



International Monetary and Financial Committee

Twenty-Second Meeting
October 9, 2010

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United Nations

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International Monetary and Financial Committee Twenty-Second Meeting
Washington, D.C. – October 9, 2010
October 7th, 2010

**Safeguarding the economic recovery and enhancing financing
for development**

The global economy is recovering from its worst economic crisis since the Great Depression, but key challenges remain. It is crucial to safeguard and sustain recovery, lay the groundwork for strong, sustainable and balanced growth, build a more robust global economic and financial infrastructure, and strengthen global economic governance.

A focus of this International Monetary and Financial Committee meeting is to examine how to put in place policies which would help to rebalance demand from the public to the private sectors and create more jobs. The catalytic role which the IMF and the World Bank have been playing in assisting developing countries to promote the development of the private sector should be commended.

The United Nations development system has also been stepping up its efforts in this area. Its agencies, funds, and programmes have been assisting the public sector in developing countries to ‘enable’ the private sector to grow competitive businesses and jobs. Such support can be directed towards labour intensive sectors, resulting in “job-rich” growth. The International Labour Organization’s Global Jobs Pact provides a template for both lifting employment levels and supporting decent work.

The United Nations Development Programme has been helping coffee farmers in Brazil, Colombia, El Salvador, Guatemala, Honduras, and Peru to sell their coffee at premium price and lift their standard of living. It will soon launch a new initiative working with officials and businesses in Africa to promote the African private sector, with the aim of growing economies and creating badly needed jobs, especially for women and young people who often miss out.

Both the Bretton Woods Institutions and the United Nations development system make significant contributions to the development of the private sector in developing countries and to

fostering job creation. More collaborative work needs to be done, building on the comparative advantages and strengths each organization has to offer.

The United Nations development system can work with the Bretton Woods Institutions to assist developing countries, in particular low-income countries, to strengthen financial markets, boost small and medium-sized enterprises, and improve the business investment climate and regulatory frameworks.

Private international capital flows and international financial stability are vital complements to national and international development efforts. Enhanced financing for development will result from improved domestic resource mobilization, foreign direct investment, international trade, international financial and technical co-operation for development, and debt relief. Commitments in many of these areas are reflected in the Monterrey Consensus of the International Conference on Financing for Development and reaffirmed in the Doha Declaration on Financing for Development.

It is also important to strengthen and scale up existing innovative financing mechanisms and explore new ones, given their potential to contribute large and predictable sources of funding to the

achievement of the Millennium Development Goals and other internationally agreed goals. Innovative financing mechanisms should supplement and not be a substitute for traditional sources of finance.

While different in nature, the economic crisis and the climate crisis can and should be addressed together. Investments in green technologies and infrastructure will create jobs while also reducing greenhouse gas emissions. Tackling the climate crisis can help the world embark on a sustainable development path. Developing countries will need support to move along a low-carbon development pathway, in the form of accessible climate finance and the capacity to apply it. Both private and public finance needs to be drawn towards cleaner investments in energy, transport and other infrastructure, and industry.

Overall, to safeguard the economic recovery, enhance financing for development, and tackle climate change, the United Nations development system and the Bretton Woods Institutions need to work closely together to support developing countries to promote private sector development and job creation, and expand fiscal capacity.

The Bretton Woods Institutions have significant resources at their disposal to support economic growth and development. The UN development system is present all around the developing world, before, during and after crises, and is a trusted partner with a wealth of practical and normative expertise on issues ranging from health and education to those relating to water and sanitation, human rights, women's empowerment, energy and the environment, good governance, crisis prevention and recovery, and agricultural and industrial development.

There is more than enough work for each organization working in development right now. The imperative to pull in the same direction has never been greater.

Millennium Development Goals: Delivering on results by turning evidence into practice

Efforts to promote the economic recovery and achieve the Millennium Development Goals (MDGs) should complement each other. Meeting the MDGs has undoubtedly become harder in this era of multiple global crises, devastating natural disasters, and ongoing conflicts. Yet, in the last decade, many countries – including the poorest – have made significant progress on a range of

MDGs. Progress, however, has been uneven across the Goals, and across and within regions and nations.

At the United Nations Summit on the MDGs in September, world leaders reaffirmed their commitment to the Goals. The Summit concluded with the adoption of an outcome document – *Keeping the Promise: United to Achieve the Millennium Development Goals* – which spells out specific steps to be taken by all stakeholders to accelerate progress on the MDGs, based on examples of success and lessons learned over the last ten years.

The message of the UN development system at the Summit was that the MDGs can be achieved. There is a wide range of proven policies which, adapted to national context, can ensure progress –where there is strong political leadership, an absence of conflict, good policy, sufficient capacity, and adequate and predictable funding for development.

In June 2010, the United Nations Development Programme released an International Assessment of what it will take to achieve the MDGs by 2015. Drawing on evidence of what has worked, the report provides an eight-point MDG action agenda to accelerate and sustain development progress over the next five years.

The eight points focus on inclusive growth; supporting nationally-owned and participatory development; targeted investments in social services like health and education; expanding opportunities for women and girls; social protection initiatives; enhancing access to energy; improving domestic resource mobilization; and stronger global partnerships for development.

A new tool, the MDG Acceleration Framework (MAF), has been designed, through which UN Country Teams can work with programme country governments to identify and overcome barriers to MDG achievement. The MAF was piloted in ten countries prior to the MDG Summit. Each of them chose particular off-track targets as their main focus area, and identified the constraints to faster progress, practical solutions to address them, and partners to implement those solutions.

Togo, one of the pilot countries, identified the lack of access to fertilisers improved seeds, and support to farmers as major obstacles to progress towards the poverty reduction MDG. The Government brought together a range of partners to identify the best solutions from within Togo and other countries facing similar challenges. They included introducing revolving loans and vouchers to help

small farmers buy fertilisers and improved seeds, and increasing support, such as skills training, to small farmers, especially women.

The broader development community, including the United Nations, the World Bank and the International Monetary Fund, has embraced the MDG agenda. In supporting countries to turn the evidence of what works into actions which will accelerate MDG progress, the United Nations development system and the Bretton Woods Institutions should work together, each bringing their comparative advantage to where it will have the greatest impact across all the Goals. In this regard, the close collaboration between the United Nations and the World Bank on country level MDG acceleration and sustainability over the next five years will be of crucial importance.

Global economic governance reforms

The outcome of the United Nations Summit on the MDGs stressed the need for further reform and modernization of the international financial institutions to enable them to respond more effectively to and prevent financial and economic crises, promote development, and better serve the needs of Member States. World leaders reaffirmed the importance of enhancing the voice and representation

of developing countries in the World Bank and the International Monetary Fund, and noted the progress being made on reform.

It is noted that governance reforms are underway at the World Bank to bring the share of developing countries at the International Bank for Reconstruction and Development (IBRD) to 47.19 per cent, representing a step in the right direction. At the International Monetary Fund, the ongoing reform, with a shift in quota share to under-represented countries of at least 5 per cent, is set to be achieved by January 2011. Governance reforms at the IMF also encompass changes at the International Monetary and Finance Committee, the Executive Board and in the management selection process.

The United Nations system should also consider how it might reform itself to play more effective roles in preventing and responding to global economic crises. The overall co-ordination role of the Economic and Social Council of the United Nations could be strengthened. The United Nations development system is being continually challenged to co-ordinate its efforts better across agencies in support of nationally-led and demand-driven development programmes.

While reform processes in the multilateral institutions are taking place, the G20 is evolving. It played a critical role in stabilising the world economy at a time of crisis, but needs to link more consistently with the formal multilateral institutions on tackling the highly interconnected, cross-border, and complex economic, social, and environmental challenges we face. These challenges require swift collective action and policy making from both developed and developing countries.