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The world economy at risk of another financial crisis

Report of an international civil society expert meeting

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Content

Preface

Considering the huge risks of global financial instability and the negative impacts of a financialised economy, which are already being felt globally in many regions, Brot für die Welt, the Centre for Research on Multinational Corporations (SOMO) and World Ecology and Environment for Development (WEED) invited financial policy specialists and campaigners on the international financial architecture and related issues to come to the Berlin headquarters of Brot für die Welt on 20–23 March 2019. Their aim was to discuss different challenges to global financial stability and to consider joint lobbying strategies for the upcoming international meetings at the International Monetary Fund (IMF) and World Bank in Washington, at the United Nations (UN) in New York and at the Group of 20 (G20) in Japan.

The primary forums for oversight and policymaking in the global financial and economic system are the IMF, the World Bank, the Financial Stability Board, the G20 and the Financing for Development process of the UN. Specific international financial fora include the Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO). Civil society has a limited but acknowledged voice in the UN forums and much less in the specific financial institutions. Civil society organizations (CSOs) are continuously working to forge a strong and coherent policy message to present to the actors of the global financial system. Several important international meetings were on the agenda for 2019, including the Sustainable Development Heads of State Summit at the UN in September, the High-level meeting on Financing for Development (FfD) in the UN General Assembly in September, the FfD meeting in the Economic and Social Council in April, the UN Secretary-General's sustainable energy summit in September, the G20 summit in Japan in June preceded by meetings of the G20 Ministers of Finance, and the Spring and Annual Meetings of the IMF and the World Bank. It thus seemed timely to bring together major civil society thinkers and activists to take stock of the current international governance of finance and its relation with development. They traveled from Cameroon, Kenya, Malaysia, Japan, Mexico, Brazil, the Caribbean, and from the United States, Italy, the United Kingdom, France, the Netherlands and Germany. They came from issue-based national CSOs, from specialized regional and global networks, and from civil society donors. Other participants were from academic institutions, think tanks and government ministries.

The experts and officials included Mr. Jomo Kwame Sundaram, former Assistant Secretary-General for Development at the UN and Ms. Katharina Peter, Head of Division Financing for Development of the German Ministry for Economic Cooperation and Development. In addition, a representative of the German Ministry of Finance held an informal exchange of views under Chatham House rule with the 40 plus participants. CSO experts selected the following topics for that discussion: the role of the G20 nowadays and its will to reform; debt, financial regulation, infrastructure investment and taxation. At end of the meeting Mr. Gerhard Schick from the German civil society movement "Finanzwende" informed participants about his investigations and campaign activities which aim to defend the public interest by making the financial system safer. The final discussion of the expert meeting addressed the current situation in Germany as an example of the challenges civil society faced in reaching out to a broader public, networking with other civil society groups and starting a national campaign on how to make finance work for people.

The meeting provided a platform for people from the Global South and North to come together, exchange perspectives and inform each other about news from their countries and regions. They explained, discussed and listened to each other and finally agreed to join hands and work together across different international political fora. With mutual support, they will continue to warn against the growing financial dangers that affect the people of the world, especially those in the Global South. They will advocate for stronger financial regulation and reforms, and finally stand up for a financial system that serves people and the planet.

Brot für die Welt presents this summary of the civil society network expert meeting to encourage interested readers to continue the discussion about global systemic challenges. CSOs are invited to increase their efforts to develop joint advocacy messages for political decision-makers on the risks of the global financial system for society. Greater involvement in CSO groups and forums on international finance i.e. in the CSO FfD Group or the Civil 20, can increase the likelihood of success from opportunities to make significant political progress on structural changes in the global financial architecture.

Eva Hanfstängl
Senior Policy Officer Development Finance/International Financial Policies, Brot für die Welt

Executive Summary

The International Monetary Fund (IMF) in its 2018 Global Financial Stability Report found increasing financial vulnerabilities and risks to global financial stability and sent out warnings of global macroeconomic instability ("A bumpy road ahead"[1]). The expert meeting discussed the IMFs view and saw even greater risks, because old financial vulnerabilities remain and new risks have emerged. Countries like Argentina, India and South Africa have been confronted with sudden financial outflows in search of less risky returns elsewhere, reflecting both domestic difficulties and rising interest rates in global markets (in 2018). At the same time, the long period of loose monetary policy by central banks in Western countries (the so-called "quantitative easing") and related very low international interest rates in developed countries have encouraged excessive levels of private as well as sovereign borrowing, leading to worrying levels of debt, with more and more developing countries facing challenges as financial markets show increased volatility. Many developing countries are paying the price for adopting a financial system in which capital can freely flow in and out of their countries in search of the highest yields.

Participants recalled that civil society had warned of the financial crisis of 2007/2008. At the time, civil society organizations (CSOs) demanded banks shrink to sizes not posing systemic risks, strengthen regulation of the financial markets, and re-orient the markets to the financing of real economic activity as opposed to ever more complicated structured derivatives and other financial securities. A decade later and despite the implementation of certain tougher regulation policies in some Group of 20 (G20) countries, the financial markets were seen to have taken on the character of casinos once again. Securities backed by other securities issued by troubled borrowers have the potential to crash financial markets if payments are disrupted. Even when the safest securities are used as collat-eral for loans (e.g., repos), stability depends on a continuing sufficient supply of the "safe assets" coming into the market, which is not guaranteed. At the same time, the international financial industry has been successfully pushing back against the new regulatory reforms or delaying implementing regulations, which in any case focused on the banking sector when the "non-bank banks" (shadow banks) are also a potential source of fragility.

While quantitative easing added liquidity to the financial system in G20 countries and around the world, companies worried about their markets and delayed investment in the real economy. Instead, the banks expanded mainly short-term financing, as in the repo and derivatives markets, heightening financial risk levels. Poor households have not recovered from the pain and losses suffered in the last crisis and will again be vulnerable in a next crisis. In the meantime, the financial system has allowed rising inequality.

If and when the next crisis erupts and with interest rates still close to zero, it is not clear how much capacity the largest economies will have – nor if they will have the political will – to jointly undertake countercyclical monetary policies as may be required, nor the appetite for expansive fiscal policies. Indeed, the promise that "too big to fail" banks could be wound up in a crisis instead of bailed out has yet to be delivered, especially if there are multiple simultaneous bankruptcies. Meanwhile, bank mergers are creating larger and larger financial giants. There seems to be a dangerous lack of willingness to coordinate at international levels to prevent or respond to possible global financial shocks that will hurt people everywhere and worsen the prospects of sustainable development, especially in the developing world.

Speakers from developing countries recalled how they had suffered badly in the global recessions unleashed by the financial crisis of 2007/2008. Some developing countries had begun to liberalize their capital accounts and opened financial markets although their economic structures and markets had not yet developed the resilience to counter the impact of an international economic shock. When the crisis erupted, they suffered rapid capital outflows, saw the value of their currency dwindle, were faced with rising import bills and debt servicing, while their export earnings suffered and international remittances fell by about one third. Depending on exports of natural resources or commodities, it took them years to recover from the blow. Still, in the past decade, many low and middle-income countries enjoyed growth levels above those before the financial crisis.

One important concern discussed in the meeting in addition to the risk of global financial disruption was how to mobilize the financing needed to realize by 2030 the Sustainable Development Goals (SDGs) that were adopted at the United Nations (UN) in 2015. The International Conference on Financing for Development in Addis Ababa in 2015 emphasized the need to mobilize domestic as well as foreign resources and public as well as private ones. The World Bank focused on international private sources of financing. It described the

challenge as moving from billions of dollars of financing to trillions. Consequently, it proposed to adopt a "Cascading Strategy" for "Maximizing Financial Flows for Development" in which it would seek to partner more with private sources of finance. However, results have been disappointing. Meanwhile, developing country government borrowing is raising their indebtedness and there has been little agreement on how to resolve the next wave of sovereign insolvencies in developing countries.

All United Nations Member States agreed in 2015 to achieve the 17 Sustainable Development Goals, the heart of the 2030 Agenda, with a view towards ending all forms of poverty, fighting inequalities and tackling climate change while ensuring that no one is left behind.

In the event of a new financial crisis, participants feared that developing countries may have to ward off the impact of a renewed monetary shock spilling over to them from a financial system over which they have almost no influence. The optimistic assumptions about surging private financing of the SDGs will have to be put aside if it happens. At the same time, a number of developing countries have accumulated their own financial assets in reserves and sovereign wealth funds, which will be put at risk in this financial gamble. This will increase their vulnerability to instability and debt crisis.

While CSOs have called for debt relief and debt restructuring for a long time it became clear that unsustainable debt levels needed to be seen in many cases as an outcome of detrimental global economic and financial structures. With the first Finance for Development Conference of the UN in Monterrey, Mexico in 2002, Brot für die Welt joined hands with European and other networks to advocate for the reform of the structures and systems of international finance. Today the lessons learned during the financial crisis of 2007/2008 are downplayed again. According to "Erlassjahr", 122 developing countries are once more critically indebted.[2] Rather than being controlled and limited, illicit financial flows and tax evasion are widespread and so is the instability of the financial markets, while the strategies to finance the SDGs are unclear.

Civil society opposes the attempt of both the global financial industry and the largest economies to maximize the profit rates of their investments if at the cost of increasing the overall level of financial instability and making the economically weakest countries subject to speculation.

Participants concluded that civil society can help spread financial literacy and start or support a public campaign for better regulating the financial sector: To avoid contagion in a crisis, civil society should campaign for a separation of commercial and investment banking, which would separate essential lending and payment functions from high-risk trading and investment activities and restrict commercial banks to hold securities or derivates products. All shadow banking (hedge funds, money market funds, investment funds, securitization vehicles etc.) should be registered and supervised. 'Too big to fail' and too complex to manage of systemically important banks should be reduced. Further demands should be to simplify complex financial innovations and tax financial transactions widely and high enough to reduce the amount of speculative trade. Also consumer protection policies need to be strengthened.

[1] IMF (2018): Global Financial Stability Report: A Bumpy Road Ahead. *https://www.elibrary.imf.org/view/IMF082/24893-9781484338292/24893-9781484338292/24893-9781484338292.xml?redirect=true (12.11.2019).*

[2] Erlassjahr (2019): Global Sovereign Debt Monitor 2019. *https://erlassjahr.de/en/news/global-sovereign-debt-monitor-2019 (23.01.2020).*

Introduction

Christine Lagarde, Managing Director of the IMF 2011–2019, warning government representatives of global financial risks at the IMF Spring Meetings 2019.

Speakers from Africa, Asia, Latin America and the Caribbean region informed the participants about the experiences and challenges from the financial sector in their countries and regions and discussed possible prospects for sustainable development and financing the Sustainable Development Goals (SDGs). Jomo Kwame Sundaram, former United Nations Assistant Secretary-General for Economic Development, spoke from an Asian perspective and questioned the approach of seeking to finance the SDGs through the leverage of securitization instruments of the financial markets. Artemisa Montes Sylvan from the Mexican NGO OMEC gave forecasts and scenarios on a possible financial crisis. She provided relevant economic data from her country and commented on the economic situation under the new Mexican President López Obrador. An African view was presented by Martin Tsounkeu from the Africa Development Interchange Network (ADIN) who spoke about the important need for financial resources for sustainable development in Africa. He however also pointed out some of the challenges and risks of private financing and presented key changes that should be considered to make private financing sustainable. Heron Belfon from the NGO Jubilee Caribbean highlighted an aspect of vulnerability of financial systems in in the Caribbean region, namely rising debt levels following natural disasters, most of them due to climate change. She pointed out solutions such as climate resilient strategies on a local level and debt relief initiatives on an international one. Furthermore Katharina Peter, Head of Division Financing for Development of the German Ministry for Economic Cooperation and Development (BMZ) reported about the recent Retreat of the Group of Friends of Monterrey, a forum for exchange on Financing for Development (FfD), that took place in Mexico. She spoke about opportunities and challenges in the run up to the 2019 September High-Level Dialogue "Finance Summit" at the United Nations.

In the second part of the expert meeting participants discussed global systemic challenges and possible solutions to the international financial failings. Systemically important banks are still too big to fail and non-bank

financial institutions (shadow banking) are much less regulated. Off-balance mechanisms such as securitization are growing again and create new vulnerabilities through this non-transparent system. Meanwhile, due to the lack of capital controls, capital outflows as result of the normalization of monetary policy in 2018 in global financial centers have resulted in devaluations and higher national burdens of indebtedness in a number of countries in the South. Theophilus Jong Yungong from the African Forum and Network on Debt and Development (AFRODAD) based in Zimbabwe informed about the financial flows to and from Africa. He showed that Africa's combined debt stock has risen significantly. He fears that with the new leveraged type of resources Africa risks to incur more debt, because at the moment, African economies may yet be ill prepared to receive leveraged financial flows. Miriam Brett from the Bretton Woods Project in UK spoke about privatization measures demanded by the IMF and about the overall negative effects of Private Public Partnerships (PPPs) promoted by the World Bank. She was concerned that IMF and World Bank have become vehicles to support financialization that would lead to a more fragile global financial system and hence a particularly volatile and unstable pathway to SDG financing. The growing vulnerability of the financial system was also Myriam Vander Stichele's key theme. The Senior Researcher at the Dutch Centre for Research on Multinational Corporations (SOMO) criticized the inadequate regulation in various financial areas: shadow banking, hedge funds, derivative trade, banking system, capital flows. Sarah-Jayne Clifton from the Jubilee Debt Campaign (UK) talked about irresponsible lending and investing by financial institutions and the need for mandatory transparency rules. The European perspective was presented by Rainer Geiger from Finance Watch (EU oriented) and Grégoire Niaudet from Caritas France. Rainer Geiger spoke about the urgent need to regulate better systemically important financial actors, because they still operate under dangerous incentive systems. They still show inappropriate bonus structures, insufficient stakeholder relations and weak oversight by their boards. Grégoire Niaudet, Finance Watch Co-director, saw the need to shed public light on the influence of the lobby work by the finance industry. The actual power and influence of the finance industry into politics can be seen in the present weakening of financial reform efforts. Both therefore emphasized that civil society needs to press political decision-makers harder in order to get structural policies right and that it needs much better strategies and essentially more power of real national interest over finance sector interest.

The third part of the meeting addressed problems of the increasing integration of developing countries into the global financial markets. As a result, those countries experience growing financialization of their economies which exposes them to risks to global market volatility. Lastly, participants discussed what all of these developments mean for the citizens and what systemic risks are impacting society? It becomes increasingly clear that finance contributes to systemic risks and problems in society and is not allocated to where money is most needed, for instance to tackle climate change and inequality, and promote sustainable development. On this basis, participants formulated their key demands and advocacy goals for the upcoming events at the IMF and the World Bank spring meetings, at the United Nations Financing for Development Forum and for the G20 Summit.

The remainder of this paper reports on the discussions in detail and then draws certain conclusions.

Current financial challenges and experiences from different regions

Participants from Asia, Africa and Latin America presented their perspectives about experiences and challenges from the financial sector in their countries. In addition they addressed prospects for financing sustainable development and the Sustainable Development Goals (SDGs). Furthermore Katharina Peter, Head of Division Financing for Development of the German Ministry for Economic Cooperation and Development (BMZ) reported about the recent Retreat of the Group of Friends of Monterrey, a forum for exchange on Financing for Development (FfD), that took place in Mexico.

Jomo Kwame Sundaram spoke from an Asian and historical perspective. He criticizes the role change of the international financial institutions from direct lending to the mobilization of lending through guarantees for the private sector and the financial markets. Artemisa Montes Sylvan from the Mexican NGO OMEC, that is working on forecasting and scenarios on financial crisis, focused on the economic situation under the new Mexican President López Obrador. Martin Tsounkeu from the Africa Development Interchange Network (ADIN) pointed out some practical challenges and risks of private financing for development in African countries. Heron Belfon from the NGO Jubilee Caribbean emphasized in the rising debt levels following natural disasters, most of them due to climate change, and pointed out possible solutions.

UN Financing for Development – Opportunities and challenges in the run up to the High-Level Dialogue "Finance Summit" at the United Nations

Katharina Peter, Head of Division Financing for Development of the German Ministry for Economic Cooperation and Development (BMZ) reported about the recent Retreat of the Group of Friends of Monterrey in Mexico, a forum for exchange on Financing for Development (FfD). It met to prepare the Financing for Development contribution to the UN Climate Summit, the High-Level Political Dialogue on the SDGs and the High-Level Dialogue on Financing for Development, all in the third week of September 2019 in New York and to prepare for the April FfD forum in the UN Economic and Social Council in New York. FfD retreats are informal stakeholder meetings that bring Governments, UN and other international organizations together with other stakeholders, such as the Private Sector, Civil Society and Academia.

Current chief financing concerns regarding SDGs, climate finance and FfD objectives are

- an annual financing gap of 2.5 trillion US dollars,
- the risk that world output growth remains low and hence insufficiently capable to mobilize the required finance,
- the rapid capital outflow from poor countries in case of economic downturns as well as the growing inequality within and between economies.

The Group of Friends of Monterrey had also considered the 2019 report by the Inter Agency Task Force (IATF) on FfD. The IATF launches a report on progress and challenges every year. Ms. Peter highlighted Germany's strong commitment to the FfD process saying it defines an integrated approach to financing, the "right kind of finance" for development needs. The retreat also discussed the EU-Africa Infrastructure Trust Fund. The FfD friends listened to each other and agreements seemed possible, although the retreat understood that multilateralism is under stress. The co-facilitators of the planned outcome document for the FfD-High-Level Dialogue were also present. She said a new debt crisis must be avoided. The IATF report focused on Integrated National Financing Frameworks (INFFs), a structure for considering linkages among different modes of a country's financing and resources, which could facilitate more effective financial policy making. INFFs should become a tool at national level and are a "concrete thing that came out of the retreat".

Barry Herman, a former staff member of UN-DESA and Visiting Scholar at the New School in New York had also participated at the Mexican FfD retreat. Clearly, developing countries were aware that donors and investors have their own agenda. They understood the importance of having a domestic strategy and a national financial framework to confront the different interests in terms of needs and risks. Some of their concerns were excessive volatility of the exchange rate, illicit financial flows, how to confront debt and avoid a new debt crisis, as well as institutional changes at the international financial institutions.

CSO representatives Myriam Vander Stichele and Barry Herman discussing Sustainable Financing of Social Protection Floors in Developing Countries with representatives of the World Council of Churches and the IMF.

Current challenges and prospects for global economic and financial system from an Asian perspective

Jomo Kwame Sundaram took a look at the current challenges and prospects for the global economic and financial system. He did that both from an Asian as well as from a historical perspective with the question in mind: Where do we stand right now with regard to the slogan "A better world is possible"? Mr. Sundaram covered a wide range of topics in historical order. He took the audience from the depression of the 1930s to the New Deal in the United States, the unfolding and ending of the Bretton Woods monetary system, the active management of the major currencies during and after the Cold War, replaced by trade and financial liberalization. But he also had a look at Japan's post-war policies of land redistribution and Korea's policies of "financial repression" whereby the Government forced banks to invest in industrialization and the real economy. He regretted how financial liberalization had not been well understood at that time and led to the Asian crisis, a banking crisis. The push for capital account liberalization as part of the Washington consensus, borne of US Government, Wall Street and Bretton Woods Institutions' parentage, led to a debilitating outflow of capital from poor countries to the rich. He identified a trend to strengthen property rights, esp. intellectual property rights during the past four decades and sees it as a policy to keep competitors at bay.

Commenting on the challenges of financing the SDGs, Mr. Sundaram doubted the need to follow the World Bank's logic according to which the mobilization of trillions of US Dollars for the SDGs instead of billions

(as in the case of the earlier Millennium Development Goals, MDGs) is only possible through the leverage of securitization instruments of the financial markets. Identifying the financial markets as beneficiaries, he referred to the trillions expected from securitization as "packaged" with the SDGs. He criticizes the role change of the international financial institutions from direct lending to the mobilization of lending through guarantees for the pri-vate sector and the financial markets. Concluding his introduction, he sees the need for a Global Green New Deal with a big push to finance renewable energy. Developing countries need to be subsidized to bypass the stage of fossil fuel driven development, the West must be stimulated to share technology. He quotes the example of the Green New Deal recently submitted by Democratic politicians to the US House of Representatives. Civil society needs to recognize those new openings, where it can play the role of a critical actor.

The question-and-answer session dwelt on the G20 as not having a shared and appropriate vision of a better international financial system. Mr. Sundaram felt the international financial system will never be a consistent structure, there are too many actors trying to make money or seeking profits more than ensuring financial stability. Regarding Argentina, he felt it was a severe mistake on behalf of its Government to compensate the vulture funds in 2016. Investors will see it as a precedence case compromising the normalcy of bankruptcy and debt renegotiation. He was concerned about the toxic consequences of leveraged finances for developing countries, even more so as the Governments responsible for regulating finances in their countries are in an asymmetric knowledge situation when faced with the financial markets. He deplored the weakness of the UN, which on the other hand, he called the final multilateral platform.

Forecasting and scenarios on financial crisis in Mexico

Artemisa Montes Sylvan, Executive Director of Observatorio Mexicano de la Crisis (OMEC), focused on "Possible scenarios of a renewed financial crisis in Mexico". A left wing Government won the 2018 elections by a margin of 30 million votes. They have a majority in both chambers and are currently carried by popular sentiment (80 per cent approval rate). Political opponents had forecasted an economic disaster, which so far has not occurred. This Government does not want to scare investors. The new Mexican President, Andrés Manuel López Obrador, is attending big business conventions. He sent the message to the markets that he will not increase taxes or debt or start financial reform for three years. Ms. Montes Sylvan finds this worrying. The minister of finance has an academic background and he is acquinated with the sector, but is not a member of the "technocratic elite". Nevertheless, the US rating agencies have consistently assigned low credit ratings to this Government. President López Obrador finds them hyper critical, hence there is a tense relation. Banks are doing business as usual, profits are up 250 per cent over the last ten years. The President expects high investments, especially from the state-owned oil company PEMEX. Accordingly, PEMEX sent proposals to the Congress where they were stopped. As part of realizing electoral promises, the development of a new sprawling Mexico City airport was stopped and special conditions for bond repayment were agreed. Mexicans now pay for an airport but will not have a new airport. Interest rates in Mexico are over 8 per cent.

OMEC had developed an early warning system tool using as the basis for analysis: Banking liquidity and solvency, currency and external debt, the growth rate and the balance of payments. Applied to Mexican data, this shows that both the liquidity of banks and their solvency is below 0.5 per cent of total assets. In the balance of payments, the international reserves have experienced a sharp decline since the beginning of 2018, while the Peso continues to weaken against the US dollar. Adding to this worrisome picture, the growth of Mexico's gross domestic product (GDP) experienced a deep fall before the elections; however, since then it rose steeply. Mexico has a slightly negative trade balance and a mildly growing ratio of external debt to exports. Capital flight has not been strong despite the left wing government. Answering a question from the audience, Ms. Montes Sylvan sees

the negative trade balance not strongly connected with the performance of PEMEX or the oil price. She believes it is due to the overall export performance of the Mexican economy.

Financing for sustainable development – The dangers and perspectives of private financing in Africa

Martin Tsounkeu of the Africa Development Interchange Network (ADIN), Yaoundé, Cameroon spoke on the "Perspectives and dangers of private financing in Africa".

Mr. Tsounkeu left no doubt about Africa's enormous needs for financing and explained about the Agenda 2063 of the African Common Position on the 2030 Agenda. According to the priority areas of this Common African Position as expressed by the African Union, Africa's annual infrastructure financing needs amount to 93 billion US Dollars only for priority projects of which 44 per cent are for energy, 23 per cent for water and sanitation, 20 per cent for transport, ten per cent for information and communication technology and three per cent for irrigation. However, his presentation was also characterized by the negative African experience with financing from the multilateral system and correspondingly expressed fear and caution about such new initiatives as the G20 compact for Africa, led by the German presidency, as well as all the other opportunities for investment provided by China, Japan and others. He had no great confidence in the involvement of the private sector by de-risking them with public money and certainly not with the leveraging of finance through the financial market. He expressed the concern, de-risking and leveraging could lead to unprecedented levels of indebtedness of countries in Africa and are likely to benefit the financial markets much more than African citizens.

Africans are not interested in an even higher level of exploitation of their natural resources. Rather, resources and commodities should leave the continent as finished products and thus help get people out of poverty. Mr. Tsounkeu underlined ADIN's concern the new financing instruments would negatively impact African countries' policy and regulatory space, would have a bias for mega projects rather than favor small and medium-sized enterprises (SMEs) and jeopardize the environment. It could create new opportunities for big players to funnel out profits as illicit financial flows (presently standing at about 80 billion US Dollars per year) and further weaken the commitment of rich countries to extend genuine ODA, which will continue to be required for social development and Human Rights. Among the key conditions for using private financing really effectively, Mr. Tsounkeu sees the need for total alignment with national, regional and African development strategies and agendas with full participation and an institutionalized dialogue of Civil Society. More official development assistance (ODA) and effective debt management solutions are required as well as the development of a competitive African Private Sector.

While answering questions from the audience Mr. Tsounkeu pointed out that Africa is nowhere near thinking of energy transition. The basic need for energy is so huge that everybody thinks of affordable energy, not of the way it is being provided. There don't seem to be links to the infrastructure group of the Civil 20 network yet. As a way to finance small initiatives and SMEs, microfinancing can only be seen as limping along in Africa. It needs to become further adapted to the African situation.

Impact of climate change on debt in the Caribbean region

About "The impact of climate change on debt in the Caribbean region", spoke **Heron Belfon**, the Project Coordinator of Jubilee Caribbean. Jubilee Caribbean is the youngest member of Jubilee International, working with Governments to achieve acceptable levels of debt. The program includes debt management workshops in the islands and advocacy to persuade international actors to considering debt relief in cases of natural disasters.

Ms. Belfon spoke for the civil society of small island countries in the Caribbean (Grenada, Barbados, Dominica, Antiqua and Barbuda, etc.) whose critical indebtedness is due to climate change caused natural disasters, low growth, limited resilience to shock and macro-economic problems. In order to prevent and find solutions to these, Ms. Belfon pointed out, it will be necessary to work on climate resilient strategies such as "Sea Defense (securing coastal erosion, etc.), Hurricane Clauses (including **(1)** legal provisions enabling the deferral of debt service payments, or the possibility of fast-tracking debt restructuring operations and **(2)** architectural regulations for structures to withstand hurricanes)." It is also required to find regional support solutions through other non-affected regional Governments that are part of the Organization of Eastern Caribbean States (OECS) and the Caribbean Community (CARICOM) to get financial relief in the event of disasters. In the question-and-answer session, Ms. Belfon answered regarding the role of tourism as the strongest cash generator and regarding the demand for climate change reparations. She criticized policies that in the touristic sector give concessions to huge hotels and foreign investors on almost everything, which means that the country does not collect sufficient taxes from foreign investments – in contrast to the locals who are involved with tourism and pay taxes just like everyone else.

She highlighted the tax loss due to concessions as a big problem and waste because some of those taxes are much needed to aid in the fight against climate change and implementing climate resilient strategies. With regard to debt relief, she considered that it needs to be pragmatic. Island countries have been often cheated after being promised relief. There should be climate change reparations, but people who agree to this are few and hesitant to come together and often have other priority needs.

Regulatory gaps – the increasing systemic risks of financial crises

Today, the financial reforms that followed the 2007/2008 financial crisis are under attack. Systemically important banks are still too big to fail. Non-bank financial institutions and securitization are growing again. Meanwhile, due to the lack of capital controls, capital outflows as result of the normalization of monetary policy in global financial centers are resulting in devaluations and higher national burdens of indebtedness in a number of countries in the South. The following contributions discuss systemic risks, increasing deregulation or rather regulatory gaps and possible solutions from different regional and thematic perspectives. They include Africa's experience with globalized finance and debt; the role of IMF and the World Bank in promoting financialization; regulatory and governance gaps threatening instability of the financial system; irresponsible lending and investing by financial institutions. Finally, the discussion highlights the need for mandatory transparency rules, the need for stronger regulation and the need to inform citizens about the dangerous influence of the finance industry into political decision-making.

Africa's experience with globalized finance

Making the case for Africa, **Theophilus Jong Yungong**, a policy analyst within the debt management department at the African Forum and Network for Debt and Development (AFRODAD) – a Pan African Nongovernmental Organization based in Harare, Zimbabwe – spoke about Africa's experience with globalized finance.

Mr. Yungong, a native Cameroonian from the English-speaking part of the country, said it was evident, that the SDGs and other national objectives had tremendous financing needs. Trade, foreign direct investment (FDI), remittances and Official Development Assistance (ODA) as of now are chief among the financial flows, with a tendency of FDI inflows dropping and FDI outflows increasing. Remittances play an increasingly bigger role accounting for 51 per cent of all inflows. Still, in comparison with other continents, Africa receives the least amount of remittances, but the highest ODA. Mr. Yungong is of the opinion that Africa's risk is already unsustainably growing. He showed how Africa's combined debt stock of 535 billion US Dollars in 2017 had risen by a whopping 15.5 per cent from the previous year with South Africa and Nigeria as the main drivers. 30 of 36 countries having benefitted from the Heavily Indebted Poor Countries Initiative (HIPC) and Multilateral Debt Relief Initiative (MDRI) are in Africa, and all these countries have doubled their debt stock since 2010. And while everywhere the poverty levels and mortality rates are falling, they fell the least in Sub-Sahara Africa. Africa still lacks the human resource and technological capacity. He fears, with the new leveraged type of resources, Africa risks to incur more debt, as long as – due to corruption – borrowed money is turned into illicit flows and diverted into offshore private pockets. At the moment, African economies may yet be ill prepared to receive leveraged financial flows. There is a great need to build the capacity of African states to deal with the changing landscape and learn to manage complex interests. States need to introduce stronger regulation and better accountability, strengthen their institutional framework, and promote citizen education to hold governments to account.

The role of IMF and World Bank in promoting financialization of economic systems

Miriam Brett, the International Development Finance Manager at the Bretton Woods Project in the UK, reported about the "Role of IMF and World Bank in entrenching financializing". At the outset, Ms. Brett looks into the flawed governance structures of international finance institutions (IFIs). She quotes Fanwell Bokosi, the Head of AFRODAD in Zimbabwe as saying: "While the world

Headquarters of the IMF based in Washington D.C., USA.

has moved on, the IMF quota system has the most glaring over-representation of European economies and in particular that of the euro-area economies, with the US playing the same big boy role of the 1940s." The IMF calls for fiscal consolidation and prioritizes privatization, also as part of structural conditionalities and does not sufficiently emphasize capital controls in order to control speculative financial flows. It further supports privatization through the back door by Public Private Partnerships (PPPs) many of them impacting negatively on the poor and having excessive risks. Now the IFIs are promoting financialization as the sole solution to finance the SDGs. And while the IMF pretends not to "do structural adjustment anymore", in its advisory work with its members (Article IV consultations), fiscal consolidation and privatization belong to the most frequent conditionalities. Ms. Brett believes the World Bank's Maximizing Finance for Development strategy shows a particularly volatile and unstable pathway to SDG financing. Economists warn of a more fragile (global) financial system, "one that is cyclically vulnerable to swings in securities prices, and that reduces the space for autonomous developmental strategies in poor countries". Moreover, profitable enterprises might become "reserved to the private sector and unprofitable activities remaining publicly financed." The World Bank policy of "Cascading Finance" might lead to a systematic removal of regulatory frameworks to capture investment.

Financial instability and the financial system: What are the regulatory and governance gaps?

The growing vulnerability of the financial system was **Myriam Vander Stichele's** subject in her presentation "Financial instability and the financial system: What are the regulatory and governance gaps?". Ms. Vander Stichele, Senior Researcher at the Amsterdam-based SOMO (Centre for Research on Multinational Corporations), said that there were 382 trillion US dollars of financial assets in the world in 2016, of which 84 per cent were used for financing outside the real economy. This is an effect of the quantitative easing, i.e. loose monetary policy, which only partly helped the real economy but fed cash to the world financial markets. With its low interest rates, it pushed financial investors to take more risk and invest in developing countries.

Financial regulation is not yet sufficient to avoid a future financial crisis.

As a lesson of the 2008 financial crisis, G20 cooperation strengthened banking and financial market regulations. Among the changes for banks were increased capital requirements, leverage and liquidity ratios, countercyclical buffers, risk weighting standards, resolution mechanisms and stress testing. However, "shadow banks" are only partly regulated and supervised. Hedge funds are not regulated in the US but to some extent in Europe. Europe regulates and supervises investment funds for instance, regarding market access. The policy is also to reduce risk through increased investors' protection, e.g. and how funds advertise, but the actual investments by the funds are still not fully transparency. Trade in derivative is a source of high systemic risk. Although derivatives trades are increasingly transacted through clearing houses, which reduces risk, through requirements of "margin" (i.e. backed by securities as collateral) but are still vulnerable to panic and investor "runs". Given the enormous volumes, the systemic risk is if the buyers don't pay back. In Europe, there is still no consensus on a European banking union which includes unified supervision of all Banks in the Euro zone. Other systemic risks are so-called "zombie banks" into which Governments have poured funds to keep them operating despite their being insolvent owing to large amounts of non-performing loans. Many of these banks are listed on the stock markets.

Moreover, deregulation is happening again. Powerful banks as well as asset managers like Black Rock lobby hard. They "lobby like hell to botch regulations". There is no international agreement on how a financial system should be functioning. Too Big To Fail (TBTF)-regulations were never fully implemented nor sufficiently

supervised. Basic banking was never split from investment banking. According to a Financial Stability Board list of the thirteen financial giant banks, nine are known to be pose systemic risks, while sufficient information on the rest is not available. Among those thirteen three are Chinese banks. From a global vantage point of view, there is a lot interconnectness between the different financial products, banks and financial markets, which is insufficiently regulated.

Currently, the G20 is not introducing new financial reforms in its work program. Ms. Vander Stichele is of the opinion that the implementation of the standards of the Financial Stability Board (FSB) alone will not ensure low risk, low contagion or development and real economy oriented financial markets. The use of capital controls is limited and often restricted through international rules. Immediate withdrawals from investment funds or capital flight are possible. Also, there are no instruments to deter possible herd behaviour and bank runs. New bubbles seem possible regarding exchange traded funds (ETFs). Risky products, complex securitisation, leveraged loans and more derivatives trading than before the crisis are marketed by financial institutions. She said: "If a crisis happened now nobody would be acting and feel responsible". The UN can only show what the problems are. Civil society is very little heard.

Irresponsible lending and investing by financial institutions – need for mandatory transparency rules

That the debt of developing countries once again is reaching unsustainable levels was the subject of **Sarah-Jayne Clifton** of the UK Jubilee Debt Campaign. She spoke on "Irresponsible lending and investing by financial institutions – need for mandatory transparency rules".

Ms. Clifton showed assessments that 31 countries are in debt crisis and a further 82 are at risk of such a crisis. She identified three major causes for this situation. First is a lending boom by which lending to impoverished country Governments had quadrupled between 2005 and 2017, especially in the area of debt owed to private creditors and bondholders. Second was a drop in the commodity prices from 2011 to 2017 and thirdly a currency value loss for example in the cases of Zambia, Ghana, Mozambique of over 50 per cent, in the case of Tanzania 31 per cent. One of the impacts was an increase of debt services across countries of the global south at the same time period from six to twelve per cent of Government revenue. The IMF responded to this basically in the same way as in the 1980/90s by prolonging repayment through bail outs, thereby creating moral hazards. It sharply increased bail out loans to impoverished Governments topping ten billion US dollars in 2015. Ms. Clifton identified too much irresponsible lending and borrowing, including corrupt lending and borrowing, as major causes of the renewed debt crisis. Here also, the case of Mozambique was decried, where two London based banks had unlawfully provided loans to the tune of two billion US dollars, knowing the loans had not been cleared by the parliament of the country.

The UK Jubilee Debt Campaign pursues a number of policies to counter the new debt crisis: There is a need to sincerely "crack down on tax dodging" and thus help to increase domestic resource mobilization. The world continues not to have a debt crisis resolution mechanism. Establishing an International Debt Work Out mechanism is therefore an important priority. For the British Jubilee Debt Campaign, concerted transparency measures are most important to ensure more responsible lending and borrowing. Transparency is primarily seen as the responsibility of borrowing governments, but lenders also should have a role. Lenders should only be willing to give loans to governments that are willing to disclose that the loan exists. All relevant legislatures, especially the UK and New York, should introduce a requirement that, for a loan to a government to be enforceable, it must have been publicly disclosed on a registry that would be kept by a globally mandated institution. Ms. Clifton concluded her input saying that transparency alone doesn't solve the development problem, it also requires more resources, like other sources of concessional lending and increased ODA.

Deregulation and the influence of the financial industry – comments from an European perspective

From the board of directors of Finance Watch in Brussels **Rainer Geiger,** professor at the Sorbonne University, and **Grégoire Niaudet** chief development finance expert from Caritas France participated in the meeting and provided their points of view.

Mr. Geiger appreciates the role of civil society, especially in the absence of insufficient official responses to systemic risks. He referred to the September 2018 Finance Watch publication 10 years after, back to business as usual around which the meeting's discussion strongly reverberated. The weakness of the international financial landscape and the lack of coherence make global financial governance increasingly vulnerable. There is reason to be afraid of a new financial crisis. Mr. Geiger sees deregulation coming back again. Better Markets, an influential American public interest non-profit that monitors financial markets, reported about attempts of the Trump administration to abolish important banking regulations introduced in 2010, reigning in the US financial markets which had caused the Financial Crisis in 2007/2008.

European Commission in Brussels, Belgium. CSOs are meeting regularly seeking dialogue with EU representatives.

In Europe, the banking reforms in France and Germany, under the influence of the financial lobby, failed to impose separation between commercial and investment banks and this principle was not pursued either at the European level. Unfortunately the last ten years have been a lost decade for meaningful regulation of the financial system. The gigantic cost of the financial crisis has been paid by the tax payers. The big financial actors urgently need to be better regulated, as many still operate under perverse incentive systems, inappropriate bonus structures, no stakeholder relations and weak performance by their boards. Civil society needs to press harder in order to get structural policies right. Only a decade after the severest crisis in recent history we see a sovereign debt rising again. Another concern of Mr. Geiger is the increase in private household debt. Derivative markets still have toxic products and shadow banking increased and this has been neglected by EU regulations. An issue close to Finance Watch's concern is how to internalize externalities into a company's balance sheet. The work on financial stability, derivatives, and shadow markets needs to be lifted again onto the political agenda together with the climate issue. Green finance remains a major challenge and will be a key priority for the future work of Finance Watch. Corporate governance rules for financial institutions need to be significantly improved including environmental, social and corporate governance (ESG) reporting.

Grégoire Niaudet, member of the board of Finance Watch, sees the need to shed public light on the influence of the lobby work by the finance industry. Power of the lobby is seen in weakening financial reform efforts. The revolving doors work well for the interest of the financial markets (job movements of high positioned civil servants to the leadership of big banks, to top jobs from the big four auditing firms and to centrally placed financial institutions). They increase existing conflicts of interest and create opaque networks that water down legislation and regulation. The legislative setting for high frequency trading was ok, but lobby work of financial actors perforated the implementing technical standards so the law became ineffective. Another effect of lobby work by the financial sector was the end of the Financial Transaction Tax (FTT). It was meant to become an instrument of finance mobilization for the SDGs at the level of at least ten EU countries and at the same time for cutting back the most risky businesses in the market. But after ten years of FTT campaigning, the financial industry won and killed the efforts to establish a European FTT based on the argument that the framing was insufficient. Now Germany and France introduce just a small tax on equities.

All candidates for the next elections must be challenged to tackle the lobby menace. Finance Watch proposes a set of rules based on World Health Organization (WHO) practices and to apply them for institutions involved in European policy making. A participant asked: "If lobbying in Brussels is so endemic, shouldn't one

better work on the national levels?" Mr. Niaudet replies: "No, both are important." Civil Society needs much better strategies and essentially more power. The finance lobby is just too strong; it even overcame the basically positive approach on the FTT by EU finance ministers and the EU Commission. We need to develop a political economy based on understanding of what has happened. The FTT story provides a most interesting case study.

In the question-and-answer session, **Myriam Vander Stichele** expressed concern about the trillions of US dollars invested in "all the wrong projects", causing poverty and deprivation as well as problems to actually finance the SDGs. The French company Total for example, invested in French Guyana in primary forest mining. There are lots of such examples. EU must be challenged to adopt a sustainable investment policy. Sustainable finance needs a coherent definition, investment in the name of the environment may even turn out contradictory, as there is so much "green washing." Participants see the challenge to introduce a Global Green New Deal, others see the need to shrink the finance industry because of its global economic risk, particularly shrink financial speculation. A decade ago the slogan was "Stop the casino!" Shrink the speculative parts of the financial markets and redirect it to useful activities, use prudential and regulatory tools with more public/citizen control. And as always communication is of utmost importance. **Barry Herman** said: "In the US speaking about SDGs will not get you anywhere: what matters is what financial deregulation is doing to households! Excessive lending risks etc. are campaigns that reverberate. Regulators are our friends!" We need to think of spreading financial literacy, expand communication, and increase understanding in order to strengthen the support for critical policies.

Participants pointed out that the massive role of public private partnerships (PPPs) in England created a big problem for local authorities. This has gone so far that nowadays even the British conservatives stop PPP in Britain. Local authorities incurred high levels of debt in the process and as of now, no one knows what to do with this debt. Therefore, civil society should put an effort into stopping World Bank from pushing PPP. Regarding foreign debt, it is irrelevant whether it was incurred by private or public debtors. Public finances will always be dragged into the recovery by the foreign creditors. We need to be aware that all new foreign debt, whether private or public, will be public in the end. The trend to incur more and more new debt is very strong. Foreign companies know they can get loans to buy other companies. "Who cares about basic economics?" European banks in Mexico can lend at high rates, while in the EU interest is almost zero.

Some participants think other forms of finance such as Islamic Sukuk bonds should have a bigger role. It seems Islamic finance has more built in stability and quite often higher returns. At the same time the European Investment Bank (EIB) has launched its first SDG bond; we need to follow this up.

Jomo Kwame Sundaram said that "when the Financial Transaction Tax (FTT) was first proposed, it made sense. But then it was considered as the only solution to financial instability, but politics and markets had become too complex." He felt that indeed financial literacy as part of general education should become an important element of the way forward. People need to understand the politics of finance. For example, in Malaysia there is a shift away from the state as the predominant welfare mediator. With liberalization and with Government more in debt, this role is now shifting to the family. As a result, we see household debt has grown to over 80 per cent of national income per capita.

How does financialization impact civil society?

The increasing integration into the global financial markets and the growing financialization of their economies exposes developing countries to risks of global market volatility. Participants discussed possible impacts of these developments on the citizens and which systemic risks are challenging society.

First of all, Hiroo Aoba from Japan, Co-Coordinator of the International Financial Architecture Working Group of the Civil 20, talked about the Civil 20 work, its topics and recommendations, under the Japanese presidency in 2019. The 2019 Civil 20 continued a practice of recent years in which it operated as an international network of civil society organizations that critically monitored the work of the G20 in the run-up to the 2019 G20 Summit. This international network of civil society developed its position and met as a so-called "Civil 20 Summit" and presented its common positions to the G20 Presidency.

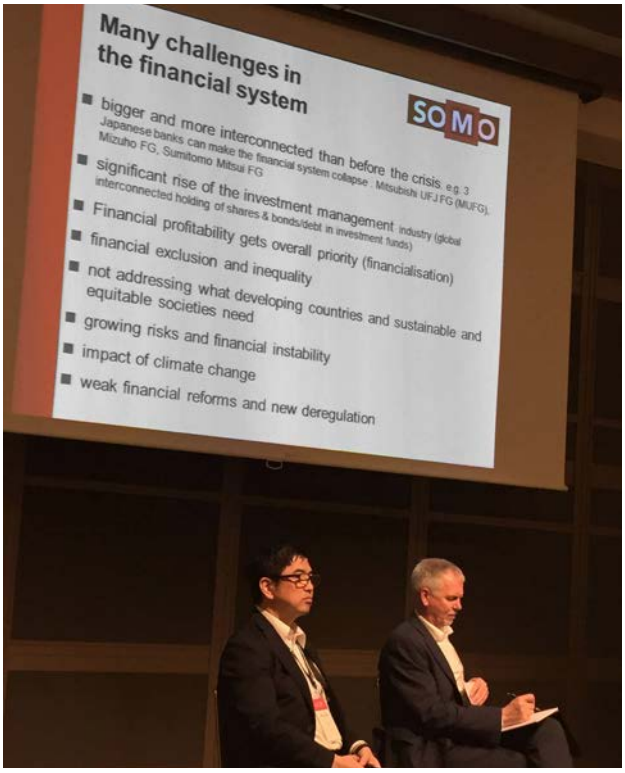
Ms. Vander Stichele from the Dutch NGO SOMO focused on (EU) Policies on sustainable finance and emphasized the need for at least minimum regulatory policies. Jason Braganza from the Tax Justice Network Africa spoke about illicit flows and tax flight and proposed solutions for controlling, shrinking and halting the illicit flows. From a Brazilian perspective, Claudio Fernandez from the NGO Gestos talked about the rise of financial deregulation under the new Brasilian President Bolsonaro. Participants explored possible entry points for effectively lobbying the G20 decision makers. A separate topic for discussion was how to fight corruption in various countries. The meeting concluded with an exchange about what civil society can achieve through the European Union.

Civil 20 and the International Financial Architecture

Hiroo Aoba, Co-Coordinator of the International Financial Architecture Working Group of the Civil 20 preparing for the G20 summit in Japan, reported on the Civil 20 recommendations to G20 leaders on topics of international financial architecture.

Mr. Aoba explained that Civil 20 is one of the seven engagement groups participating in the G20 in Japan (others are Business20, Labour20, Science20, Think Tank20, Urban20, Women20 and Youth20). The Civil 20 organizes itself in eleven working groups with subjects from education to trade, anti-corruption to digital economy. The objective of Civil 20 is to generate spaces to discuss and build, through transparent and inclusive processes, high-level policy position papers to be presented to the G20 in order to influence global policy. Civil 20 does not have a permanent structure, so it does not have a permanent secretariat or staff but moves to the NGOs of the G20 presidency country which changes every year (on 1 December).

Under the Japanese presidency, the G20 finance track discusses the surveillance of global economic risks and global imbalances, as well as aging and its policy implications. It also discusses quality infrastructure investment, resilience against natural disasters, strengthening health financing in developing countries as well as debt sustainability and transparency of low-income countries. The finance track also wants to look at international taxation, financial market fragmentation, and opportunities and challenges of financial innovation and digitalisation.



Hiroo Aoba (International Financial Architecture Working Group of the Civil 20) and John Christensen (Director of Tax Justice Network) speaking at the Civil 20 Summit in Tokyo, Japan.

The central topics of the C20 Working Group on International Financial Architecture include fiscal transparency and illicit financial flows, taxation and inequality, financial regulation and financial inclusion as well as debt. The C20 three-page policy recommendations on international financial architecture are the result of a global consultation. At the C20 summit in Tokyo on 21–23 April 2019, the recommendations are handed over to the G20 Presidency and made available to the leaders' summit in Osaka on 28–29 June. The paper starts out reminding the G20 of its earlier commitments regarding fiscal transparency, illicit financial flows, taxation and inequality as well as financial regulation, inclusion and debt. Based on the identified existing and new challenges in those areas, given the 2019 situation of the global financial system, the paper makes recommendations to the G20. → *For further details, see the C20 International Financial Architecture-Policy Recommendations to G20 in Japan in the Communiqué "C20 Policy Pack 2019").*

Will (EU) Policies on sustainable finance and 'green' central banks be able to transform the globalized financial system?

Myriam Vander Stichele from SOMO talked about the question "Will (EU) Policies on sustainable finance and 'green' central banks be able to transform the globalized financial system?"

Ms. Vander Stichele explained what is being done on sustainable finance, including from institutional investors, banks, individuals and Governments. But sustainable finance has no clear definition. For some, investment is sustainable if it avoids CO2 emissions or fossil based energy or has broader environmental or climate linkages; others would like to include environmental, social and governance (ESG) factors that include social aspects such as human rights, equality, inclusivity, etc. Sustainable finance means taking into account ESG risk factors, e.g. a storm destroys houses whose owners cannot repay their mortgages any more. Investors can choose to invest in "green" but they still can decide to invest in "brown" (dirty climate changing activities). Including the long term environmental, social and governance externalities and impacts are more costly and difficult to measure. There is a huge range of voluntary initiatives and products, e.g. green bonds, but are actually "greenwashing" with questionable impact. At the same time, there are numerous sustainable finance programs and definitions. There are national, regional or international efforts by the international finance institutions to try to bring countries together. Civil society is very active in different countries and at EU level, with some at international level. Some binding regulations were actually started in the South; China was one of the first. Globally, a level playing field is required so that regulation is the same for everyone and unfair competition is avoided.

According to Ms. Vander Stichele minimum regulatory criteria need to address environmental, social and governance issues and include full disclosure on details, identify social and environmental risks and assess impacts (e.g. carbon stress test), as well as prevent "green washing, volatile flows and unsustainable debt". The EU has many initiatives on sustainable finance, chief among them is a 10-point action plan released by the EU commission on March 7, 2018. Still, the European Supervisory Bodies on investment need to be given a scrutiny mandate on sustainable finance. There is also a legislative package for sustainable finance discussed at the EU. The aim of three different laws is respectively to regulate 1) what investment is recognised as climate mitigation or climate adaptation, 2) that there is disclosure of how sustainability risks are taken into account and 3) that positive carbon impact benchmarks are achieved. The challenge is to get the legislative package through before the EU Parliament elections in May 2019. The Commission is in favor, but they need pressure from campaigners to counter pressure from lobbyists. Often, when the EU speaks about sustainability risks, it means that social and environmental damage may endanger the investment. The financial sector is always opting for „voluntary initiatives" but that allows a lot of greenwashing to continue since the EU will not regulate all investments to become sustainable.

The magic word at the EU presently is "Taxonomy" referring to a categorisation of what is sustainable investment: First, the categorisation will start to define what activities are : "climate mitigation" and "climate adaptation", later definitions will define activities that promote e.g. sustainable land used; each of these "green" activities have to ensure that they include minimum measures to avoid social damage. Currently, the European Commission (EC) only wants to work on environment, not on social issues. Therefore, civil society needs to make everyone understand that any transition into more sustainable societies, economies and related

finance will require social cohesion. Ms. Vander Stichele concluded that a "huge amount of work" needs to be done in the direction of sustainable finance.

Illicit flows and tax flight and tax competition

Jason Rosario Braganza from the Tax Justice Network Africa from Kenya spoke about "Illicit flows and tax flight and tax competition". Mr. Braganza used an example and graphs to show how a typical offshore cash hideaway is structured. In the example provided, there are three addresses, four officers and one "other" and a facilitating unit involved to stash away funds but yet keep them available at any time. Financial secrecy is achieved if say cash or gold say from Argentina is remitted to Switzerland. It could be kept in a bank or in a free port. From there the finances are transferred to a nominee shareholder in the British Virgin Islands and later on forwarded to a company in Panama only to finally end up in a trust on the Cook Islands. A disturbing contradiction is that the destination countries, all of which are major economies where corruption is perceived to happen the least, at the same time are also the countries where illicit financial flows are enabled the most.

The Tax Justice Network Africa sees solutions to controlling and shrinking/halting the illicit flows through the ratification and strengthening of legislation on enhanced transparency, particularly by way of introducing and maintaining beneficial ownership registers, by country by country tax reporting and an automatic exchange of tax information. This can be achieved together with multilateral organization initiatives such as that of the UN Economic Commission for Africa (UNECA) and its high-level consortium on illicit financial flows. Moreover, the UN Conference on Trade and Development (UNCTAD) needs to include illicit financial flows and illicit trade in its work and the African Development Bank (AfDB) anti-bribery and corruption toolkit needs disseminating and vigorous application. Other multilateral organizations such as the African Union Convention on Preventing and Combating Corruption and the UN Financing for Development must strongly support this effort. Finally, the implementation of an international tax reform is required.

Jason Braganza presenting CSO recommendations at the UN Financing for Development Forum in New York City.

The importance of reducing and eliminating illicit financial flows, has been recognised in the Addis Ababa Action Agenda of the UN, for achieving the Sustainable Development Goals.

Current challenges to the 2030 Agenda in Brazil: The rise of financial deregulation

Claudio Fernandes of Gestos from Brazil held an animated presentation on the "Current challenges to the 2030 Agenda in Brazil: The rise of financial deregulation".

In Brazil neoliberalism has a new name, it's now "ultra-liberalism", said Mr. Fernandes. He recommended to consult Veronica Gago's 2014 book titled Neoliberalism from below. He said in Brazil ultra-liberalism started two years ago with a constitutional amendment that practically froze all educational and health investment (rate growth of new investments in these areas are

indexed to previous year inflation rate). This withdrawal of the state from central social policies needed no IMF conditionality, particularly because currently Brazil does not even have a loan with the IMF. To change a constitutional provision a three-fifths majority in Congress is required and the reforms got the votes needed. Now the Federal Universities of Brazil have no funds whatsoever. One consequence is that the Rio University has not paid professors and technical staff for six months. Ultra-liberal reforms also destroyed labor protection. Today pregnant women haven no legal basis to complain of dangerous and poisonous work conditions. This again was approved by three-fifths of Congress after active bribing of the members of Congress through the funding of personal congress-people's amendments. Ultra-liberalism already led to an unemployment rate rising to 13.9 per cent and the informal economy rate rose to 37 per cent.

After his accession to office, the new Brazilian President Bolsonaro proposed a pension reform in order to privatize public pensions. Hence, stock markets skyrocketed. As of today, a public pension can only be obtained after 40 years of paying into it. The pension reform right now is debated in the Congress. The President has offered ten million Brazilian reals (R$) to every Congressman and woman trough their personal amendments to the budget who would vote for it. Twelve airports have already been privatized, that is, sold for a total of 650 million US dollars. This sale proceed however, should be seen against the 3.54 billion US dollars public investment of five years ago to renovate these airports for the World Cup. When in 1964 the military regime was established, capital controls were introduced. Brazil also had a financial transaction tax. Today, "if you, foreign direct investor, invest 100 billion into the stock market you pay zero percent tax on the transaction, though there still tax on capital gains". The previous President, Dilma Roussef, introduced extra tax breaks for foreign companies manufacturing in Brazil (e.g. Volkswagen). In 2014, a company would have three to four per cent return to investment if it invested into the real economy, but 15 per cent if it invested into financial markets. There are other policy loopholes that could cause a financial collapse. Mr. Fernandes gave some examples: There is no tax imposed on international investment. Anyone can bring in 5000 US dollars and take them out with interest tax free after 30 days. Shell companies, respectively local subsidiaries, can repatriate investments any time. Export processing zones, e.g. in Manaus, are granted fat subsidies: no labor, no investment and no revenue tax. This policy has recently been extended until 2073. There are now subsidized interest rates for private companies (normal interest rates 6.5 per cent of which 1.5 per cent get subsidized) used to buy airports. The new director of the Brazilian Development Bank, who has his PhD from the University of Chicago, was finance minister under Dilma Roussef and is an ultraliberal financier (he has been ousted since the presentation was made). The preceding President Lula had stocked up on reserves to the tune of 35 per cent of GDP. These reserves are still the warranty for the country not to get into debt distress for it is much higher than the country foreign debt.

As a civil society strategy to work against this dramatic private appropriation of public property, detrimental development of labor rights, etc. Mr. Fernandes proposed concerted efforts towards increasing financial economic literacy. If people knew about how the economy works, they wouldn't get tricked by very bad journalism and crooked politicians. Civil society needs a communications strategy that dares to blame and shame and use litigation to the extent possible in order to reestablish justice wherever possible.

In the discussion that followed, **Martin Tsounkeu** felt we need to change the way we talk about corruption. We only talk about countries from where Illicit Financial Flows (IFFs) are flowing. Shouldn't we look into countries that actually receive this money? **Jason Braganza** said we should definitely not assess corruption as "the proceeds from the abuse of power" by individuals only. We need to keep the systemic issue in mind, referring to the legal and illegal tax evasion opportunities and incentives to hide flight capital in tax havens. Structures that allow an individual in the Democratic Republic of Congo to extract a diamond, polish it in Switzerland and sell it in US all below the radar must be dissolved. **Claudio Fernandes** said: "Brazil is the largest exporter of iron ore. But while the ore is shipped to China the invoicing is paid to Switzerland!" Conclusion: We live no longer in an era where things can be narrowly defined. We need to start thinking of the entire "ecosystem" of corruption, including facilitators and enablers of illicit financial flows.

Artemisa Montes Sylvan said G20 was created to deal with finance and financial crisis, but today these issues are getting diluted as other issues are added. **Hiroo Aoba** agrees that G20 needs to go back to its original mission. But it may be very difficult for Civil 20 to lobby for this in view of the expansion of the G20 agenda.

International Civil Society Expert Meeting 2019 in Berlin with the aim to consider joint lobbying strategies for the international meetings at the IMF, World Bank, UN and G20.

Moreover, when in 2020 Saudi Arabia presides over the G20, the representation of civil society may be less politically influential. It was difficult enough for Civil 20 to get cooperation from the Japanese Government. **Myriam Vander Stichele** thinks civil society platforms like this are exactly what is required to continue working on these issues, even independently of what we can actually do at a given G20. The way forward is to continue to press for financial reforms by pointing out the risks of the casino system. The political outcome of the financial crisis also shrinks political space and thus also become a threat to civil society. Participants concluded civil society needs to continue to work towards finance that serves people and the planet.

Lastly the discussion switched to the EU. What can civil society achieve through the EU? We can work towards getting recognition of the costs of harmful investments, even if it is non-binding. Ms. Vander Stichele said, the problem started with the EU not being able to allocate enough finance to invest into the transition towards sustainable finance. Therefore, more and harder lobbying on regulation is needed to reorient capital. Investors must get more incentives and obligations to invest into sustainable initiatives. It would be helpful for that if at the level of the EU a sustainable credit agency was active. Currently, the European Securities and Markets Authority (ESMA) has responsibility to supervise the credit rating agencies to a certain extent. But there needs to be diversity of credit rating agencies. All of this is mentioned in the already released EC-action plan. However, the most important shift would be the prohibition to investing into "brown projects". Civil society needs to work towards this.

CSO key areas for further engagement

Increasing financial vulnerabilities and risks to global financial stability that negatively impact people in the global South showed that the challenges in the financial field are larger in scale than ever before.

Information sharing to develop an overall narrative on systemic reform will help civil society be more effective in lobbying for structural economic transformation, address regulatory and institutional gaps and tackle the vicious nexus between financialization and inequalities. It is essential not only to focus on systemic risk of future crises, but also on addressing the obstacles to structural transformation. One should be aware of the roots of the current paradox in the global economy: on one hand, there is a structural gap between high and limited access to credit for productive activities. On the other hand there is an excess supply of finance and financial liquidity within the international finance industry that is not productive. Correcting this situation entails significant governance challenges given the currently limited scope for international cooperation on financial regulation and the control of developed countries and their financial institutions of the existing structures. The importance of the UN-centred FfD process to maintain an opportunity for open discussions to improve global economic governance of systemic challenges is obvious, especially set against the limitations of the IMF and G20 processes.

The expert meeting focused on the following six themes that offer starting points for further engagement.

Management of capital accounts and capital controls

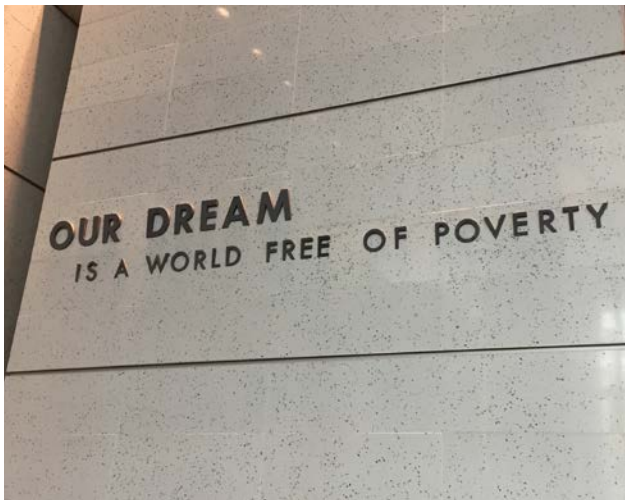
- This topic is evolving and policies are slowly changing at country level. However, the IMF's official position still has not changed its orthodoxy. There is a need to monitor the regular reviews of the OECD Code of Liberalisation of Capital Movements and how the OECD wants more developing countries to join. It is recommended to keep on building on the work that Kavaljit Singh and Myriam Vander Stichele amongst others have done in this area.
- In the UN FfD context, a possible entry point for raising the issue of capital controls is the new UN discussion on "National Integrated Financial Framework for Sustainable Development".

Financial regulations and finance system reform

- There is an urgent need to advance the regulation of market-based finance and shadow banking, including securitisation and derivatives. Some suggested the possibility to organize small meetings around the Financial Stability Board and the Basel Committee sessions and explore the possible attendance as observers.
- The FfD "Inter-Agency Task Force" (IATF) calls for a shift in regulatory focus from type of financial actor (banks, insurance companies, etc.) to the type of financial activity (loans and deposits, securities, etc.). CSOs could explore the possible regulatory implications of this shift and find out whether it offers an interesting entry point for follow-up.
- In addition, there is a need for regulation of credit-rating agencies. A proposal was made to explore a possible normative role of the UN in this area.
- On the topic of the financial transaction tax, it was recommended to engage with the intergovernmental and multistakeholder Leading Group on Innovative Financing for Development *(www.leadinggroup.org/rubrique20.html)* which consists of 66 states and numerous international and non-governmental organizations. However, one has to be aware that the focus of this group seems to be shifting from mobilizing international public resources for development to blended finance and other de-risking approaches to encouraging private funding of development. In this respect, an article by Kavaljit Singh was recommended: *http://www.madhyam.org.in/why-the-us-needs-a-financial-transaction-tax/*

International financial safety nets

- Some CSOs recommended to explore the potential of expanded issuance of Special Drawing Rights (SDRs) by IMF, given the upcoming review: More discussion is needed on whether, and if yes how, to relaunch momentum for expanding SDRs and their possible role as a global currency, including possible "developmental" allocations of SDRs. This proposal is connected with the IMF quota review and IMF governance. Further advocacy opportunities on SDRs could be in the context of the FfD Forum.
- There is a need to advance the critique against further quantitative easing and explore alternative ways to confront a possible future crisis. Needed finances



Headquarters of the World Bank in Washington D.C., USA.

should be provided to vulnerable segments of the population, for instance to provide social protection, instead than to the banks and the investment industry (through bond buying as is currently the case) as these are instead to the wealthy groups.
- Rising inequalities within countries have to be addressed, including in sustainable finance initiatives.

Debt Workout Mechanisms

- Following the international financial crisis with its publicly-funded bailouts, private sector debt stocks have risen in North and South. Meanwhile, sovereign debt levels surged in developing countries where increased financing needs coincided with declining levels of real aid, volatile commodity prices, and continuing problems in fighting tax evasion.
- Unlike for business and individuals, there is still no orderly insolvency procedure for over-indebted states. There are also no rules or mechanisms to hold lenders to account for irresponsible lending and borrowing. The United Nations has pursued several reform initiatives in these areas, though these currently face political obstacles that need to be overcome.
- CSOs therefore call for a binding set of standards to define and ensure responsible lending and borrowing; an independent and fair procedure for debt resolution, which should assess the legitimacy and the sustainability of countries' debt burdens; a human rights based approach to debt sustainability and cancellation of unsustainable debts in the poorest countries. For further information visit: *https://eurodad.org/debt*

Tax justice

- As a result of multinational companies' tax dodging, poor countries lose massive financial resources which total approximately US $160 billion per year. Curbing cross border illicit capital flight and tax havens is crucial for eradicating unethical not to mention illegal financial behavior.
- One problem is the lack of transparency and cooperation from countries and markets that serve as "secrecy jurisdictions". They need to be regulated. The Group of 20 (G20) started the "Base Erosion and Profit Shifting" (BEPS) initiative. However, this effort is not sufficient to stop tax evasion and harmful tax practices. CSOs therefore should increase their advocacy work to improve global tax cooperation and financial transparency. Only a global binding framework can effectively tackle these issues. For further information visit: *https://eurodad.org/taxjustice?tab=2*

Digitalization and new financial technologies

- It is necessary to review the IMF Bali Fintech Agenda and develop a civil society position on the same. At the same time, there is an equally urgent need to develop more sophisticated civil society views on crypto currencies, Fintech, money creation, etc.. There is a need to explore risks and negative externalities of digitalization and Fintech, its possible impact on inequalities and allocation of resources, as well as on governance and jurisdiction issues.
- In this respect, there might be a need for some civil society capacity building, such as a training workshop to build capacity to understand and engage with these issues and explore the interlinkages with the other issues we are discussing.

CSO Groups, networks and initiatives for further engagement

It is urgent for civil society organizations (CSOs) and experts who work on financial and macroeconomic issues to call for immediate political decisions that can avoid the "bumpy road ahead" as the IMF warned. Civil society and experts from all over the world must join forces so that their voices can be heard. They should initiate and continue to discuss global systemic challenges and possible solutions to the international financial failings. CSOs must increase their efforts to develop strong, collective and coherent policy messages for the actors of the global financial system. The voices of the global South, in particular, have to rise in primary forums for oversight and policymaking in the global financial and economic system, including the United Nations (UN), the Group of 20 (G20), the Financial Stability Board (that stated it wants to involve more diverse stakeholders), the Basel Committee on Banking Supervision, the International Monetary Fund (IMF) and the World Bank. **Increased involvement in the following processes, working groups and forums,** for example, can help identify and seize opportunities to make significant political progress on structural changes in the global development architecture. Discussion focused on the following CSO Groups and Fora that offer starting points for further engagement.

Civil Society Financing for Development (FfD) Group

The United Nations (UN) Financing for Development (FfD) process is an intergovernmental forum that seeks to address different forms of development financing and cooperation. As per the Addis Agenda 2015 it focuses on the following specific action areas: Mobilizing domestic public resources; Mobilizing domestic and international private business and finance; International development cooperation; International trade as an engine for development; Debt and debt sustainability; Addressing systemic issues; Science, technology, innovation and capacity building.

Within the UN Financing for Development process, the Civil Society Financing for Development Group (CSO FfD Group) is working on the topics of financial architecture, especially financial regulation issues, capital controls, SDRs and debt workout mechanism. It brings together civil society organizations, networks and federations that are interested and active in the Financing for Development Process and its interrelated domains. The group facilitates efforts to ensure that civil society can speak with one collective voice throughout its engagement in the FfD process. Since its beginning in 2002, the CSO FfD Group has promoted, catalyzed and facilitated engagement of civil society and the private sector in the formal UN process and related spaces. The CSO FfD Group takes advantage of United Nations modalities that explicitly provide for the participation of civil society in the FfD process.

The CSO FfD Group is an open virtual list containing more than 800 participating organizations (with more than 950 individuals). It is an open space where interested organizations can engage and coordinate their common action, advocacy and engagement. Interested civil society organizations can join the Group by subscribing to the Group's online list (GSEG's list). Joining the list is a simple process in which applicants provide some basic information to confirm their status as public-benefit civil society organization.

The CSO FfD Group includes the Women's Working Group on FfD, an alliance of women's organizations and networks to advocate for the advancement of gender equality, women's empowerment and human rights in the Financing for Development related UN processes.

For more details and to join the Civil Society Financing for Development (CSO FfD) Group please visit: *https://csoforffd.org/* or contact Pooja Rangaprasad *(pooja@sidint.org)*.

UN Trusteeship Council: Governments and representatives of the IMF, World Bank, civil society and the private sector annually meet at the UN Financing for Development Forum in New York City, USA.

One member of the CSO FfD Group is based at the UN in New York, where it meets monthly to plan activities relating to the FfD process. It is an officially recognized member of the Conference of Non-Governmental Organizations (CoNGO) at the UN and often combines lobby work with other CoNGO members, including the NGO Committee on Social Development. As many of its members represent faith-based organziations in developing countries, it focuses on policies relating to the eradication of poverty as a human rights imperative, including in 2019 as regards social protection and inclusive finance. For additional information, see: *http://www.ngosonffd.org/* or contact Anita Thomas *(ngosonffdchair@gmail.com)*.

Civil20 Working Group on International Financial Architecture

As noted before, the Civil Society 20 (Civil20, C20) is one of the official Engagement Groups of the G20. It provides a specific space each year through which civil society organizations from different parts of the world can present their views and joint positions in a structured manner to the G20, thus ensuring that world leaders hear not only the voices representing the governmental and business sectors, but also the proposals and demands of civil society as a whole. The objective of the Civil20 is to generate a space to discuss and build, through transparent and inclusive processes, joint policy papers to be presented to the G20 in order to influence their decisions.

Around 400 international CSO representatives discussing their recommendations with G20 sherpas at the Civil 20 Summit 2019 in Tokyo, Japan.

Specific Working Groups are formed each year, reflecting the issues that are expected to be addressed in that year's summit meeting. They prepare Civil20 policy papers with specific civil society recommendations that are presented to the G20 Sherpas (the personal representatives of a head of state or government), in the case of Japan, the Prime Minister.

The C20 Working Group on International Financial Architecture (IFA) is a subgroup of the Civil20. It focuses on how international financial and taxation systems face huge challenges regarding fiscal transparency, illicit financial flows, tax avoidance and evasion, lack of financial regulation and financial inclusion, and a growing debt burden for developing countries. The consequence has been growing inequality and a lack of democratic decision-making to enact sustainable development. The working group on IFA makes proposals on how the G20 can take action to solve these challenges.

Bearing in mind that G20 and the Civil20 are global spaces, local and international organizations that wish to discuss issues on the global agenda with an impact on the G20 are invited to participate in the Civil20. The IFA recommendations are also specifically addressed to the G20 Ministers of Finance and Governors of Central banks, who meet separately from the G20 summit of heads of state. For further information about the Civil20, its working groups and participation: *https://civil-20.org/*

CSO International Finance Group

At the same time, a standing network of CSOs, the "CSO International Finance Group" has formed as a politically independent platform around a number of international financial issues. It meets annually, mostly in Europe, and has contributed to the annual Civil20 processes for several years.

If you are interested to join the standing "CSO International Finance Group", please contact: Myriam Vander Stichele *(mvanderstichele@somo.nl)*.

Civil Society Policy Forums on finance issues at the International Monetary Fund and World Bank in Washington

The Civil Society Policy Forum (CSPF) of the World Bank Group (WBG) and International Monetary Fund (IMF) is a semi-annual forum to discuss relevant topics during the World Bank and IMF Spring and Annual Meetings. The Policy Forum provides an open space for Civil Society Organizations (CSOs) to dialogue and exchange views with Bank and IMF staff, government delegations, and other stakeholders. The program regularly includes a roundtable discussion with World Bank Group Executive Directors and a CSO Townhall meeting with the WBG President and the IMF Managing Director. To present policy concerns and demands CSOs have the possibility to organize policy dialogue sessions, albeit with the approval of the Washington institutions. World Bank and IMF call for CSO thematic proposals several months before the meetings.
For further information visit: *https://www.worldbank.org/en/about/partners/civil-society* and *https://www.imf.org/en/About/Partners/civil-society*. If you are interested to organize events at of the World Bank and IMF meetings please contact the World Bank Civil Society Team *(civilsociety@worldbank.org)*.

Citizen movements for a financial economy that serves society

The number of civil society organizations that work in the field of global financial stability is small. Therefore, in order to have political influence, it is important that those civil society organizations join forces with academics and other experts that work on topics of international financial architecture and related issues from North and South. It is just as important to make the public aware of possible dangers emerging from the growing political influence of the financing sector. The public should understand some of the impacts of the complex economic topics. Citizens should be aware of the devastating effects those economic consequences could have on their lives. That is why there is the need to boil down language to a level that is easily understood by the broad public so that dangerous finance products can be detected and addressed.

Managing Director of the IMF Kristalina Georgieva listening to CSO recommendations at the IMF Annual Meetings 2019.

At the same time, journalists need to be better informed about the risks of the present financial architecture and explain them so they can be understood by the broader public. Citizen involvement is the only way to create public debates and to create a political counterbalance to the strong lobby power of the financial industry. Citizen involvement is indispensable to reach political decision-makers to make sure that the financial industry is regulated in a way that brings the pursuit of profit in line with the social, economic and ecological goals of the United Nations (Sustainable Development Goals).

In this sense, ten years after Lehman Brothers collapse and as a follow-up of the EU based “Finance Watch” network, the German citizens' movement “Finanzwende” has been founded. The mission of both networks is independent representation of citizens' interests. They bring together experts from science, civil society and former financial sector staff, to conduct research and advocacy work on financial regulations. They conduct studies on financial market topics, provide information on findings and pass on their knowledge to a broader public. Building on this, they also mobilize specific public campaigns on financial market topics. The aim is to reform the financial system in order to protect citizens from the negative effects of the finance economy and transform finance so it serves a just transition and sustainable societies.

For further information on EU finance topics and lobby initiatives, please see: *https://www.finance-watch.org* or contact: *contact@finance-watch.org*. For information on the German Finance Campaign, see: *https://www.finanzwende.de* or contact: *kontakt@finanzwende.de*.

Speakers and discussants

Aoba, Hiroo – Japan
Hiroo Aoba is the Sub-regional Secretary for East Asia and the tax campaign coordinator in the Asia-Pacific region of Public Services International (PSI), a Steering Committee member of Tax Justice Network Japan and a Global Council member of Global Alliance for Tax Justice (GATJ). Hiroo Aoba was born in Japan. He completed M.A. in International Studies at the University of Ghana, and served in the Ground Self-Defense Force of Japan, UNSCOL (U.N. Special Coordinator's Office in Liberia). He worked as a political and military analyst in Afghanistan, the Executive Assistant for members of Parliament in Japan and a Deputy Cabinet Minister at the Prime Minister's Office of Japan.

Belfon, Heron – The Caribbean
Heron Belfon is the Project Coordinator of Jubilee Caribbean. She is from the "Spice Isle" Grenada where the secretariat of Jubilee Caribbean is currently based. Before taking up this new post, Ms. Belfon had been a teacher for seven years. She has a Bachelor in Business Administration from St. George's University in Grenada and a Masters of Business Administration from the University of Wales Trinity Saint David in the UK. As a teacher, Ms. Belfon was a debate coach and Young Leaders' Group Leader. She has recently presented her views on the Relationship Between Debt and Climate change in Prague at the Czech Development Cooperation NGO activities.

Braganza, Jason Rosario – Kenya
Jason Rosario Braganza was at this time the Deputy Executive Director and Head of Policy at Tax Justice Network Africa. He is an economist with over ten years' experience in working on international development and poverty reduction focusing on Africa. More recently, Jason has deepened his work on domestic revenue mobilization for Africa and the challenges therein presented from revenue leakages specifically through illicit financial flows (IFFs); as well as looking at solutions through reform of international tax practices that reduce risks of IFFs and revenue leakages.

Brett, Miriam – UK
Miriam Brett is the International Development Finance Manager at Bretton Woods Project, with a focus on scrutiny of the International Monetary Fund. She previously worked at the UK Parliament as the Senior Economic Advisor to the Scottish National Party and prior to this, she worked as a researcher for Common Weal, a progressive think-tank based in Scotland.

Clifton, Sarah-Jayne – UK
Sarah-Jayne Clifton is director of Jubilee Debt Campaign, a UK charity working to end poverty caused by unjust debt through research, education and campaigning. She has extensive experience of campaigning, policy and advocacy work on financial and economic justice, including overseeing Jubilee Debt Campaign's successful work to secure US$ 100 million of debt cancellation for Ebola-affected countries, and the creation of a new global network on Public Private Partnerships (PPPs). Prior to joining Jubilee Debt Campaign she worked for eight years on climate change, trade and corporate accountability with Friends of the Earth UK and Friends of the Earth International.

Fernandes, Claudio – Brazil
Claudio Fernandes is senior economist of the NGO GESTOS in Brazil and co-founder of the Brazilian Civil Society Working Group for the implementation of the 2030 Agenda for sustainable development. He advocates for Financial Transactions Taxes (FTT) and progressive taxation. He has followed the negotiations for the SDGs and the Conference on Financing for Development, as well as monitoring their implementation in Brazil and internationally. Mr. Fernandes is a member of the National SDG Commission's Thematic Chamber on Partnerships and Means of Implementation of Brazil.

Geiger, Rainer – Germany, France
Rainer Geiger is an attorney-at-law and a senior adviser on issues of international economic law, investment, governance and development. He began his professional career in the Ministries of Economics and Economic Co-operation in Germany and served as Secretary of the Finance Commission of the Conference on International Economic Co-operation in Paris. From 1995 to 2005 Mr. Geiger was Chairperson of the Executive Board of the Centre for Private Sector Development in Istanbul, Turkey and until 2008 Co-Chair of the Investment

Compact for South East Europe. Since 2014 he is director of the Centre for Sustainable Investment in Africa which is part of the Institut Euro-Africain de Droit Economique. He is also a member of the Board of Finance Watch.

Hanfstängl, Eva – Germany
Eva-Maria Hanfstängl works as Senior Policy Officer for Development Finance at Brot für die Welt in Berlin. She monitors IMF policies, the G20 Finance Track and the United Nations Financing for Development (FfD) process. In 2009 and 2010, she worked as Consultant to the UN Division for Social Policy and Development (DSPD) and conducted a survey on the "Impact of the Global Crises on Civil Society Organizations". Before that, she worked as Senior Advocacy Officer for UN, IMF and World Bank related issues at CIDSE, an international network of 16 Catholic development agencies with Secretariat in Brussels. Her main areas of work are the follow-up of the UN Financing for Development process, sovereign debt problems and issues of the international financial architecture.

Henn, Markus – Germany
Markus Henn is a political scientist and joined the Berlin based NGO WEED (World Economy, Ecology & Development) in 2010 as a policy officer on financial markets. He is dealing with global, European and national financial reforms and their impact on developing countries and sustainable development. He has focused on commodity derivatives markets, tax evasion and money laundering.

Herman, Barry – USA
Barry Herman has been a Visiting Scholar since July 2016 at the Julien J. Studley Graduate Program in International Affairs at The New School in New York, after teaching there for a decade, including a course on public finance and sovereign debt. He retired from the United Nations Secretariat in December 2005, after almost 30 years, where he led a team undertaking research and supporting negotiations on international economic and financial issues, including in the preparations and follow up to the first International Conference on Financing for Development in Monterrey (Mexico) in 2002. He has consulted on policy issues in financing social protection floors, sovereign debt difficulties, global economic governance and other international financial issues for the UN, the Commonwealth Secretariat, the German Corporation for International Cooperation (GIZ), the Friedrich-Ebert-Foundation and the World Council of Churches.

Kwame Sundaram, Jomo – Malaysia
Jomo Kwame Sundaram is Senior Research Adviser at the Khazanah Research Institute. He is also Visiting Fellow at the Initiative for Policy Dialogue, Columbia University, and Adjunct Professor at the International Islamic University in Malaysia. He was in the 5-member Council of Eminent Persons appointed by Malaysia's Prime Minister Tun Dr Mahathir (May–August 2018), UN Assistant Secretary General for Economic Development in the UN Department of Economic and Social Affairs (DESA) from 2005 until 2012, Research Coordinator for the G24 Intergovernmental Group on International Monetary Affairs and Development (2006–2012), Assistant Director General for Economic and Social Development, Food and Agriculture Organization (FAO) of the United Nations (2012–2015) and Third Holder of the Tun Hussein Onn Chair in International Studies at the Institute of Strategic and International Studies, Malaysia (2016–2017). He was professor in the Faculty of Economics and Administration, University of Malaya until November 2004, Founder Director (1978–2004) of the Institute of Social Analysis (INSAN) and Founder Chair (2001–2004) of IDEAs, International Development Economics Associates. He was also on the Board of the United Nations Research Institute on Social Development (UNRISD), Geneva.

Montes Sylvan, Artemisa – Mexico
Artemisa Montes Sylvan is the founder and Executive Director of Observatorio Mexicano de la Crisis since 2009, a Think Tank and Research Center which collects, prepares and evaluates data in the areas of social, economic, environment, political management and rural development. Artemisa Montes Sylvan has over 17 years of experience in social development and political economy, in the public and private sectors as well as academia in Mexico, the USA and Europe. She has been a consultant on policy for international governments and agencies and held government posts in Mexico as a General Di-

rector of Training and Promotion of CSOs for the Social Development Ministry. Artemisa Montes Sylvan serves at the Advisory Councils for Civil Society and Sustainable Development for the Mexican Federal Government.

Niaudet, Grégoire – France
Grégoire Niaudet was at this time responsible for international advocacy at Secours Catholique-Caritas France. He is a specialist in financial matters, particularly on North-South relations. Since 2010, Grégoire oversaw these issues for the international advocacy services of Secours Catholique-Caritas France. He co-authored their report Finance to citizens: making finance serve the general interest. Grégoire Niaudet is also a member of the Board Director of Finance Watch Brussels since 2016.

Schick, Gerhard – Germany
Gerhard Schick is a German economist and worked for the Walter-Eucken-Institut, the Stiftung Marktwirtschaft and the Bertelsmann Stiftung. He was a member of the German Parliament (Bundestag) from 2005 to 2018. From 2007 to 2017 he was the financial policy spokesman for the Green Party (Die Grünen) in the German Parliament. He was an enthusiastic parliamentarian, but gave up his mandate in order to promote financial change in a broad alliance of citizens. Since July 2018 Gerhard Schick is CEO of a newly created organization called Finanzwende (Finance Watch Germany), which is intended to strengthen a citizen's movement on finance topics. Gerhard Schick sees the urgent need to create a civil society counterweight – as it already exists in other policy areas – to confront the financial industry and politics with a citizens view.

Tsounkeu, Martin – Cameroon
Martin Tsounkeu, General Representative of Africa Development Interchange Network (ADIN) and Leading Consultant for the Bureau of Economic Technical and Commercial Studies (BETEC) in Cameroon, is a researcher who specializes in Financing for Development (FfD), with focus on the role and inclusion of grassroots people. Working on the Millennium Development Goals (MDGs) and now the Sustainable Development Goals (SDGs) impact evaluation since inception, his experience of more than 30 years in Development Economics, Management, Corporate Structure, Supervision, Monitoring and Evaluation, include Civil Society activities in many International Work Groups (on Trade-Finance, FfD, MDGs, Development Effectiveness, and Environment), in collaboration with the Commonwealth, the World Bank Group and UNDP. He assisted the United Nations System in Cameroon for the Post 2015 Development process in 2013 and 2014, as National Coordinating Expert for the national and sub-national consultations.

Vander Stichele, Myriam – Netherlands
Myriam Vander Stichele is Senior Researcher at the Amsterdam-based SOMO (Centre for Research on Multinational Corporations). She has researched and been active from a civil society perspective on different aspects of the financial industry, as well as the EU and international financial reforms, sustainable finance and financial services liberalization in trade and investment agreements. She has monitored and advocated on the EU financial reforms since 2008, amongst others preventing the speculative trading of food commodity derivatives and the restructuring of EU banking. She has been member of the High Level Expert Group on Sustainable Finance which advised the European Commission on how to introduce sustainable finance in the EU.

Yungong, Theophilus Jong – Zimbabwe
Theophilus Jong Yungong currently works as a Policy Analyst within the Debt Management Department at the African Forum and Network for Debt and Development (AFRODAD) – a Pan African Nongovernmental Organization based in Harare, Zimbabwe. Prior to joining AFRODAD, Theophilus Jong Yungong has consulted widely for Civil Society and for the United Nations Development Programme during the Post-2015 Development Agenda Consultation Exercise in his native Cameroon. He has been involved in higher education research and teaching activities at Euclid University (Pôle Universitaire Euclide) – an international inter-governmental university with founding member states in Africa, Caribbean and Asia Pacific regions, and with a global faculty base. His professional and academic research interests include development financing and management, programme development and management, monitoring and evaluation, information and knowledge management for development and humanitarian work.

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