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MANAGEMENT OF GLOBAL PUBLIC GOODS AND NEW FORMS OF MULTILATERALISM

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"The World Today Needs New Harmony
Instead of the Dissonance of this Unbridled Cacophony."

François Villeroy de Galhau,
Speech of July 16, 2019, "Bretton Woods: 75 Years Later"

THE MANAGEMENT OF GLOBAL PUBLIC GOODS AS THE HORIZON FOR MULTILATERALISM

The concept of "public good" is characterized by its broad and evolving scope. Under French public law, it refers to the criteria justifying government intervention, particularly in the economic sphere (mainly where there is insufficient private sector initiative and when justified by the public interest; French Council of State, May 31, 2006, "Paris Bar Association"[1]). The economic literature defines "public goods" as non-rivalrous goods – i.e. whose consumption by one economic agent does not preclude its simultaneous consumption by another economic agent (Samuelson, 1954) – and as non-excludable goods – i.e. it is impossible to exclude agents from consuming them (Musgrave, 1959). The economic literature also

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generally finds that (1) the provision of public goods by the market alone is sub-optimal (Samuelson, 1954) and (2) optimal production of public goods requires government intervention or coordinated and collaborative action between individuals.

This definition of public goods may be completed by mentioning their geographical dimension, and the often non-linear and irreversible effects of the externalities they induce (as in the case of climate change). A public good becomes "global" when its provision requires international coordination or when poor management of the good in question has cross-border implications. This definition of public goods may be completed by mentioning the ability of states to behave like "free riders" or even "free destroyers"[2]. Economic literature (Gabas and Hugon, 2001) has drawn up numerous typologies of public goods, which are too complex to list in an exhaustive manner[3]. Kaul *et al.* (1999) identified over sixty (including climate, research, the fight against epidemics and the stability of financial markets), while Stiglitz (1999) included macroeconomic and financial stabilization at the global level.

Multilateralism, understood as all of the mechanisms and modes of coordination aiming to produce more or less binding standards that are to be applied transnationally, is linked to the notion of global public goods insofar as the standards produced in this way are designed to implement the procedures for the management and optimal supply of these goods at the international level and to facilitate financing. Here we are focusing solely on the economic and financial aspects of multilateralism. At the G20 summits held in London in April 2009 and in Pittsburgh in September 2009, the G20 Finance Track, which brings together finance ministries, central banks, and international institutions, was entrusted with a threefold mission: (1) identifying malfunctions in the global economic and financial system, (2) coordinating technical work aimed at correcting these and (3) monitoring the implementation of policies and their implications for global growth.

However, in the absence of a global government, economic multilateralism cannot ignore the political and economic balance of power between states or the geopolitical environment. The Bali G20 Summit declaration[4] already pointed to divergent views among members over debt issues. The Chair Summary of the G20 Finance Ministers and Central Bank Governors (FMCBG) meetings in February and July 2023[5] also reflected dissenting opinions, exacerbated by the Russian invasion of Ukraine, that are adversely affecting the workings of the "premier forum for international economic cooperation"[6]. Financing of the climate global public good is itself a major source of differences both on the understanding and consequences of the "differentiated responsibilities" principle in the current situation and the degree of supervision of climate policies, as well as simply because the consequences of the transition are very different (think, for example, of the countries who export fossil fuels).

At the same time, economic and financial interdependences remain high, and declarations announcing that globalization is slowing down (slowbalization) or even going into reverse (deglobalization) have yet to be reflected in international trade figures, which are still indicating positive growth (Jean, 2023). Although they are frequently criticized, international value chains have proven very resilient during recent crises. Finally, the Covid-19 pandemic and the growing urgency of climate change, which are increasingly being analyzed from a global public goods perspective, have heightened awareness of this interdependence.

This article begins with the paradoxal coexistence of an increasingly interdependent global economy and forums for international coordination in the midst of a more conflictual geopolitical environment. It seeks to demonstrate that economic multilateralism has developed without any pre-established plan through the accumulation of layers of coordination that have emerged in a proactive manner since the Bretton Woods (1944) and San Francisco (1945) conferences. There is at present a "continuum of governance" (Fukuyama, 2006a). We believe that the economic sphere is made up of more of an institutional patchwork, consisting of several layers that differ in terms of their level of institutionalization, representation, scope of action, instruments, and réacs (Table 1).

Table 1
Formal Presentation of the Institutional Patchwork Concerning Economic Multilateralism

UN institutions	Bretton Woods institutions	Clubs of countries	Economic consensus-building bodies	Standard-setting bodies
• Organizations established by treaty • State, universal, and equitable representation • Broad scope (peace, health, development, education, economics, etc.), but specialized institutions • **Examples: United Nations General Assembly, UNDP, WHO**	• Organizations established by treaty • State, universal representation for the IMF and WB, representation according to economic influence • Specific field (monetary stability, development, foreign trade) outlined in the mandate of each institution • **Examples: IMF, World Bank, WTO**	• Organizations not established by treaty • State but selective representation • Aim to manage global public goods, prevent crises, and coordinate public policies with transnational effects • Initially limited in scope, but gradually extended (e.g. G20 switching to heads of state level) • **Examples: G20, G7, BRICS**	• Organizations established by treaty (OECD, CGFS of the BIS) or not (IFCMA, NGFS) • Open state representation, tending to be universal • Designed to build consensus and establish general principles • **Examples: OECD, NGFS, GIH, IFCMA**	• Organizations not established by treaty • State or infra-state representation, or private and selective representation • Aim to produce operational standards to be transposed on a voluntary basis and/or imposed by markets • Very specific field for each organization • **Examples: BCBS, CPMI, FSB, FATF, BEPS, IFRS**

Note: see annex for list of acronyms.

Source : authors.

Our article recalls how this patchwork emerged between the second half of the 20th century and the present day, and then examines how it actually works, identifying a number of principles that would improve governance and facilitate the financing of global public goods. We will also demonstrate the complementary nature of consensus-building and standard-setting bodies. The criterion we use to distinguish between these two types of entities is the level of precision of the standards produced. The standards are general and of a high level for economic consensus-building bodies, and more specific and operational for standard-setting bodies. Finally, based on the regulation of sustainable finance, we will illustrate the transition from one of these types of instruments for managing and financing global public goods to another before drawing a roadmap for the G20 Finance Group to strengthen its role as the driving force behind economic multilateralism by putting an end to institutional cacophony.

DESPITE RISING GEOPOLITICAL TENSIONS, THE G20 IS ATTEMPTING TO BECOME THE DRIVING FORCE BEHIND ECONOMIC MULTILATERALISM

Since the end of the Second World War, we have witnessed a shift from coordination primarily being organized by institutions whose operation and mandate are defined by treaties, to more informal coordination organized by clubs of countries (G7, G20, BRICS – Brazil, Russia, India, China and South Africa), supported by consensus-building forums, and enforced by standard-setting bodies. The result is a multilateral system that is sometimes deemed to be ineffective, even illegitimate, and persistent shortcomings in economic management and the financing of global public goods.

The goal of the Bretton Woods agreements signed in July 1944 was to reorganize international economic relations in order to avoid further unilateral and uncoordinated adjustments by the major global economic powers. In the years between the two world wars, international economic relations had been dominated by protectionist measures and strong monetary instability driven by competitive devaluations, which had amplified and prolonged the Great Depression and exacerbated international tensions. The Bretton Woods conference culminated in intergovernmental economic multilateralism based on three sister institutions (which we will refer to hereafter as the "Bretton Woods institutions"):

– an International Monetary Fund (IMF), to guarantee exchange rate stability and balance of payments financing;

– a Bank for International Reconstruction and Development (BIRD) (the basis for the present-day World Bank Group), tasked with channelling long-term capital into national reconstruction and development;

– an International Trade Organization (ITO) to promote international trade,[7] which eventually became the WTO (World Trade Organization).

These institutions have facilitated coordination based not on permanent negotiations between governments, but rather on their willingness, in principle, to adhere to a mutually agreed framework within which organizations produce standards or actions by means of weighted voting procedures in the absence of a consensus. This mode of governance based on pre-established rules was intended, among other things, to reduce the historical inconsistency (Kydland and Prescott, 1977) of national authorities, whose actions could return international economic and monetary relations to their situation between the two world wars. Moreover, these institutions also represent a different form of governance than that of UN bodies, since state representation, although universal, is associated with voting rights weighted according to the economic heft of the members). At the IMF and the World Bank, voting rights are mostly allocated based on countries' relative position in the global economy. This multilateral governance aims to enhance the operational efficiency of the decision-making bodies.

However, the suspension of dollar convertibility into gold by the United States in 1971, followed by the Jamaica Agreement, which abolished the system of fixed but adjustable exchange rates in 1976, shook up the fundamental rules underpinning the Bretton Woods institutions, requiring them to adapt accordingly. The IMF's mandate remained virtually unchanged, but its methods of operation had to be radically overhauled due to the disappearance of fixed but adjustable exchange rates. This situation led to the parallel development of more informal multilateral governance arrangements. Brummer (2014) has used the term "minilateralism" to characterize these institutions, which, in contrast to the Bretton Woods institutions, have gradually acquired an extra economic area of work and bring together states representing a critical mass of the global economy, with a common desire to coordinate their actions, especially in terms of economic policy.

As Lamy (2020) explains, the creation of the IMF Interim Committee in 1974 (24 members, culminating in the International Monetary and Financial Committee (IMFC) in 1999) and of the G6 in 1975, which took the place of the Library Group, was intended "to go beyond the diplomatic system by establishing contacts at the highest level and thus dispensing with traditional intermediaries". After Canada joined in 1976, the G6 became the G7 or "Group of Seven", and even the G8 from 1997 to 2014 following the collapse of the Soviet Union and the integration of Russia. From the outset, this "club" aimed to use its economic clout to provide a coordinated response to global economic problems, and the management of global public goods in particular. Largely intended to deal with the shortcomings of UN and Bretton Woods institutions, it initially acted as a consensus-building framework prior to coordinated intervention in the foreign exchange markets (Berret *et al.*, 2019), with the conclusion of the Plaza Accord in 1985 and the Louvre Accord in 1987. Its scope has gradually expanded to new areas, such as development, the fight against terrorism, and climate change.

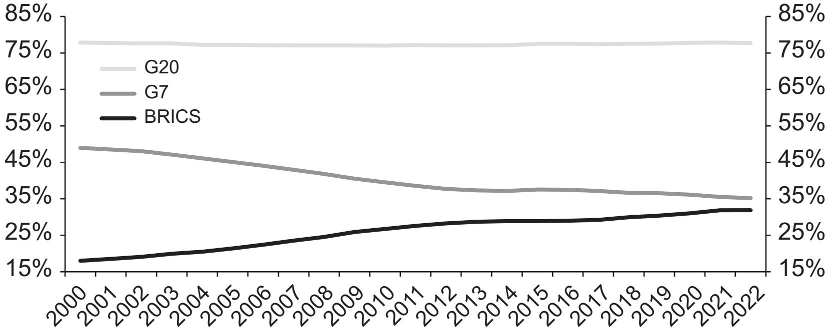
However, the reduced weight of the G7 countries in the global economy, combined with the rise of the emerging economies from the 1980s onwards, led to the creation of a bigger club, the G20 or "Group of Twenty", in 1999. The Great Financial Crisis (GFC) of 2007-2008 was a turning point and the "club" approach was reinforced with the first meeting of G20 Leaders in Washington (Brummer, 2014), which transformed the role of the G20, followed in 2009 by the first BRICS Summit. Brazil, Russia, India and China (South Africa joined in 2011) all got together in Yekaterinburg. The G7, like the BRICS, thus became a sort of "antechamber" for the G20, i.e. smaller, more homogeneous committees where new issues could be discussed with a view to drawing up joint proposals for subsequent submission to G20 members.

However, there are two main limits on coordination by clubs.

First limit: rebalancing power relationships within the clubs and crystallization of non-consensual positions

Whereas the first experiments in minilateralism brought together fairly comparable groups of countries in terms of policy and level of economic development (G6-G7), as emerging economies began to catch up the circle has had to be broadened out in order to become more representative at the world level. This extension has also resulted in emerging economies playing an increasingly active role in multilateral governance. The greater participation can be explained in part by the growing importance of emerging economies in the global economy (see Figure below, which shows the respective weights of the BRICS and the G7 countries in PPP-GDP[8] since 2000), as well as by institutional learning (i.e. experience acquired during successive G20 presidencies)[9], enabling emerging countries to gain a better understanding of how multilateral negotiations work. Addressing issues that directly affect their development prospects and growth paths, especially global public goods and their financing, makes it all the more important for these economies to take an active part in debates, and increases their legitimacy when dealing with these issues.

Figure
Change in Relative Weight of G20 Members in World GDP



Sources: World Bank data; authors' calculations.

Second limit: geopolitical uncertainties threaten multilateral consensus-building

By its very nature, multilateralism is subject to geopolitical uncertainties because it is based on inter-state relations. In this regard, Russia's invasion of Ukraine has merely accelerated the existing trend away from a unipolar world order and confirmed a return to rivalrous relations between the great powers. As indicated in the G7 Hiroshima Leaders' Communiqué (May 2023), recent events have increased the importance of geopolitical factors in international economic and trade relations (sanctions, restrictions on exports placed by China and the United States; industrial policies involving state aid and subsidies, and tariff barriers designed to limit "carbon leakage", etc.).

Nevertheless, the period since Russia's invasion of Ukraine has not been one of deglobalization (Jean, 2023). It has been characterized by a weaponization of interdependence, rather than by any reduction of it. The bulk of trade continues to be governed by the rules of free trade, despite certain exceptions[10]. Moreover, the growing importance of protecting trade flows from geopolitical tensions and the resilience of value chains creates room for coordination and pooling of information on industrial policies, as well as for trade agreements with groups of friendly countries (friend-shoring) in targeted sectors, such as critical minerals, for example (Harrell, 2023). Finally, certain forms of multilateralism have survived current geopolitical tensions better than others because they embody Pareto-optimal situations that the parties don't want to put into jeopardy.

THE GLOBAL FINANCIAL CRISIS (GFC) OF 2008 TURNED THE G20 INTO THE DRIVER OF MULTILATERALISM BY LEVERAGING TWO INSTRUMENTS: CONSENSUS-BUILDING ORGANIZATIONS AND STANDARD-SETTING BODIES

Faced with the need to manage and finance global public goods, governments have responded – especially since 2008 – by taking consensus-building initiatives, which are often small-scale to begin with, but can eventually bring together a large number of governments, and by delegating a large part of the creation of standards to standard-setting bodies.

Fukuyama (2006b) thus advanced the concept of "multi-multilateralism", close to Pascal Lamy's notion of "polylateralism", to describe the multilateral landscape, which comprises a plethora of diverse, competing, and partially overlapping international organizations. These bodies are characterized by more informal forms of cooperation and more flexible institutional rules. Some have existed for a long time, however, their importance within the multilateral landscape is a more recent and growing phenomenon.

The aim of this type of management is to get around institutional blockages (1) by obtaining a consensus – sometimes impossible to achieve elsewhere – on non-binding technical solutions, and subsequently (2) drafting specific, detailed standards that can be incorporated into national and international standards. Consensus-building and standard-setting bodies have a twofold advantage in terms of effectiveness and legitimacy:

– in terms of effectiveness, they bypass political stalemates by asserting "technical" objectivity or expertise in a particular field. For example, in September 2019, Hans Hoogervorst, Chairman of the IASB[11] declared: "Against the backdrop of increased geopolitical friction, where the recent G7 meeting couldn't even agree on a common statement, our standard-setting community provides an excellent example of what can be achieved when people from all parts of the world work together towards a common goal." (Hoogervorst, 2019);

– in terms of legitimacy, the participation of these new players in multilateral cooperation makes it possible to define collective interests within a broader framework than that of a single state, at least partially responding to criticism of the legitimacy of political forums that emerged at anti-G8 demonstrations in Genoa in 2001, and which have been a regular feature at this type of inter-State summit since then. Hoogervorst's reference to "people from all parts of the world" can also be interpreted in this manner, i.e. no longer referring solely to governments. They also make it possible to mitigate the exclusive nature of clubs of countries by adopting more inclusive formats, where the criterion for participation is the desire to achieve a consensus.

Coalitions of governments and other voluntary stakeholders follow the logic of inter-country clubs in specific areas

These coalitions of the willing take on many forms, but one thing they all do is bring together governments and other stakeholders (usually international organizations) around a specific issue on which there is no consensus on either management or financing. First, there are the G20 Finance working groups which, by drawing on the work of international organizations, aim to achieve a consensus that will then be endorsed by ministers and heads of state. The OECD and G20's "Inclusive Framework on BEPS" (base erosion and profit shifting) is also part of this approach, bringing together more than 125 countries and jurisdictions to implement measures to address mismatches between the tax rules of the different countries used by multinational companies to transfer profits legally, but artificially, to low-tax or tax-free jurisdictions. This is another successful aspect of this type of open multilateral arrangement.

Moreover, in the climate change arena, this also involves implementing the commitments made at the COP26 in Glasgow through the Breakthrough Agenda, for example, which includes the biggest emitters (United States, China, India, and the EU); the G7's proposal to create a climate club,[12] and the Just Energy Transition Partnerships (JETP)[13] between developed and developing countries. The aim of these coalitions is to give impetus to a dynamic initially reserved for a restricted circle of countries, before gradually expanding the emerging club. The creation of the NGFS in December 2017 or the Inclusive Forum on Carbon Mitigation Approaches (IFCMA) are examples of the same dynamic. The NGFS brings together over a hundred central banks and regulators with the aim of developing recommendations for greening the financial system. The IFCMA, created under the auspices of the OECD, aims to enhance common understanding of the macroeconomic effectiveness of climate policies and their international impacts and to coordinate efforts to reduce carbon emissions more effectively.

Table 2
Examples of Multilateral Economic Consensus-Building Bodies and Recent Deliverables

Organizations	Examples of deliverables
G20 working groups: International Financial Architecture Group (IFA) Sustainable Finance Working Group (SFWG) Infrastructure Working Group (IWG)	IFA: Common Framework, G20 debt framework aimed at coordinating all low-income creditor countries in order to resolve insolvency and persistent liquidity problems alongside the implementation of an IMF-backed program of reforms SFWG: G20 Sustainable Finance Roadmap, a multi-year roadmap to increase sustainable private and public finance, thus accelerating the implementation of the Paris Agreement and the UN 2030 Agenda IWG: G20 Quality Infrastructure Investment Principles, a set of 6 general principles[14] providing strategic guidelines for infrastructure investment
OECD	G20 and OECD High-level Principles of Corporate Governance OECD Guidelines for Multinational Enterprises OECD Recommendations on Intellectual Property Rights and Competition
Global Infrastructure Hub (GIH)	2019 database on the quality of infrastructure investments
Network for the Greening of the Financial System (NGFS)	NGFS climate scenarios and stress tests

Source: authors.

Standard-setting bodies produce specific, operational standards based on consensus achieved by clubs of countries and consensus-building bodies

Standard setters or standard-setting bodies (SSBs) are specialized organizations whose membership is voluntary and whose purpose is to produce more or less binding standards. Private stakeholders are sometimes represented within these institutions. Most of these organizations existed before they were recognized by the G20, as in the case of the Basel Committee on Banking Supervision created in 1974, IOSCO in 1983, and the Financial Stability Board, which was set up in 2009[15]. The term "standard-setting bodies" remains relatively ambiguous. However, they share one key feature – their main purpose is to issue regulatory standards that vary in scope – principles, practices, and guidelines (FSB, 2022). But these standards are of a highly precise and operational nature because they are often derived from market practices and based on them to facilitate their application, even before transposition. They are to be incorporated into national or international legislation, in a way similar to the prudential standards issued by the Basel Committee. For example, the reform of banking prudential standards in the wake of the GFC (Basel III), was transposed into European law by Directive 2013/36 (known as the “CRD IV Directive”) and Regulation 575/2013 of June 26, 2013 (more commonly known as the “CRR Regulation”).

The role of standard-setting bodies has been strengthened in two ways: (1) the G20 Finance summit has made more frequent use of the standards they produce, and (2) increased monitoring of the application of their standards, especially by the IMF, under the impetus of the G20. The IMF recognizes a list of standards and codes in 12 areas of public policy and so plays a concrete role in disseminating these standards through its technical assistance and macroeconomic supervision missions. In financial regulation, the IMF refers to these standards especially in its Financial Sector Assessment Programs (FSAP), which are conducted jointly with the World Bank and were created in the wake of the GFC.

The main limitations associated with the work of standard-setting bodies concern the large number of such organizations, the potential for competition between organizations, and the need to transpose their deliverables into national and international regulations.

THE EXAMPLE OF THE REGULATION OF SUSTAINABLE FINANCE

We will now take a closer look at the example of the regulation of sustainable finance, which illustrates how the multilateral network operates between various interdependent layers and the role of the G20 as “the driving force”, supported by consensus-building and standard-setting bodies[16].

The growing number of controversies around greenwashing has led to the need for extra-financial reporting standards in order to bring some transparency to the market (de Arriba-Sellier, 2022). The G20’s coordinating role in this area is apparent in the creation of the Task Force on Climate-Related Financial Disclosures (TCFD), a private sector working group set up within the FSB in 2015, which has produced recommendations to provide a framework and standardize extra-financial reporting standards on the level of principles. The work of the TCFD, which has received the political backing of the G20, ensures a common framework, but on a voluntary basis. All the initiatives mentioned below refer to it. In March 2022, for example, the ISSB published a document comparing its standards with TCFD recommendations (IFRS, 2023).

Table 3
Codes and Standards Recognized and Used by the IMF in the Macroeconomic Assessment of Member Countries (selection of financial regulation standards, non-exhaustive list)

Domain and sub-domain	Standard-setting body	Example of recognized standards
Financial sector Banking supervision	Basel Committee on Banking Supervision (BCBS)	Core Principles for Effective Banking Supervision
Securities regulations	International Organization of Securities Commissions (IOSCO)	Objectives and principles of securities regulations
Crisis resolution and deposit insurance	International Association of Deposit Insurers (IADI) Financial Stability Board (FSB)	Core Principles for Effective Deposit Insurance Systems The Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions
Insurance oversight	International Association of Insurance Supervisors (IAIS)	Insurance Core Principles (ICP)
Financial market infrastructures	Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO)	Principles for Financial Market Infrastructures
Market infrastructures	Financial Action Task Force (FATF)	The 40 recommendations made by the FATF in 2012 on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CTF)

Source: authors.

Here, however, we are witnessing competition between different extra-financial reporting standard setters. Behind this are economic issues that are linked to market players who are themselves competing with each other, but also political issues, arising both from strategic rivalry between regions and countries and from differing approaches to managing global public goods. The standards of the European Financial Reporting Advisory Group (EFRAG) are based on the principle of double materiality[17], unlike those of the International Sustainability Standards Board (ISSB), created by the IFRS Foundation.

However, calls for convergence are being taken into account by competing standard-setters, thanks to the role of the G20. In April 2022, the ISSB set up a working group (ISSB, Jurisdictional Working Group) that includes the European Union and the United States to encourage convergence in the implementation of standards. Moreover, the ISSB and EFRAG cross-reference each other's work in their working papers in order to highlight similarities and differences. Finally, there is nothing to prevent EFRAG, with its double materiality principle, from going further than the ISSB, as long as interoperability and a common framework are maintained.

The G20 can also rely upon various forums to identify differences between standards and encourage convergence. The FSB, in liaison with the ISSB and IOSCO, has been mandated by the G20 to prepare a progress report on climate-related reporting standards by October 2023[18].

HOW CAN THE G20 FINANCE GROUP STRENGTHEN ITS ROLE AS THE DRIVING FORCE OF ECONOMIC MULTILATERALISM?

While management and financing of global public goods – just like the climate – theoretically require unified global governance, in practice the existing multilateral system, with a few adjustments, may be capable of tackling this challenge. We feel deliberately optimistic here that the G20 Finance Group is the best forum for strengthening the governance and financing of global public goods.

The challenge for G20 Finance member states is to play a threefold role in relation to the other multilateral economic institutions, including the Bretton Woods institutions and consensus-building and standard-setting bodies. We define this role around three functions:

– *impetus*: the G20's role in building momentum is both to determine, on a consensual basis, the roadmap in terms of the management of global public goods and to identify which need specific actions to be taken by other institutions in the multilateral network. Depending on the field in question, the G20 Finance Group should therefore continue delegating the creation of standards to standard-setting bodies, but it should also use other consensus-building structures (notably inclusive forums) to break deadlocked negotiations at its level (as in the fight against climate change);

– *political endorsement*: G20 political endorsement remains essential for asserting the legitimacy of the standards produced by the various structures it has called on and for expanding their scope of adoption. The G20 intervenes to guarantee a basic framework – with the broadest possible common denominator – that ensures a level-playing field and guarantees the different standards can be compared and are interoperable;

– *policy coordination*: in a manner similar to the monitoring of financial regulation reforms in the wake of the GFC, the role of the G20 Finance Group could evolve to include monitoring the actions of its members in managing and financing other global public goods. The G20 has already embarked on a highly flexible form of coordinating macroeconomic and structural policies with several Action Plans or Public Policy Menus aimed at comparative analyses of national policies. Applying this practice to climate issues could, at the very least, facilitate progress towards a consensus on the macroeconomic challenges of climate policies. To be truly effective in coordinating climate policies for example, G20 action would have to be significantly reinforced, for example, by systematically studying the effects of excesses and interactions between public policies in order to come up with a globally optimal solution and the related contribution paths of member states.

An ambitious G20 Finance Group reform agenda would enable it to assert its role as a forum for managing global economic public goods. This requires a reset of its objectives. It would no longer just manage economic crises but would actually become a framework for multilateral governance of global public goods.

August 11, 2023

NOTES

1. The Council of State ruling of 31 May 2006, "Ordre des avocats au barreau de Paris", stipulates that public bodies may only intervene in a market to satisfy a public interest, which may result in particular from insufficient private sector initiative.

2. See Agarwal et Røttingen (2023).

3. There are for example, natural public goods (water, air, climate, natural resources and biodiversity), as opposed to public goods created by human activity (peace, an efficient tax system, free trade), or tangible and intangible public goods (essential infrastructure, vaccines, patents, the fight against pandemics, etc.).

4. G20 Bali leaders' declaration, Bali, Indonesia, November 15-16, 2022.

5. G20 Chair's Summary and Outcome Document, First G20 Finance Ministers and Central Bank Governors meeting, Bengaluru, February 24-25, 2023.

6. Pittsburgh G20 Leaders' Communiqué, September 25, 2009.

7. The ITO never actually saw the light of day and was replaced by a multilateral trade agreement, the General Agreement on Tariffs and Trade (GATT), which became operational on January 1, 1948 and was itself replaced by the World Trade Organization (WTO) in January 1995. This institutional construct is seen as the economic counterpart of the UN.

8. This indicator gives the ratio of gross domestic product (GDP) expressed in current international dollars, using the purchasing power parity (PPP) conversion factor.

9. Presidencies of Mexico in 2012, Russia in 2013, Turkey in 2015, China in 2016, Argentina in 2018, Saudi Arabia in 2020, Indonesia in 2022, India in 2023, and the upcoming presidency of Brazil in 2024.

10. In a speech in April 2023 on economic leadership, Jake Sullivan, National Security Advisor to the President of the United States, described policies designed to protect certain strategic sectors as a "small yard with high fences".

11. The International Accounting Standards Board (IASB), a private and independent international body based in London, is responsible for drawing up IFRS international accounting standards.

12. G7 Leaders' Communiqué, June 28, 2022.

13. Models for financing the energy transition promoted at the COP26 and implemented, for example, between Senegal and a coalition made up of France, the EU, Canada, and the United Kingdom in June 2023.

14. They aim to maximize the positive impact of infrastructure, improve economic efficiency by factoring in the life-cycle costs of infrastructure, include environmental considerations, bolster resilience to natural disasters, and include social considerations while strengthening governance.

15. See article by Rey (2023) in this publication.

16. See article by Carney (2023) in this publication.

17. "Double materiality" factors in not only the impact of social and environmental issues on a company's economic performance, but also the impact of the company's activities on society and the environment.

18. "FSB, in coordination with the ISSB and IOSCO, to prepare a report on the progress of jurisdictions and firms on climate-related financial disclosures by October 2023" (summary and conclusion of the G20 Finance Chair's Summary cited above).

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ANNEX

LIST OF ACRONYMS USED

AML/CTF – Anti-Money Laundering and Combating the Financing of Terrorism

BCBS – Basel Committee on Banking Supervision

BEPS – Inclusive framework on base erosion and profit shifting

BRICS – Group of five emerging economies: Brazil, Russia, India, China, and South Africa

CMFI – IMF International Monetary and Financial Committee

CPMI – Committee on Payments and Market Infrastructures

EFRAG – European Financial Reporting Advisory Group

FATF – Financial Action Task Force

FSAP – Financial Sector Assessment Programme (IMF)

FSB – Financial Stability Board

G7 – Group of Seven

G8 – Group of Eight

G20 Finance – G20 Finance working group

GATT – General Agreement on Tariffs and Trade

GFC – Global financial crisis of 2007-2008

GIH – Global Infrastructure Hub
IADI – International Association of Deposit Insurers
IAIS – International Association of Insurance Supervisors
IASB – International Accounting Standards Board
IFA – G20 International Financial Architecture Working Group
IFCMA – Inclusive Forum on Carbon Mitigation Approaches
IFRS – International Financial Reporting Standards
IMF – International Monetary Fund
IOSCO – International Organization of Securities Commissions
ISSB – International Sustainability Standards Board
IWG – G20 Infrastructure Working Group
NGFS – Network for Greening the Financial System
OECD – Organization for Economic Co-operation and Development
PPP – Purchasing Power Parity
SFWG – G20 Sustainable Finance Working Group
TCFD – Task Force on Climate-related Financial Disclosures
UN – United Nations
UNDP – United Nations Development Programme
WB – World Bank
WHO – World Health Organization
WTO – World Trade Organization

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