

Financial Markets at the Service of Development

Expectations and Proposals of Protestant Development Organizations regarding Banks and Governments

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1. Financial Markets at the Service of Development: Current/ upcoming Internat. Debates among Development Organizations

1.1 Financing development

- *Aid agencies*: strengthening micro-credit systems through development projects
- *National governments*: increasing or stopping the decrease of the development budgets
- *UN*: supporting the UN-conference on financing development (2001?)
- *Investors/governments*: „Second MAI“ as poverty-oriented Agreement on Investment
- *IMF/WB*: institutional reforms (e.g.voting rights), adjusted international financial architecture

1.2 Debt

- *HIPIC*: Cancellation of debts for poor countries/ counterpart funds for development
- *Odious debts*: Cancellation of illegitimate debts for the benefit of development
- *Insolvency right*: Establishment of a new international insolvency right

1.3 Capital control

- *Control of speculation*: Tax for international speculative short term transactions (Tobin-/Spahn tax)
- *Tax evasion*: closing tax heavens, harmonisation of taxes
- *Capital flight*: International Mutual Legal Assistance in Criminal Matters

1.4 Ethical Investments

- *Ethical funds*: to increase the investments in ethical funds; to influence their criteria, indicators and monitoring/ verification; to strengthen the development aspect in ethical funds
- *Responsible shareholders*: to influence shareholders through ethical investments („l'actionnariat responsable“)
- *Corruption*: to strengthen the manifold instruments to fight corruption
- *Training*: training in ethics for investors and their analysts and advisors

- *Theology*: twofold de-mystification of money as *the* deliverer of good or *the* evil itself

2. Financial Markets at the Service of Development: Expectations and Proposals regarding Banks

1.1 Financing development

- *Linkage banking*: strengthening micro-credit systems through cooperation between banks and development organizations (e.g. training of staff, risk management, bank controls)
- *UN-conference* on financing development (2001?): dialogue on strategies between banks and aid agencies
- *Investors*: Liberalisation of financial markets and investments only with poverty-oriented regulations and technical assistance
- *IMF/WB*: institutional reforms (e.g. voting rights), adjusted international financial architecture. Expectation that banks take into consideration the demands and needs of developing countries

1.2 Debt

- *HIPIC*: Cancellation of debts for poor countries/ counterpart funds for development
- *Odious debts*: that concerned banks are open for a dialogue on cancellation of illegitimate debts
- *Insolvency right*: dialogue governments/banks/aid agencies on the establishment of a new international insolvency right

1.3 Capital control

- *Control of speculation*: banks could/should develop technical proposals how to tax international financial transactions
- *Tax evasion*: that banks cooperate in fighting tax evasion
- *Capital flight*: that banks cooperate as much as possible in international mutual legal assistance in criminal matters

1.4 Ethical Investments

- *Ethical funds*: to increase the investments in ethical funds, to include development aspects, to strengthen their monitoring

- *Corruption*: that banks refuse to finance bribes in international business transactions/investments (including the export risk guarantee) and refuse to accept money coming from corrupt practices.
- *Training*: cooperation of banks, ethicists and development agencies in the training of ethics of investors and their analysts and advisors

3. Financial Markets at the Service of Development: Expectations and Proposals regarding Governments

1.1 Financing development

- *National and continental (EU) development budgets*: increase or no further decrease the development budgets
- *Banking and micro credit-systems*: to support micro credit- and bank systems as important part of the financial sector
- *UN*: creative proposals of governments to the the UN-conference on financing development (2001?)
- *Governments*: Liberalisation of financial markets and investments only with poverty-oriented regulations and technical assistance
- *IMF/WB*: institutional reforms (e.g.voting rights), adjusted international financial architecture

1.2 Debt

- *HIPIC*: Cancellation of debts for poor countries/ counterpart funds for development
- *Odious debts*: that northern governments negotiate with banks and southern governments on the cancellation of illegitimate debts for the benefit of development
- *Insolvency right*: dialogue governments/banks/aid agencies on the establishment of a new international insolvency right

1.3 Capital control

- *Control of speculation*: governmental proposal (like Canada) to tax international speculative short term transactions
- *Tax evasion*: to fight tax evasion by closing tax heavens, harmonisation of taxes, international legal cooperation
- *Capital flight*: to strengthen international mutual legal assistance in criminal matters

1.4 Ethical Investments

- *Ethical funds*: to support ethical funds from governmental side, coherent labelling and independent monitoring/ verification
- *Responsible shareholders*: to influence shareholders through ethical investments of public pension funds
- *Corruption*: to strengthen the manifold instruments to fight corruption, especially legal and fiscal instruments
- *Training*: to support the training in ethics for advisors, analysts and investors of governments and agencies.