ mandates would not allow them to do.

Proof that the conceptual framework was so complete and sound is that it survived the vagaries of time and political agendas. Even in 2015, at the Third FFD Conference, the framework suffered some changes and additions but those, as quickly denounced by civil society and by the Group of 77 at the time (CSO FFD Group 2015 and CIDSE 2015), were due to political convenience of some of the actors. From a methodological perspective, changes to the framework were really unnecessary.

The Political Dimensions of Financing for Development Questions

The FFD conference, by placing the UN in a convening and coordination role, also helped bring attention to the political considerations that underpin the ostensibly ‘technical’ nature of financial policy issues. It, thus, helped undress the political considerations underpinning them and the potential of a political forum—such as the UN—to reach consensus and agreements on policy actions to address them.

Moreover, a contribution of historical proportions FFD made was that it considered not only substantive policies, but also the processes to decide on them. Breaking away from other conferences, typically limited to the content of development-related policies, its agenda placed under consideration also the processes by which such policies were developed. Important issues of global institutional architecture, political economy and participation came under scrutiny as inextricable from the discussion on financing for development outcomes, to never leave it again. Clear evidence of this lasting impact was, in the Third FFD Conference, the centrality reached by the debate on participation of developing countries in the design of rules on tax cooperation.

It is appropriate to note also that such an issue could probably not have made it onto the agenda of any other venue than the United Nations, thus reaffirming the value-added of FFD up to today.

The Third FFD Conference

Two follow-up international conferences have taken place after Monterrey: Doha 2008—producing the Doha Declaration on FFD—and Addis Ababa in 2015—producing the Addis Ababa Action Agenda (AAAA). Compared with the FFD Doha Review, at the Third FFD Conference, held in Addis Ababa (Ethiopia) in 2015 there was a lot more at stake. Preparations for the Third Financing for Development Conference coincided with the preparations for the post-2015 agenda Summit—ultimately labelled 2030 Agenda for Sustainable Development—and the Sustainable Development Goals, which had a scope remarkably larger than the preceding generation of development goals—the Millennium Development Goals.

With the ambition to generate an agenda that would cover the three pillars of sustainable development and a set of widely-encompassing goals, the post-2015 process represented an unprecedented and seismic moment in the international development agenda. Undoubtedly, there was a strong political connection between FFD and the post-2015 process. It is unlikely that developed countries foot-dragging around a Third FFD Conference—in spite of the commitment undertaken in Doha to hold such conference—would have been overcome without the pressure of needing to get developing countries on board with the post-2015 agenda.

But the link also carried its risks. Countries that never liked FFD to begin with, or grudgingly accepted it in its time, by 2015 thought FFD had run its course and the ensuing confusion with the post-2015 agenda would pose the opportunity to wither it, by subsuming it, relativizing it and diluting its distinctive identity and content. Moreover, while it was clear the post-2015 conference would decide—as it did in the end—on a 15-year programme, FFD had no expiration date. Confusing the former with the latter could come with the added prize of ensuring the latter would, in 15 years, be over as well.

One can, then, understand the importance and the strong emotions associated to the conceptual battle played out in the negotiations regarding whether FFD was merely the Means of Implementation for the SDGs, or extended beyond that. It was not without effort—and a lot of compensating concessions by developing countries—that the carefully-struck compromise ultimately recognized the latter:

The post-2015 development agenda, including the sustainable development goals, can be met within the

framework of a revitalized global partnership for sustainable development, supported by the concrete policies and actions as outlined in the present Action Agenda. (AAAA, para. 19)

The 2030 Agenda Outcome noted that the AAAA—not the Financing for Development process as such—is an integral part of the 2030 Agenda for sustainable development'. Importantly, further supporting the notion of two distinct processes, it went on to add that 'The Addis Ababa Action Agenda supports, complements and helps contextualize the 2030 Agenda's means of implementation targets.' (2030 Agenda, para. 62)

FFD: Where to Now?

Less concerned with its survival and identity, the time has come to realize the potential of FFD. The AAAA offered a significant strengthening—for the first time since Monterrey—of the FFD follow-up process. Such process sets the stage for FFD to be the venue where normative developments around financing for development can be informed by the values of human rights and sustainable development upon which the United Nations was founded.

By entrusting to such process the follow-up of the 'financing for development outcomes', (AAAA para. 132), it has ensured that the body of commitments in the three FFD Conferences (Monterrey, Doha and Addis Ababa) can be taken as a compact. The FFD follow-up needs now to live up to its potential as a forum for monitoring, reviewing and, most importantly, following up—through further consensus-building, where required—the commitments of the three FFD conferences. In doing so, it can harness the expertise and diversity of all actors, as well as guarantee the level of participation and transparency required for the job.

Note

- 1 With the exception, of course, of the UN Security Council where five permanent members have veto power.

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