# A New Global Governance Architecture for the World Economy

Summer School Renzo Imbeni, Modena, 1 October 2010

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<sup>\*</sup> The views here expressed are exclusively those of the author.

### The new global governance architecture

- The G20 as "the premier forum for international economic cooperation"
- The origin of the G20
- Four G20 Summits
  - November 2008, Washington
- Coordination of extraordinary monetary and fiscal policy interventions
- Agreement on launching the financial regulatory overhaul
- Engagement against protectionism



- April 2009, London
  - Recapitalisation of the international financial institutions and trade finance
  - Progress in the financial reform
  - Joint fight against tax havens (OECD Global Forum)

- September 2009, Pittsburgh
  - Framework for Strong, Sustainable and Balanced Growth
  - · IFIs quota shift reform
  - Energy related issues (fossil fuel subsidy reduction / climate change financing inconclusive)

- June 2010, Toronto
  - Fiscal plans to halve deficits by 2013 and stabilize or reduce government debt-to-GDP ratios by 2016
  - Launch of the second phase of the Framework
  - No common view on bank levy
  - Launch of new initiatives (anti-corruption, development, GMEP)
- Expectations for November 2010, Seoul
  - Country by country engagements within the Framework
  - Capital requirements for the banks
  - IMF quota shift
  - Action plans on development and anti-corruption
- The 2011 French Presidency



## The toolbox of the new global cooperation

- Policy dialogue
- Policy coordination
- Self assessment
- Mutual assessment processes
- Peer review



#### The Framework

- Framework for Strong, Sustainable and Balanced Growth is a compact that commits G20 countries to assess how their policies fit together, to evaluate whether they are collectively consistent with more sustainable and balanced growth, and to act as necessary to meet common objectives
- It is based on a The Mutual Assessment Process (MAP):
- Definition of the 'Upside Scenario' (IMF, WB, OECD inputs)
  - National policy initiative templates
  - Mutual assessments of the templates
- Monitoring and evaluation of the implementation of the policy commitments



### Peer review in the new global architecture

- New OECD peer reviews:
  - OECD Global Forum on Transparency and Tax Exchange of Information
  - OECD Corporate Governance peer review
- New components in existing OECD peer reviews
- FSB SCSI peer review

#### **Conclusions**

- G20 commitments implementation must be reviewed and assessed
- Policy coordination and peer review are the tools for implementation and performance enhancement
- International organisations, such as the IMF and the OECD, must play a key role in these tools to ensure the credibility of this process
- The ultimate success of the G20 is at stake



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