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**Helen Clark**
Administrator
United Nations

**U N I T E D N A T I O N S N A T I O N S U N I E S**

**Statement by**

**Helen Clark, Administrator of the United Nations Development Programme**

**and Chair of the United Nations Development Group**

**to the**

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*Igniting Sustainable and Inclusive Growth and Development*

Four years after the beginning of the global financial crisis, the world still faces significant uncertainty. Global economic growth has been constrained, with negative consequences for jobs and incomes. The risks of further weakening of the world economy remains high, and bolder policy actions are needed to address its structural problems.

The European sovereign debt crisis and the associated banking crisis continue to threaten the stability of the global financial system and the recovery of global growth. Several European economies have fallen into a double-dip recession, and the outlook for others has deteriorated. Slow economic recovery, high unemployment, continual deleveraging, and aggravated financial fragility, coupled with fiscal austerity, reinforce each other and make achieving a robust economic recovery challenging.

Prospects for developing economies have also deteriorated, threatening the important development gains of recent decades. The economic woes in developed economies spill over to developing countries through weaker demand for their exports and heightened volatility in capital flows and commodity prices. Efforts are needed to help strengthen the capacity of developing countries to cope with these exogenous shocks, as well as to boost intra-regional trade and strengthen intra-regional financial integration.

High and/or volatile prices for global commodities pose a particular threat to the food and energy security of the most vulnerable populations. Building a food-secure future, and providing energy services to those who lack access - as called for by the United Nations Secretary General's "Sustainable Energy for All" initiative - will require focus and action in critical areas. That includes investments in infrastructure, technology, and innovation, as well as providing greater access to credit and financial services, and empowering women and vulnerable populations. All will help to build the resilience of communities to adversity.

The commodity boom created important opportunities for boosting economic growth and advancing human development in resource-rich developing countries. The United Nations system stands ready to strengthen its collaboration with the Bretton Woods Institutions in supporting these countries to make of the opportunities which the boom presents, including through supporting natural resources management and economic diversification, and in the design of transparent, counter-cyclical, macroeconomic frameworks and macro-prudential regulation.

For the world to break out of the vicious cycle of sluggish economic growth, rising unemployment, continued deleveraging, fiscal austerity, and financial sector fragility, more concerted and coherent national and international efforts are called for. There is an urgent need for greater synergy between monetary easing and fiscal stimulus. Negative spillover effects, such as highly volatile capital flows to developing countries, need to be contained by strengthening developing countries' macro-prudential policy toolkit. Fiscal policies in both developed and developing countries need to be designed in a way which stimulates employment, and promotes the necessary structural changes for more sustainable economic growth with medium- to long-term fiscal sustainability.

Better co-ordination between monetary policy and regulatory reform of the financial sector is also important. Global financial stability is unlikely to be achieved in the absence of more international co-ordination of financial regulation and oversight. Particular focus should be placed on the effective implementation of regulatory reform.

*Creating enabling environment for decent job creation*

Uneven progress towards economic recovery continues to impact on the global labour market. In many countries, employment figures remain below pre-crisis levels. For a growing proportion of those who still have jobs, employment has become more unstable or precarious. That is reflected in a rise in involuntary part-time employment and temporary employment.

The lack of job opportunities in so many countries across the world is serious cause for concern. Not only are the economic consequences dire for individuals, communities, and economies at large, but also the risk of social unrest rises with the economic and social exclusion caused by unemployment.

Economic growth alone does not necessarily lead to increased opportunities for decent work. More emphasis needs to be placed on growth strategies which ensure economic inclusion through broad based job and income generation.

Specifically, the sectors, activities, and regions where poor people work and live need to be targeted, and focus needs to be given to generating jobs in higher valued-added sectors. Strategies and investments to promote sustainable agriculture, smallholder farming, renewable energy, and economic diversification tend to have direct employment effects, and also improve long-run growth prospects.

Countries need to place priority on measures which create an enabling environment for a productive workforce and expanded decent work opportunities. Factors such as quality education, skills training, affordable housing, access to basic health care, and social protection are all important in this regard.

Enabling conditions are needed to support the growth of the small and medium-sized enterprises which are a driver of economic growth and job creation in many countries. Access to credit plays a crucial role, as do public policies aimed at encouraging private investment in infrastructure.

At the global level, international investment has become more volatile, exacerbating job precariousness in both developed and developing economies. Capital account management, along with a robust and stable national economic policy framework, can be helpful in managing short-term capital flows and minimizing the negative impacts of destabilizing capital flows on decent job creation.

The United Nations system, including by working with the Bretton Woods Institutions, will continue supporting developing countries in their efforts to create an enabling environment for decent job creation and sustainable and sustained growth.

*Securing development finance and mobilizing climate finance*

Three years remain until the 2015 target date set for the Millennium Development Goals (MDGs). Progress towards the MDGs needs to be accelerated. For that to happen funding is important. Predictable and effective Official Development Assistance (ODA) helps, as does the strengthening of domestic resource mobilization.

Fiscal austerity among donor countries has affected ODA, which declined in real terms in 2011. Donor countries could consider how to protect the ODA commitments they have made in times of fiscal crisis, as the need for ODA is also heightened at these times.

Mobilizing financing for climate change adaptation and mitigation is also of critical importance. The deadline set in Copenhagen for mobilizing fast-start funding of $30 billion will be reached at the end of 2012. Much needs to be done to scale up long-term climate finance to $100 billion per year by 2020. The UN calls on all stakeholders, including the IMF, to redouble efforts to identify a feasible trajectory to scale up the funding needed to close this gap.

As a complement to traditional forms of financing for climate change adaptation and mitigation, innovative sources of finance could also be explored. These can include carbon taxes, funding released by fossil fuel subsidy reforms, and financial and/or currency transaction taxes, along with the possibility of leveraging 'idle' special drawing rights (SDR) allocations in the IMF.

Climate finance needs to be allocated to activities where it will have the greatest impact and to countries most in need of support. There is a need to strengthen the capacity of developing countries to blend domestic and international, public and private, and grant and capital finance. This could take the form of support for developing low emission and climate resilient strategies, establishing national climate funds, developing capacity for direct access to funds, and the strengthening of monitoring, reporting, and verification systems.

*Implementing global economic governance reform to address the global challenges*

More inclusive, transparent, effective, and coherent multilateral approaches are needed to meet the complex global challenges our world faces.

The full implementation of the 2010 IMF governance reform is very important, along with the commitment to comprehensive review of the current quota formula by January 2013 and completion of the fifteenth quota review by January 2014.

The UN is committed to strengthening the effectiveness of its own structures and systems, and will continue working closely with the BWIs, and all other partners, to find common solutions to pressing global challenges.

We need to work collaboratively to accelerate MDG achievement by 2015, and, as agreed in Rio, advance sustainable development. The UN welcomes the engagement of the Bretton Woods Institutions in the dialogue on developing a post 2015 development agenda with poverty eradication, achieved through sustainable development at its core.