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IMFC Statement by Helen Clark
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On behalf of the United Nations

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Statement from

Helen Clark, Administrator of the United Nations Development Programme prepared for the 32nd Meeting of the International Monetary and Financial Committee

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Since the IMFC last met in April, world leaders have adopted the 2030 Agenda for Sustainable Development. Earlier this year, agreement was also reached on the Sendai Framework for Disaster Risk Reduction, and on the Addis Ababa Action Agenda which was adopted at the Third International Conference on Financing for Development. In December, a new global agreement on climate change is due to be reached at COP21 in Paris. Taken together, implementation of these four agreements offers major opportunities for human and sustainable development.

Agenda 2030 and the Sustainable Development Goals (SDGs) seek the eradication of poverty and hunger within the context of sustainable development. They prioritize the fight against inequality, discrimination, and climate change. They incorporate the need for peaceful and inclusive societies in achieving sustainable development.

Implementation of all the new global agreements reached in 2015 will require national and global action. Stronger economic prospects would create a more supportive context for implementation of these new agendas.

State of the Global Economy: Mixed Performance in the Face of Renewed Uncertainties

Global growth remains subdued with considerable variation between countries and regions. In major developed economies, economic growth is expected to hold at current levels, or improve slightly. A number of developed economies continue to face headwinds from the legacies of the global financial crisis, including in sluggish employment growth, elevated private and public sector debt, and financial sector fragilities.

In many emerging economies, growth has continued to moderate, particularly in a number of commodity-dependent developing economies in Latin America, West Asia and Sub-Saharan Africa, exacerbated by the plunge in commodity prices, persistently slow productivity growth, and weakening external demand.

Developing economies in Asia, however, continue to maintain relatively robust growth, although the pace is lower than what the region had registered prior to the global financial crisis, and is showing new signs of weakness. While growth in India is expected to rise, China's growth has shifted to a lower path of around seven per cent a year, a development expected by policymakers in line with the country's transition towards a more balanced and sustainable economic path. Nonetheless, growth performance in most low-income countries is showing resilience, notwithstanding persistent structural and capacity constraints.

Looking ahead, the UN's *World Economic Situation and Prospects*[1] projected global growth at 2.8 per cent in 2015, accelerating to 3.1 per cent in 2016. But

[1] World Economic Situation and Prospect 2015, Update as of mid-2015. The growth figures are based on market exchange rates.

continued weaknesses in aggregate demand in developed economies, uncertainty on the timing and pace of monetary policy normalization in the United States, and further economic deterioration in a number of large emerging economies remain downside risks for global growth and stability.

While most developed economies do not face significant fiscal risks in the near term, public debt levels remain elevated. Accordingly, reforms of the structure of public revenues, especially taxation, and of public expenditure remain on the agenda in many countries. Fiscal policy remains somewhat restrictive in parts of the Eurozone, weighing on demand and adding to deflationary pressures. The challenge is to pursue adjustments which are as growth-friendly as possible.

In developing countries and economies in transition, low oil prices have enabled governments in a number of countries to cut fuel subsidies and improve their fiscal position. For oil exporters, however, low oil prices have posed significant challenges. The vulnerability of commodity-dependent countries highlights the need for counter-cyclical fiscal frameworks to ensure predictability in public expenditures, promote macroeconomic stability, and support economic diversification. Large emerging economies in which commodity exports are important face further deterioration in macroeconomic imbalances, reversal of capital inflows, and higher borrowing costs, with potential negative spill-over effects on these economies' trading partners. Their main monetary policy challenge entails finding a balance between easing the policy stance to support growth, curbing exchange rate volatility, and preventing large-scale capital outflows in the face of the impending change in monetary policy in the United States.

Since the global economic and financial crisis, subdued global growth has made progress on inclusive growth and development more challenging. Against the backdrop of modest global GDP growth, employment creation has remained persistently lower than before the crisis, despite some recent improvements in developed economies. In many developing countries and economies in transition, employment growth has weakened, and there are still very wide gender gaps. Macroeconomic policies to stimulate aggregate demand need to be complemented by active labour market policies, such as job search assistance and training programmes, which would increase labour force participation, enhance labour and total factor productivity, and reduce risks of aggravating structural unemployment.

The global youth unemployment rate remains of critical concern. Young people continue to be disproportionately affected in the aftermath of the crisis. There needs to be a stronger policy focus on addressing youth unemployment, enhancing skills relevance, and facilitating transitions from education to labour markets, as well as raising education levels and reducing school dropout rates. This is important for social cohesion and political stability.

Growth slowdowns and even recession in some developing economies make addressing employment challenges more difficult, but no less urgent. During difficult economic times, social protection and other policies targeting the poor and vulnerable come under pressure when they are needed the most. Countries should pay close attention to the need to sustain these programmes. It is during hard times that more people are at risk of falling into unemployment and poverty. In agreeing to the 2030 Agenda, countries have embraced the call to “leave no one behind”.

Finally, many countries continue to bear the human and economic costs of conflict, with spill over effects being felt thousands of miles away from the epicentres of instability. Worldwide displacement reached an all-time high this year, with close to sixty million people estimated to be displaced.

Supporting the Implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda

The 2030 Agenda for Sustainable Development defines “means of implementation” across finance, technology, capacity-building, trade, and systemic issues under each of the goals. These means of implementation are supported and complemented by the Addis Ababa Action Agenda (AAAA) which provides a comprehensive financing framework for development.

The AAAA seeks to mobilize all sources of finance, and to align all financing flows and policies with economic, social, and environmental priorities. Official development assistance (ODA) remains important, particularly for low income countries. But aid alone is a small part of the development finance equation. The Agenda reiterates that countries have primary responsibility for their own economic and social development, while committing the international community to create an enabling environment for sustainable development.

In the AAAA, governments also committed to a new social compact. They agreed to provide fiscally sustainable and nationally appropriate social protection systems, including social protection floors. The Agenda also encourages them to set nationally appropriate spending targets for investments in essential public services for all, including health, education, energy, water and sanitation, and commits the international community to support developing countries in these efforts.

The Action Agenda also stresses the importance of mutually beneficial trade policies, monetary and financial systems, and more effective global economic governance. It underscores the need to increase the voice and representation of developing countries in global governance institutions. In particular, the full implementation of the 2010 IMF quota and governance reform remains a priority. It also stresses the need for prudential regulation for ensuring financial sector stability. The Action Agenda highlights the importance of debt sustainability, and of debt restructuring being timely, orderly, effective, fair, and negotiated in good faith.

As major institutional stakeholders in the Financing for Development process, the contribution of the IMF and the World Bank are vital. At the UN, we look forward to continuing close co-operation with the Bretton Woods Institutions in the follow-up to Addis, starting with next spring's inaugural Forum on Financing for Development in New York.

Stronger Collaboration between the United Nations and International Financial Institutions towards Supporting SDG Implementation

United Nations Member States have been calling for co-ordinated and coherent support from the UN development system for the implementation of the 2030 Agenda and the SDGs. Our approach will be applied according to national development contexts and priorities, including in countries in transition or recovering from crises

UN Development Assistance Frameworks are already being aligned to support SDG achievement. Guidance on support for SDGs roll-out is being made available to UN Country Teams and national stakeholders – including guidelines for national SDG reporting.

The successor to the UN’s advocacy campaign for the MDGs, the UN Millennium Campaign, will aim to popularise the SDGs in every country, bringing stakeholders together to support implementation, and sponsoring citizen-driven processes to track progress. The 2030 Agenda’s emphasis on accountability requires that governments and development actors alike pay more attention to having better quality and accessible data and knowledge, and to engaging people, groups, and actors from all walks of life in monitoring and implementing the SDGs.

The UN is committed to working closely with the international financial institutions to support the implementation of the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the anticipated Paris climate agreement.

By working together, we will better understand the linkages across the SDGs, and how policy actions in one area can have payoffs across a range of goals. We can foster the whole-of-government approaches which are so critical for implementation of the 2030 Sustainable Development Agenda. We can jointly engage with important intergovernmental processes, such as the G20, which are backing the 2030 Agenda.

As is highlighted in the paper on "*The Role of the IMF in Supporting the Implementation of the Post-2015 Development Agenda*", achieving the SDGs will require large new investments especially in infrastructure. When these investments take place in sustainable and resilient infrastructure, they not only create jobs and meet real needs for new infrastructure, but also lay the foundation for long-term growth. The UN and the IFIs can work together to support developing countries to align new infrastructure investments with the SDGs, and to ensure that sufficient financing and capacity support is available. In this regard, the new infrastructure forum agreed on in the Addis Ababa Action Agenda can play an important role in bringing all actors together.

Another specific area of collaboration which can be stepped up between the UN and the IFIs is on supporting countries to mobilise domestic resources for sustainable development in line with the Addis Ababa Action Agenda.

In all our work, we need to consider and address the diverse needs and challenges faced by countries in special situations, particularly Least Developed Countries, Landlocked Developing Countries, Small Islands Developing States, and fragile and conflict-affected states. We also need to invest in better understanding of the root causes of vulnerability and their complex economic, social, environmental and political dimensions. We should work together to help countries reduce vulnerabilities, and manage risk.

Achieving the SDGs requires action within countries, and collective action to deal with global challenges ranging from climate change to financial and economic stability and disease control. Strong collaboration between the United Nations and the Bretton Woods Institutions can help advance the collective actions needed to address the challenges which cannot be addressed by any one country acting alone.