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International financial system and development

Report of the Secretary-General**

Summary

The present report, submitted pursuant to General Assembly resolution 71/215, summarizes information on trends in international public and private capital flows to developing countries, options to address financial stress in developing countries and ongoing efforts to strengthen the international financial system for the implementation of the 2030 Agenda for Sustainable Development. It highlights the progress made on commitments and actions contained in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development with regard to development finance institutions, financial regulation, the global financial safety net, policy coordination and economic governance reform.

* A/72/150.

** The present report was prepared with input from the major institutional stakeholders involved in the financing for development process. Responsibility for its contents, however, rests solely with the United Nations.

I. Introduction

1. In its resolution 71/215, the General Assembly requested the Secretary-General to submit to it, at its seventy-second session, a report on the implementation of that resolution and to consider including in the report an analysis of options for an enhanced approach to financial stress in developing countries. In the resolution, the Assembly recognized the need to continue to enhance the coherence and consistency of the international monetary, financial and trading systems and reiterated the importance of ensuring their openness, fairness and inclusiveness. It also encouraged international financial institutions to align their programmes and policies with the 2030 Agenda for Sustainable Development.

2. In its mid-year update of the world economic situation and prospects for 2017 (E/2017/65), the Economic and Social Council forecast that world gross product will expand by just 2.7 per cent in 2017. While that figure mark an acceleration compared to 2016, growth in many regions remained below the levels needed for achieving the Sustainable Development Goals, and a high degree of uncertainty in the international policy environment continued to cloud the outlook.

3. In the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, it was recognized that the international financial system was critical to enabling sustainable and inclusive growth and development aligned with the Sustainable Development Goals. The financing needs for Sustainable Development Goal implementation indicated that the international financial system has not adequately allocated resources towards long-term sustainable development, with insufficient investment in critical areas. In addition, systemic risks threatened financial stability, including in developing countries.

4. To achieve the Sustainable Development Goals, the global financial system will need to effectively allocate stable, long-term public and private resources towards sustainable development. Ultimately, stability and sustainability are mutually reinforcing. Without a stable financial system, the achievement of the Sustainable Development Goals will be derailed by future financial crises, and without sustainable investment, we will sow the seeds for future environmental catastrophes and economic crises.

II. Trends in international financial flows to developing countries

5. Theoretically, finance should flow to countries and sectors where capital is scarce and returns are high, thus providing the resources necessary for development. However, capital has not always flowed to areas where needs are greatest, while volatile boom-bust patterns have led to instability in the real economy and made macroeconomic policy management more challenging.

6. In 2016, net international financial flows to developing countries were negative for the third year in a row. Net capital outflows from developing and transition countries were recorded at $498 billion.[1] Net outflows are expected to continue in 2017 ($267 billion) and 2018 ($79 billion), although at a slower pace, reflecting the somewhat improved economic situation. These trends are primarily driven by flows to and from China, which moved from a position of large net

[1] Unless otherwise indicated, net financial flows reflect data from the International Monetary Fund (IMF) World Economic Outlook database, April 2017, available from www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx.

outflows in 2015 and 2016 to net inflows of $36.8 billion in the first quarter of 2017, in part reflecting policy changes enacted to stabilize flows.[2]

7. Capital flows have three main components: foreign direct investment (FDI), portfolio flows and other types of investment. FDI remains the most stable component and, as noted in the Addis Ababa Action Agenda, can make an important contribution to sustainable development, in particular when projects are aligned with national and regional sustainable development strategies. Global FDI remained steady in 2016, at an estimated $1.75 trillion, with projections for continued high levels in 2017. However, those levels were driven by inflows to developed economies. FDI to developing economies shrank by 14.1 per cent in 2016 to $646 billion, primarily due to falls in FDI to East Asia and South-East Asia. FDI to the least developed countries declined by 13 per cent to $38 billion, reflecting weak interest in primary sectors, given persistently low commodity prices.[3] In net terms, International Monetary Fund (IMF) data project FDI inflows in all developing regions in 2017, except for South and East Asia.

8. The largest capital outflows from developing countries have been in the "other investment" category, which is primarily composed of cross-border bank loans.[4] The category recorded outflows of $395 billion in 2016, with an expected decline to $283 billion in 2017, with South and East Asia and Latin America and the Caribbean experiencing large outflows. Following broader trends, the other investment category is expected to remain negative in 2017, though at a lower level than in 2016. Data from the Bank for International Settlements, specifically on cross-border bank exposure to emerging markets, show quarterly declines throughout 2016 and a $151 billion increase in the first quarter of 2017.[5]

9. Net portfolio flows to developing countries also remained negative in 2016, at $165 billion in outflows, and are expected to remain so in 2017 ($143 billion) and 2018 ($157 billion). Portfolio investment exhibits strong regional differences, with East, South and West Asia witnessing large net outflows and Latin America and the Caribbean and sub-Saharan Africa experiencing net inflows.

10. The boom-bust cycle of inflows and outflows is indicative of the high volatility associated with these flows. An analysis of high-frequency data on capital flows in select developing countries over the past 12 years has shown that international capital inflows, in particular portfolio flows and cross-border bank loans, remain subject to periodic episodes of high volatility, often triggered by global systemic risks.[6]

11. While large global banks are the main providers of other investment, namely, cross-border bank loans, institutional investors are generally the main drivers behind portfolio flows. There is growing interest in the role that such investors, in particular those with long-term liabilities such as pension funds, life insurance companies and sovereign wealth funds, can play in financing long-term sustainable development. Those three types of investors were estimated to have assets under

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[2] Data for the first quarter of 2017 from national sources, available from www.safe.gov.cn/wps/wcm/connect/6d920c804c296c90a415af4393d9cc2e/The_time-series_data_of_Balance_of_Payments_of_China.xlsx?MOD=AJPERES&CACHEID=6d920c804c296c90a415af4393d9cc2e.

[3] United Nations Conference on Trade and Development (UNCTAD), World Investment Report: Investment and the Digital Economy (United Nations publication, Sales No. E.17.II.D.3).

[4] The "other investment" category includes currency and deposits, loans, trade credits and other financial sector instruments.

[5] Bank for International Settlements (BIS), "BIS international banking statistics at end-March 2017", July 2017, available from www.bis.org/statistics/rppb1707.pdf.

[6] World Economic Situation and Prospects 2017 (United Nations publication, Sales No. E.17.II.C.2).

management of approximately $79 trillion at the end of 2014.[7] Nonetheless, the high volatility of portfolio flows in many ways reflects a short-term bias of institutional investors. That bias is also reflected in asset allocation. Most funds, even those with long-duration liabilities, are generally invested in short-term and/or liquid assets. For example, in 2016, pension funds in the seven largest pension markets invested 76 per cent of their assets in liquid assets, overwhelmingly in developed countries, rather than long-term illiquid assets such as infrastructure.[8] Without stronger measures to change incentives, reallocating even a small portion of those resources to long-term investments to achieve the Sustainable Development Goals, in particular in developing countries, will remain a challenge.

12. Global gross public and private debt of the non-financial sector reached a record high in 2015, largely due to increases in public debt and continued high levels of private debt. In developing countries, ratios of external debt to gross domestic product (GDP) declined between the early 2000s and the world financial and economic crisis in 2008, but have risen since then, hitting 27.4 per cent for low- and middle-income countries in aggregate in 2016.

13. Those average debt ratios mask debt build-ups in certain countries, regions and categories. For example, in small island developing states, average debt-to-GDP ratios increased from 27 per cent in 2008 to 45 per cent in 2016. The 20 low- and lower-middle-income countries with the largest increases in debt saw their external debt-to-GDP ratios increase by almost 27 percentage points on average between 2010 and 2015.[9] The role of private debt in external debt burdens is increasing in some low- and lower-middle-income countries. For low-income countries, the private sector represented less than 2 per cent of external debt burdens before 2010, but 3.6 per cent in 2015; likewise, in lower-middle-income countries, the private sector share grew from about 28 per cent before 2010 to 33.5 per cent in 2015.[10]

14. Public finance institutions and systems are also important contributors to efforts to achieve the Sustainable Development Goals. Although public financial flows are much smaller than their private counterparts, they are generally less volatile and play specific roles in financing sectors or projects with benefits to the whole of society. Preliminary figures for official development assistance (ODA) in 2016 showed an increase to $142.6 billion, representing a rise of 8.9 per cent in real terms from 2015. As a share of gross national income, ODA averaged 0.32 per cent, still significantly below the United Nations target of 0.7 per cent. While donors agreed to halt the recent decline in ODA to least developed countries in the Addis Ababa Action Agenda, the figures indicate that bilateral aid to least developed countries fell by 3.9 per cent in real terms in 2016, amounting to $26 billion.[11]

15. Existing indicative estimates of South-South cooperation, a complement to North-South cooperation, suggest that it surpassed $20 billion in 2014 (E/2016/65). The Organization for Economic Cooperation and Development, which also

[7] Estimates based on TheCityUK, Key Facts about the United Kingdom as an International Financial Centre 2016, Key Facts report (London, November 2016); and Sovereign Wealth Fund Institute, “Sovereign wealth fund rankings”, July 2017, available from www.swfinstitute.org/sovereign-wealth-fund-rankings.

[8] Willis Towers Watson, “Global pension assets study 2017”, January 2017.

[9] See “External debt of developing countries” in the online annex of the Inter-Agency Task Force on Financing for Development, available from http://developmentfinance.un.org/sub-cluster/838/641.

[10] Department of Economic and Social Affairs calculations based on World Bank Group, International Debt Statistics 2016 (Washington, D.C., 2016).

[11] Organization for Economic Cooperation and Development (OECD), “Development aid rises again in 2016 but flows to poorest countries dip”, 11 April 2017, available from www.oecd.org/dac/development-aid-rises-again-in-2016-but-flows-to-poorest-countries-dip.htm.

estimates concessional development finance from developing countries, arrived at comparable figures of $24.6 billion in 2015.[12]

16. IMF, which provides lending for balance of payments support, approved $8 billion in new non-concessional commitments in fiscal year 2016, and $26.8 billion in 2017, with disbursements for 2016 of $6.6 billion. In 2016, IMF also committed concessional loans of $1.2 billion to its low-income developing members, and a further $2.8 billion for 2017 and beyond.[13]

17. Annual commitments of non-concessional lending from seven multilateral development banks fell slightly in the fiscal years ending in 2015 or 2016 to $74.1 billion, while disbursements grew slightly to $57.3 billion, with a total exposure of $377.4 billion.[6] The New Development Bank and the Asian Infrastructure Investment Bank completed their first full year of operations in 2016 with combined commitments of $3.3 billion.[14]

18. The flip side of capital flows is the current account, which largely shows trade in goods and services. In 2016, while some developed countries reported large current account deficits, developed countries as a whole had large surpluses. Those surpluses are expected to decline in 2017 and 2018. Developing countries as a whole remain in deficit, though with large regional differences.

19. By definition, imbalances in the current account (primarily trade flows) and capital account (primarily financial flows) must be absorbed through higher or lower levels of international reserves. Overall, reserves in developing economies declined by $443 billion in 2015, and $502 billion in 2016, indicating that developing countries were spending reserves to moderate the impact of capital outflows. As noted above, China experienced large capital outflows in 2015 and 2016, which were offset by drawing down foreign exchange reserves. IMF predicts declines of reserves in developing countries of $107 billion in 2017, before they start accumulating again as from 2018.

20. Central banks typically invest reserves in safe liquid assets. The dollar portion of reported reserves was 64.5 per cent in the first quarter of 2017, down slightly from 65.8 per cent at the end of 2015. The holdings of Chinese renminbi as foreign reserves, which make up 1 per cent of reserves globally, were reported for the first time in 2016. However, the accumulation of safe, low-yielding assets has an opportunity cost, since reserves could be invested in domestic productive capacity, infrastructure and the Sustainable Development Goals.

III. Strengthening the international financial architecture

21. In the Addis Ababa Action Agenda, Member States recognized the importance of a stable international financial architecture and emphasized the role of the financial system in intermediating credit and investment. They also emphasized the role of development banks and the importance of incorporating sustainability factors into the rules that govern the financial system.

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[12] Estimates of gross flows based on estimates by the OECD Development Assistance Committee and published national sources, available from www.oecd.org/development/stats/non-dac-reporting.htm.

[13] IMF, *IMF Annual Report 2016: Finding Solutions Together* (Washington, D.C., 2016); and "IMF lending arrangements as of 31 July 2017", available from www.imf.org/external/np/fin/tad/extarr11.aspx?memberKey1=ZZZZ&date1key=2020-02-28.

[14] New Development Bank, projects database, available from www.ndb.int/projects/list-of-all-projects; and Asian Infrastructure Investment Bank, "Connecting Asia for the future: annual report and account 2016", Beijing, 2016.

A. Addressing financial stress in developing countries

22. There is no single solution for addressing financial stress, which can include balance of payments pressures, debt distress or financial sector crises; a combination of interventions is necessary. The best approach is prevention through effective policies to manage risks, including national prudential and regulatory policies, as well as through international support and the continued strengthening of the international financial architecture. Once financial stress has developed, international and national systems should help to alleviate stress and return countries to stability, while not compromising efforts to achieve the Sustainable Development Goals.

Safety nets and macroeconomic surveillance

23. In the Addis Ababa Action Agenda, Member States also recognized the need to strengthen the permanent international financial safety net with a strong, quota-based IMF. The safety net is a network of institutions and financing facilities that can provide liquidity to countries in times of financial stress. The safety nets comprise multilateral lending facilities operated by IMF at a global level, along with regional facilities, such as the European Stability Mechanism, and bilateral lines of credit (frequently through reserve currency swap lines).

24. The adoption, in January 2016, of IMF governance reforms increased the volume of Fund resources, thus increasing the size of the financial safety net. Further work on the Fund's lending facilities was called for after a staff paper issued by IMF in March 2016 noted that, while the safety net had grown significantly since the global financial crisis, important gaps remained. Questions raised include whether the Fund's facilities provide adequate volumes of financing and whether the requirements for accessing them are overly burdensome. In June and July 2017, IMF reviewed several of its lending instruments, though the conclusions were not yet available as at the time of writing. The Fund also agreed to create a new non-financing policy coordination instrument for countries seeking to unlock financing from multiple sources and/or to demonstrate a commitment to a reform agenda.[15] In 2018, IMF will conduct a further review of its concessional lending facilities; they were last comprehensively discussed in July 2015, just before agreement was reached on the Addis Ababa Action Agenda.

25. There is considerable scope for the operation of regional financial arrangements, which serve as a form of reserve pooling. Existing regional safety nets vary widely in size, coverage and activity. The notional value of the three largest regional arrangements — the Chiang Mai Initiative Multilateralization for countries that are members of the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN+3), the North American Framework Agreement and the European Stability Mechanism — is estimated as having been $1.22 trillion in 2015. In the Addis Ababa Action Agenda, Member States called for strengthened cooperation between IMF and regional arrangements, while safeguarding their respective independence, and greater dialogue among regional arrangements. In 2016, in order to improve cooperation efforts, the ASEAN+3 Macroeconomic Research Office, which services the Chiang Mai Initiative Multilateralization, worked with IMF to conduct a joint test run of the Chiang Mai facility.

[15] IMF, "IMF Executive Board approves proposal for a new policy coordination instrument", 26 July 2017, available from www.imf.org/en/News/Articles/2017/07/26/pr17299-imf-executive-board-approves-proposal-for-a-new-policy-coordination-instrument.

26. In additional, IMF estimates that, in 2015, the gross value of swap arrangements between central banks was about $600 billion among advanced economies in nominally “unlimited” arrangements, with a further $600 billion in limited swap arrangements. The swap lines are mostly among developed economies or between developed economies and members of the Group of 20; of the developing countries that are not part of the Group of 20, most swap lines are meant to facilitate the settling of current account/trade transactions.

27. Macroeconomic surveillance is an important global public good provided by regional and multilateral institutions. Risk management and the prevention of crises require timely and accurate knowledge of the status of financial flows, debt levels, risk exposures of financial institutions, trends for economic growth and other macroeconomic variables. Early warning systems that use this information can help to manage risks. IMF continues to cooperate with the Financial Stability Board on early warning exercises, which are similar to stress tests that examine unlikely but plausible risks. The United Nations Conference on Trade and Development (UNCTAD) has developed new financial conditions indicators for a heterogeneous set of developing countries, using available macroeconomic and financial market indicators, and is working to expand the country coverage. The real-time indicators were constructed with the financial vulnerability of developing countries in mind.

28. In both the 2030 Agenda and the Addis Ababa Action Agenda, stress is placed on the interlinkages among the environmental, social and economic dimensions of development. It could be worth exploring whether early warning systems could be strengthened by the inclusion of the two-way interaction of risks and outcomes between financial and economic systems and social and environmental systems. Integrating such a complex-systems approach into crisis prevention would require building on the expertise of different international organizations through increased cooperation.

29. Continued strengthening of the international monetary system could help to address financial stress in developing countries, especially by reducing the likelihood of crises. In July 2016, an IMF staff note for the Group of 20 outlined initial considerations on whether providing a greater role for the special drawing right, an international reserve asset managed by the Fund, could contribute to the smooth functioning of the international monetary system. In October 2016, the Chinese renminbi officially became the fifth currency, at 10.92 per cent, in the special drawing right basket. In additional, a high-level external advisory group, consisting of prominent academics, former policymakers and market practitioners, was convened to advise the Fund on this issue.[16] The IMF Executive Board is expected to discuss the topic in March 2018.

Capital account and macroprudential policies

30. As noted in paragraphs 6-11 above, in recent years, capital has tended to flow from developing to developed countries. As also noted, volatile capital flows, particularly short-term flows, can increase macroeconomic volatility and the probability of financial and debt crises. In the Addis Ababa Action Agenda, Member States underscored the importance of the quality of capital flows. A key challenge for countries is how to harness the benefits of inflows while managing the risks. In the Agenda it was recognized that, when dealing with risks from large and volatile capital flows, any necessary macroeconomic policy adjustments could be supported by macroprudential and, as appropriate, capital flow management measures.

[16] IMF. “IMF launches consultations on the role of the special drawing right with external advisory group”, 31 October 2016, available from www.imf.org/en/News/Articles/2016/10/31/PR16474-IMF-Launches-Consultations-on-Role-of-Special-Drawing-Right-with-External-Advisory-Group.

31. Macroprudential policies and measures are designed specifically for limiting systemic risk and encompass a wide variety of tools that can help to build buffers to shocks, mitigate the procyclical nature of financial markets and institutions and limit the structural vulnerabilities in the financial system.[17] IMF categorizes macroprudential policies into broad-based tools, sectoral and asset side tools and liquidity tools, while also allowing for related aims to be achieved through structural reforms to the financial sector.[18] Examples of tools include dynamic loan loss provisioning requirements, limits on loan-to-value ratios, and liquidity charges or reserve requirements, such as on foreign currency liabilities. In a review of the effectiveness of such tools, IMF noted that they could help to reduce risks and contain procyclical pressures, but that their effectiveness depended on capital market openness, financial market development and the potential for domestic and cross-border leakage. IMF also noted that source country policies could play an important role in increasing global effectiveness of macroprudential policies in containing systemic risks from capital flows.[19] The general finding is that countries with greater financial openness, larger financial markets and more complex instruments generate more risks that are harder to control. It is therefore important to have structural policies that shape the financial system to reduce inherent systemic risks and that can help to align it with sustainable development principles.

32. In 2016, in order to help countries to better understand and address the impact of cross-border capital flows, IMF reviewed countries' experience with its institutional view on the liberalization and management of capital flows, which was adopted in 2012.[20] The IMF Executive Board considered that the institutional view remained relevant in the current environment and that there was no need for substantive adjustment at that point, but that it would need to remain flexible and evolve over time. The Board also agreed that further clarification was warranted on the interaction between macroprudential and capital flow policies, especially with respect to the role of macroprudential policy frameworks in addressing systemic financial risks arising from capital flows; on the relevant conditions for the re-imposition of capital flow management measures during liberalization and when countries faced particular challenges; and on ways in which the institutional view could serve as a framework for greater multilateral consistency in the design of policies for dealing with capital flows.

Restoring debt sustainability

33. Although the debt ratios of developing countries remain significantly below the levels they were at in the early 2000s, debt levels have recently shown a rising trend, and some individual countries have a heightened risk of entering debt distress. The importance of providing "breathing space" to a sovereign State at a time of debt distress has been highlighted in the international policy debate, but remains to be fully addressed. There has been insufficient political agreement for a statutory approach, but progress has been made in market-based solutions to sovereign debt distress, for example through incorporating enhanced collective action and pari passu clauses in sovereign bond contracts.

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[17] Piet Clement, "The term 'macroprudential': origins and evolution", *BIS Quarterly Review: March 2010 — International markets and financial market developments* (Basel, Switzerland, Bank for International Settlements, 2010), available from www.bis.org/publ/qtrpdf/r_qt1003h.pdf.

[18] IMF, "Increasing resilience to large and volatile capital flows: the role of macroprudential policies", IMF Policy Paper, Washington, D.C., July 2017.

[19] Ibid.

[20] IMF, "Capital flows: review of experience with the institutional view", IMF Policy Paper, Washington, D.C., November 2016.

34. In the Addis Ababa Action Agenda, Member States noted the legislative steps taken by certain countries to constrain the activities of non-cooperative minority bondholders, and encouraged all Governments to take action, as appropriate. They noted that support for advisory and legal support could be provided for countries facing litigation. As agreed in the Addis Ababa Action Agenda, a renewed effort to develop global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereign States could be of assistance. Borrowers and lenders may also wish to consider how contractual clauses on restructuring could be introduced into commercial bank loan contracts.

35. There is also renewed interest among policymakers in state-contingent debt instruments, such as GDP-linked bonds, and their use has been discussed by the IMF Executive Board.[21] The increased use of such instruments could provide for automatic reduction in debt payments for countries under predefined conditions of financial stress. Their implementation by public creditors in their lending activities, building on the past experiences of some donors, would build greater resilience into debt management. It would also help to establish private investor confidence in those instruments, which has been a challenge to date.

B. International financial regulation

36. Since the world financial and economic crisis in 2008, the international community has taken steps to reform the international financial regulatory system. The reforms implemented, primarily agreed through the Financial Stability Board working with the relevant standard-setting bodies, have been aimed at addressing the vulnerabilities that led to the crisis, with the goal of promoting financial stability. Measures to address systemic risks, such as system-wide stress tests and the setting of liquidity coverage ratios, have been important components of those reforms.

37. The ultimate goal of the financial system should be to facilitate the flow of funds from savers to borrowers in a stable and sustainable manner and to effectively allocate funds throughout the economy. In the Addis Ababa Action Agenda, Member States emphasized the importance of achieving the right balance between stability, safety and sustainability on the one hand, and access to finance and financial services on the other. In addition, they stressed that credit intermediated through the financial system should ultimately be aligned with the three dimensions of sustainable development.

Banking regulation

38. International standards for banking regulation are established by the Basel Committee on Banking Supervision, with guidance from the Financial Stability Board, and then adopted into national regulations. The Basel III framework for banking regulation raised the capital adequacy standards for banks. The adoption of the core elements of the framework into national regulations has continued, with most jurisdictions meeting deadlines for their implementation. Liquidity rules are fully in force, and final rules on higher loss absorbency requirements for global systemically important banks are in force in all jurisdictions that have such banks headquartered in them. Jurisdictions have continued their efforts to implement the leverage ratio and the net stable funding ratio, which are due to come into force in January 2018. Four jurisdictions have not yet published either draft or final rules for

[21] IMF, "IMF discussed state-contingent debt instruments", 22 May 2017, available from www.imf.org/en/News/Articles/2017/05/22/pr17187-imf-discussed-state-contingent-debt-instruments.

the leverage ratio, while nine have not yet taken action on rules for the net stable funding ratio.

39. Substantial work remains in implementing policies designed to solve the "too-big-to-fail" problem. Supervisory colleges have been established for almost all global systemically important banks, though the Financial Stability Board considers that compliance with the Basel Committee's principles on risk data aggregation and risk reporting is unsatisfactory. Only a subset of Financial Stability Board jurisdictions has implemented bank resolution regimes with comprehensive powers broadly in line with the principles previously agreed. For example, only 10 of the 24 jurisdictions have implemented the recommended bail-in powers, with no progress in the past year. Failure to have such rules in place undermines supervisors' ability to wind up a failing large bank rather than bail it out, and also undermines market confidence in their willingness to do so.

40. Over the past year, the Basel Committee on Banking Supervision has finalized, or issued consultation documents on, standards in the following areas: revisions to the securitization framework, the regulatory treatment of accounting provisions, total loss-absorbing capacity holdings, disclosure requirements, a review of the assessment framework for determining which banks are globally systemically important and a simplified alternative to the standardised approach to market risk capital requirements. The Basel Committee's priorities for the biennium 2017-2018 include completing the review of the regulatory treatment of sovereign exposures, the regulatory treatment of expected loss provisioning, and the identification and measurement of step-in risk provided by banks to non-bank entities. A revision of the Basel III framework is also being discussed to deal with the variability of risk-weighted assets, given that the internal risk models applied by banks differ markedly from the standardized approach.

Shadow banking and derivatives

41. Despite regulatory reform efforts, there remains concern about the effects on financial stability of financial institutions and markets outside the regulatory perimeter, especially as they continue to grow in size. In its 2016 report on global shadow banking monitoring,[22] the Financial Stability Board described several different measures of shadow banking, which it has defined as credit intermediation involving entities and activities outside of the banking system. The narrow measure, which is focused exclusively on non-bank financial entities that pose financial stability risks, grew by 3.2 per cent in 2015, to $34 trillion. A broader measure, which comprises all institutions in the "other financial intermediaries" category, saw an increase from $89 trillion in 2014 to $92 trillion in 2015. With respect to the entities considered in the narrow measure, 65 per cent of their assets are in collective investment vehicles with features that make them susceptible to runs. The Board indicated in its report that the growth of shadow banking has been accompanied by a relatively high degree of credit risk, as well as liquidity and maturity transformation and, in the case of jurisdictions that reported hedge funds, relatively high levels of leverage. Of the 24 Board jurisdictions, 13 have not made sufficient progress in implementing agreed rules for money market funds and 9 have not done so in securitization practices. The Board believes that there are no new stability risks from shadow banking that would warrant additional regulatory action at the global level, but considers that work is needed by its jurisdictions to implement agreed policy recommendations and enhance data collection and analysis to capture emerging risks in a timely manner.

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[22] Available from www.fsb.org/wp-content/uploads/global-shadow-banking-monitoring-report-2016.pdf.

42. There has also been agreement on reforms to unregulated derivatives trade, in particular over-the-counter derivatives, which can dramatically increase leverage in the financial system. As of June 2017, all Financial Stability Board jurisdictions had implemented, or were in the process of implementing, trade reporting, central clearing and platform trading arrangements; however, some jurisdictions were behind schedule. The rules on margin requirements for non-centrally cleared derivatives, which are to be phased in between September 2016 and 2020, are in progress in all but one jurisdiction.[23] Significant work is needed on trade reporting, owing to data quality issues, a lack of harmonization of data formats and legal barriers to full reporting and to authorities' access to data in trade repositories, making the monitoring of systemic risks difficult.

Impact of reforms

43. In the Addis Ababa Action Agenda, Member States underscored the importance of monitoring the impact of financial regulation on incentives for financial inclusion and investment in sustainable development. The Financial Stability Board has proposed a framework for the post-implementation evaluation of effects and unintended consequences of financial regulatory reforms to guide analyses by the Board and other standard-setting bodies into whether the reforms are achieving their intended outcomes.[24] In the framework, it is specified that evaluations should focus on the effectiveness of an individual reform in achieving its original objectives, its interaction and coherence with other reforms and its overall effects on financial system resilience, on the orderly functioning of markets and on the cost and availability of financing to households and nonfinancial businesses.

44. Nonetheless, data on those impacts is currently limited. The Financial Stability Board conducts outreach to developing countries and has, as yet, found "no major unintended consequences", although developing countries have reported both challenges in implementing reforms and possible effects of regulatory reforms on the activities of global banks in their jurisdictions. The data presented earlier show that cross-border lending to emerging market countries has declined (see para. 8 above), but the cause is unclear. The Financial Stability Board has noted that the reduction in activities may be due to broader macroeconomic developments and the still-evolving business models of global banks.[23]

45. Efforts to include all dimensions of sustainable development into the financial reform agenda are still in their infancy. In April 2015, as part of one effort to address some of the interlinkages between environmental sustainability and financial governance, the Financial Stability Board set up a Task Force on Climate-related Financial Disclosures, whose members are drawn from the private sector. The panel's recommendations,[25] published in June 2017, are focused on the development of voluntary, consistent standards for disclosures that could help investors, lenders, insurance underwriters and other stakeholders to better understand the material risks to organizations from climate change. The recommended disclosures, which should be included with mainstream financial reporting, include a company's governance of climate risks, actual and potential impacts of these risks on its business strategy, mechanisms for managing these risks and the metrics and targets used in risk assessment and management. The Financial Stability Board has indicated that "more than 100 firms with market capitalizations

[23] Financial Stability Board, "Implementation and effects of the G-20 financial regulatory reforms: third annual report", July 2017.

[24] See www.fsb.org/2017/04/proposed-framework-for-post-implementation-evaluation-of-the-effects-of-the-g20-financial-regulatory-reforms.

[25] See www.fsb-tcfd.org/publications.

of over $3.3 trillion and financial firms responsible for assets of more than $24 trillion have provided statements of support" for the recommendations.[26] The work of the Task Force is important, not least because of its emphasis on the importance of measuring long-term performance, although additional work is still needed to measure and benchmark environment, social and governance impacts beyond what may materially affect the company's own long-term profits.

Financial inclusion and correspondent banking

46. Financial sectors can become deep without delivering access to financial services to large segments of the population. For example, in some countries, where the financial sector exceeds the size of GDP, less than a quarter of adults report having a formal bank account, while in other countries, with a much smaller financial sector, account penetration is over 80 per cent.[27] As of 2014, 62 per cent of the world's adult population had a bank account, up from 53 per cent in 2011. However, while more than 80 per cent of adults in developed countries had accounts by 2014, that figure was less than 50 per cent in developing countries and 27 per cent in least developed countries. Globally, account ownership among women increased from 47 per cent (versus 54 per cent for men) in 2011 to 58 per cent (versus 65 per cent for men) in 2014.[28] Efforts to ensure inclusive finance may be based on a range of interventions, including the use of new technologies or the promotion of credit registries, and may involve a range of institutions, such as microfinance facilities, cooperative banks and development banks.

47. Correspondent banking relationships, which are agreements between two banks in different countries to handle transactions on behalf of each other, form an important part of the international financial system. They enable the provision of domestic and cross-border payments and are critical for trade finance and for facilitating the transfer of remittances from migrant workers. Many correspondent banking relationships have been terminated since the financial crisis, though the causes are multiple and likely include the costs of complying with anti-money-laundering rules and the desire of the banks to reduce their risks. The Financial Stability Board launched an action plan in November 2015 to assess and address the decline in correspondent banking and established its Correspondent Banking Coordination Group in 2016.

48. The Financial Stability Board reports that, between 2011 and 2016, active corridors and correspondents for international financial transactions each declined by around 6 per cent, with Oceania experiencing the greatest decline in corridors per jurisdiction (15 per cent), followed by Africa (9 per cent) and the Americas excluding North America (7 per cent).[29] Financial Stability Board survey data, which provide direct evidence on the correspondent banking relationships of 150 banks, show that 48 countries and territories are served by 3 or fewer banks, with the average number of banks serving each country and territory declining by 9.6 per cent, to 16 banks, between 2011 and 2016 and 5 territories experiencing a complete exit of the banks surveyed.[30]

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[26] Financial Stability Board "Task Force publishes recommendations on climate-related financial disclosures", 29 June 2017, available from www.fsb.org/2017/06/task-force-publishes-recommendations-on-climate-related-financial-disclosures.

[27] Asli Demirjuc-Kunt, "Measuring financial exclusion: how many people are unbanked?", 24 April 2012, available from www.cgap.org/blog/measuring-financial-exclusion-how-many-people-are-unbanked; and World Bank, Global Findex Database (2014), available from www.worldbank.org/en/programs/globalfindex.

[28] World Bank, Global Findex Database (2014).

[29] Financial Stability Board, "FSB correspondent banking data report", July 2017.

[30] Non-surveyed banks may still be providing services.

49. In a report on its action plan, the Financial Stability Board discussed progress in the implementation of several measures to address the decline in correspondent banking, including through "know your customer" utilities and the use of legal entity identifiers in payment messages.[31] The decision to end a correspondent banking relationship is a private commercial decision, underscoring the importance of capacity-building for respondent banks to improve their risk management and due diligence. Greater financial transparency and a reduction in banking secrecy would also help to improve the ability of correspondent banks to manage their risks. A recent IMF paper suggested that public financial institutions could also take temporary measures in the event of a comprehensive loss of correspondent banking relationships, though only as a last resort.[32] Both IMF, in its paper, and the Financial Stability Board, in its action plan, emphasize the need for clarification of regulatory expectations by international standard-setting bodies, but not for changes to the actual standards themselves.

Credit rating agencies

50. By providing creditors with information on the creditworthiness of borrowers, credit rating agencies play an important role in the functioning of capital markets and influence the flow of finance towards countries, companies and projects. Nevertheless, the financial crisis demonstrated the impact that inaccurate ratings can have on the stability of the international financial system. In 2012, the Financial Stability Board set out a road map for reducing mechanistic reliance on credit rating agency ratings in standards. The road map was largely successful, though reliance on such ratings is still present in some regulatory environments. Reviews of the operation of credit rating agencies are currently conducted on the national level in some countries. A 2016 report by the Securities and Exchange Commission of the United States of America on examinations of nationally recognized statistical rating organizations found continued weaknesses in the practices of credit rating agencies, as well as violations of policies, procedures and regulatory rules.[33]

51. In May 2016, nine credit rating agencies, including two of the three largest, signed a statement on the inclusion of environmental, social and governance factors in credit ratings.[34] In September 2016, Standard & Poor's proposed offering environmental, social and governance assessments, although not as part of their credit rating methodology. The focus of such assessments, however, would be on the financial impact of environmental, social and governance risks to long-term profitability, rather than on viewing social and environmental goals as ends of their own. The Inter-Agency Task Force on Financing for Development will give further consideration to the issue of including those factors in credit rating agency assessments as part of its work on the mapping of financial system incentives.

C. International public finance institutions

52. International public finance institutions play an important and unique role in the international financial system, as they intermediate credit to both the public and private sectors in developing countries. They have the ability to finance sectors that provide public goods and can also leverage private resources for public purposes.

[31] Financial Stability Board "FSB action plan to assess and address the decline in correspondent banking: progress report to G-20 summit of July 2017", July 2017.
[32] IMF, "Recent trends in correspondent banking relationships: further considerations", March 2017.
[33] See www.sec.gov/ocr/reportspubs/special-studies/nrsro-summary-report-2016.pdf.
[34] Available from www.unpri.org/download_report/20983.

53. In the Addis Ababa Action Agenda, Member States stressed that multilateral development banks should update and develop their policies in support of the 2030 Agenda. They also encouraged multilateral development finance institutions to examine their roles, scale and operations in order to be fully responsive to the sustainable development agenda. In 2016, the World Bank Group conducted a "forward look" exercise, in which it sought to shape a common view among shareholders on how it could best support the 2030 Agenda and the implementation of the Addis Ababa Action Agenda while staying focused on its own goals. In March 2017, the Group reported on its progress on and the challenges to achieving that vision.[35] One of the tools it proposed to use to target resources is the "cascade" approach, in which private sector involvement is prioritized. As explained in its report, under that approach, which is primarily used for infrastructure finance, but will be expanded to the finance, education, health and agribusiness sectors, the Group would first seek to mobilize commercial finance, enabled by upstream reforms where necessary. Only where market solutions were not possible through sector reform and risk mitigation would official and public resources be applied. The cascade approach introduces market mechanisms in the identified sectors as the first priority for reform efforts. Other multilateral development banks are also conducting strategic exercises in an effort to align with the 2030 Agenda. All such efforts should be consistent with the relevant development effectiveness principles, including that of country ownership.

54. In additional, the multilateral development banks are working together to increase their use of leverage and engage the private sector in their projects. In that context, nine of those banks, including the new institutions, have produced a set of six principles for crowding-in private sector finance for growth and sustainable development and a related joint statement of ambitions. On the basis of those joint ambitions, the multilateral development banks have committed to increasing overall private sector mobilization by 25 to 35 per cent over the next three years.[36] In a joint report published on the mobilization of private finance,[37] and on the basis of a uniform measurement methodology agreed among the multilateral development banks, they reported that, in 2016, they had directly mobilized $50 billion from private and other institutional investors and a further $114 billion in indirect mobilization. Infrastructure investment represented 14 per cent of the direct mobilization and 54 per cent of the indirect mobilization.

55. In the Addis Ababa Action Agenda, it was stated that multilateral development banks should make optimal use of their resources and balance sheets, consistent with maintaining their financial integrity, and should do so in alignment with sustainable development principles. In June 2017, in response to a request made by the Group of 20, the multilateral development banks issued a second annual report on their action plan to optimize balance sheets.[38] To ensure that the increased leverage does not affect their credit ratings in a negative way, the multilateral development banks have engaged credit rating agencies on their methodology and have also taken measures at individual banks. An additional item on the balance sheet optimization agenda has been portfolio diversification. In 2015, the multilateral development banks engaged in some exposure swaps to try to diversify risks and thus reduce loss provisioning, though no such swaps were done in 2016.

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[35] World Bank Group, "Forward look: a vision for the World Bank Group in 2030 — progress and challenges", March 2017.

[36] See www.bundesfinanzministerium.de/Content/DE/Downloads/G20-Dokumente/Hamburg_Genannte_Berichte/Joint-MDB-Statement-of-Ambitions.pdf.

[37] Available from www.worldbank.org/mdbmob.

[38] Available from www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Featured/G20/G20-Documents/Hamburg_reports-mentioned/Second-Report-on-MDB-Action-Plan.pdf.

Such efforts could be developed in the areas of currency and other risks, which could theoretically allow greater lending in local currencies.

56. Capital increases are also on the agendas of a few institutions. The World Bank Group last had a capital increase, agreed to along with a reform of voting rights, in 2010. In October 2015, World Bank Group governors agreed to consider a general capital increase alongside further governance reform, aiming to reach a decision by the Group's annual meetings in October 2017. In March 2017, the Group's senior management indicated that, without increases at both the International Bank for Reconstruction and Development (IBRD), the Group's public sector lending arm, and the International Finance Corporation (IFC), its private sector lending arm, those institutions would have to shrink their activities, despite the extensive needs associated with Sustainable Development Goal financing.[39] The president of the African Development Bank (AfDB) has also clearly stated his belief that AfDB needs a capital increase if it is to meet the rapidly rising needs of the continent.[40]

57. In the Addis Ababa Action Agenda, it was also stressed that development banks should establish or maintain social and environmental safeguard systems, including on human rights, gender equality and women's empowerment, that were transparent, effective, efficient and time-sensitive. In August 2016, the Board of Executive Directors of the World Bank adopted a new environmental and social framework,[41] which added new provisions on labour and non-discrimination. Nonetheless, some civil society groups have seen the new framework as a setback to key environmental and social protections, owing to its heavier reliance on the accountability systems of borrower countries and greater flexibility in application of rules.[42]

58. The articles of agreement of the New Development Bank list the purposes of the Bank as supporting "sustainable development projects". The Bank adopted its environmental and social framework in April 2016, which relies on project-level or national grievance mechanisms.[43] It does not include an independent accountability mechanism to oversee compliance or accept complaints. With the exception of the Inter-American Development Bank, whose safeguard systems were adopted in 2006, the other multilateral development banks all revised their safeguard systems in 2009 or later.

59. Member States have repeatedly emphasized the importance of women's rights and gender equality, including in the outcomes of the International Conferences on Financing for Development, and encouraged international financial institutions to include gender equality in their investment decisions. In its reporting, the World Bank monitors the gender components of its lending activities. According to its April 2017 scorecard, 62 per cent of projects were gender-informed in the three dimensions of analysis, action and monitoring. In additional, 70 per cent of projects were reporting on gender results during implementation, somewhat below the target of 75 per cent. All country strategies had incorporated gender. IFC has been

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[39] World Bank Group, "A stronger World Bank Group for all", March 2017.

[40] See www.afdb.org/en/news-and-events/keynote-speech-delivered-by-akinwumi-a-adesina-president-of-the-african-development-bank-group-at-the-annual-meeting-of-the-african-development-bank-group-ahmedabad-india-may-22-25-2017-17019.

[41] Available from www.worldbank.org/en/programs/environmental-and-social-policies-for-projects/brief/the-environmental-and-social-framework-esf.

[42] Centre for International Environmental Law, "NGO response: proposed World Bank standards represent dangerous setback to key environmental and social protections", 22 July 2016, available from www.ciel.org/news/safeguard-policy-endangers-rights.

[43] See www.ndb.int/wp-content/uploads/2017/02/ndb-environment-social-framework-20160330.pdf.

collecting gender-disaggregated indicators on employment creation as a result of its investments since 2009 and reports that 673,437 women were collectively employed by IFC clients in 2014, comprising about 27 per cent of the employment reported. Among IFC nominations for positions on the boards of directors of its clients, 29 per cent were women.[44] According to the AfDB Annual Development Effectiveness Review, 70 per cent of its new projects in 2016 had gender-informed design.[45] While the most recent review no longer contains information on gender-equality outcomes, the latest data available show that 61 per cent of projects had satisfactory gender-equality outcomes in 2015, down from 78 per cent in 2014.[46] The Asian Development Bank reported that, for the period 2014-2016, 50 per cent of its operations, representing 41 per cent of financing, supported gender mainstreaming.

60. Grants and concessional lending by multilateral development banks are an important source of resources for many of the least developed countries. The concessional arm of the World Bank, the International Development Association (IDA), concluded its eighteenth replenishment round in December 2016, with donor contributions declining in nominal terms from $26.1 billion for the seventeenth replenishment in 2013 to $23.1 billion for the eighteenth. Nevertheless, a reform to allow IDA to borrow on capital markets will permit an increased commitment authority of $75 billion for the eighteenth replenishment, up from $52.1 billion for the seventeenth.[47]

61. Similar reforms have taken place at some of the regional development banks. In 2016, the Asian Development Bank restructured its capital base to enable an increase in concessional lending to eligible countries from $23 billion to $28 billion for the period 2017-2020. The Inter-American Development Bank also restructured its concessional fund to better leverage resources. In December 2016, donors agreed to contribute $4.7 billion towards a replenishment of the African Development Fund, the concessional window of AfDB, although that was down from the $5.7 billion contributed by donors in 2013.

D. Other international economic issues

Women's participation in the economy

62. Member States have repeatedly emphasized that women's equal access to, and opportunities for, participation and leadership in the economy are crucial to the realization of women's human rights and to sustainable development. The World Bank estimates that, across all countries, around 35 per cent of firms have female participation in ownership, with 14 per cent having majority female ownership, and 18.8 per cent have women as top managers.[48] In 2016, women held around 15.8 per cent of seats on corporate boards globally and 9 per cent of board seats at major

[44] See the International Finance Corporation web page on gender, available from www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Gender+at+IFC, accessed 24 July 2017.

[45] African Development Bank (AfDB), "Annual development effectiveness review 2017: transforming Africa — unlocking agriculture's potential", Abidjan, Côte d'Ivoire, African Development Bank Group, May 2017.

[46] AfDB, "Annual development effectiveness review 2016: accelerating the pace of change" Abidjan, Côte d'Ivoire, African Development Bank Group, May 2016; and "Annual development effectiveness review 2015: driving development through innovation", Abidjan, Côte d'Ivoire, African Development Bank Group, May 2015.

[47] See http://ida.worldbank.org/financing/replenishments/ida18-replenishment.

[48] See www.enterprisesurveys.org.

corporations in emerging markets.[49] The International Labour Organization has estimated that gender gaps are increasing along sectoral and occupational lines; women are also more likely than men to be in vulnerable employment, although this gap is declining. Globally, only 1.5 per cent of women in work are classified as employers, compared with 3.9 per cent of men, marking a gap of 2.4 percentage points. That gap is largest in developed countries, where it reaches 3.8 percentage points. Of women participating in the labour force in emerging countries, almost 16 per cent work as managers, professionals or technicians; nearly 40 per cent of employed women in developed countries work in those occupations.[50]

Illicit financial flows

63. Tackling tax evasion and avoidance, as well as other illicit financial flows, remains one of the biggest challenges in mobilizing revenues for sustainable development. Measuring and tracking such flows is extremely challenging owing to the clandestine nature of the underlying activity and the lack of an agreed definition. There is no single tool or process capable of effectively measuring or estimating all elements of illicit financial flows. Component-by-component and channel-by-channel analysis and estimation of illicit financial flows will allow further methodological work and proposals for relevant policy tools and options. Following the lead of the Economic Commission for Africa, in September 2016, the Economic Commission for Latin America and the Caribbean published estimates of goods trade misinvoicing for its region, showing the amount of misinvoicing ranging between $50 billion and $100 billion annually.[51] The majority of the United Nations regional commissions are planning to coordinate the production of estimates of goods trade misinvoicing in the future.

64. Tackling illicit financial flows will require the strengthening of existing institutions, the enforcement of the law and the development of new policies and practices. Innovative uses of new technologies may also be helpful. Risk and vulnerability assessments can help countries to focus their data, monitoring and enforcement efforts to the channels most relevant to their country contexts. Capacity-building to fight illicit financial flows should promote whole-of-government approaches to tackling financial crimes, thereby encouraging inter-agency and international cooperation. At the international level, strengthened financial transparency standards, the publication of beneficial ownership information and improved regional and international exchange of financial information will also assist in enforcement.

International investment agreements and facilitation

65. International investment agreement reform has made significant progress. Consolidating the first phase of that reform, most new treaties follow the UNCTAD road map for international investment agreement reform, which sets out five action areas: (a) safeguarding the right to regulate, while providing protection; (b) reforming investment dispute settlement; (c) promoting and facilitating investment; (d) ensuring responsible investment; and (e) enhancing systemic consistency. At the time of reporting, some 100 countries had used UNCTAD policy instruments to review their international investment agreement networks, and an

[49] Meggin Thwing Eastman, Damion Rallis and Gaia Mazzucchelli, "The tipping point: women on boards and financial performance", Women on Boards report, MSCI, December 2016.

[50] International Labour Organization, *World Employment Social Outlook: Trends for Women 2017* (Geneva, International Labour Office, 2017).

[51] Economic Commission for Latin America and the Caribbean, *Economic Survey of Latin America and the Caribbean 2016: The 2030 Agenda for Sustainable Development and the Challenges of Financing for Development* (United Nations publication, Sales No. E.16.II.G.3).

estimated 60 countries had used them to design treaty clauses. Global progress on sustainable development-oriented international investment agreement reform will be reviewed at the international investment agreement conference to be held in October 2017.[52]

66. In December 2016, the Trade and Development Board endorsed the UNCTAD global action menu for investment facilitation (TD/B/63/7). At the time of writing the present report, UNCTAD had conducted investment policy reviews for 45 countries, half of which were least developed countries, with the aim of helping beneficiary countries to align their investment frameworks with development objectives and enhancing the benefits from foreign direct investment. Since the start of 2017, work has begun on three more national reviews and one regional review. In addition, three national implementation reports will be presented for intergovernmental review in November 2017.

Global economic governance

67. In the Addis Ababa Action Agenda, Member States recommitted to broadening and strengthening the voice and participation of developing countries in international economic decision-making and norm-setting and in global economic governance. They also reiterated their commitment to further governance reform in both IMF and the World Bank, in order to adapt to changes in the global economy.

68. In view of the fact that the 2010 IMF quota and governance reforms have nearly reached full implementation and that only five countries have not yet consented to their proposed quota increases, attention is turning to the Fifteenth General Review of Quotas and a new quota formula. In October 2016, IMF governors agreed to set back the timetable for completion from the 2017 annual meetings to the 2019 annual meetings, "to provide adequate time to build the necessary broad consensus".[53]

69. The World Bank shareholding review agreed to in 2010 was due to be fully phased in by March 2017. The shareholding of developing countries in IBRD, the Bank's main lending arm, grew from 38.06 per cent in 2010 to 38.78 per cent as at the end of June 2017.[54] In a subsequent review of shareholding, conducted in 2015, it was decided that an agreement on further reform should be reached by the 2017 annual meetings of the World Bank Group, scheduled for October. In its March 2017 progress report on the 2015 review, the Group indicated that there was scope for a potential selective capital increase but that, at the current stage of discussion, options remained open and discussions were proceeding "on the basis that nothing is agreed until everything is agreed".[55]

Role of the United Nations

70. In the Addis Ababa Action Agenda, Member States recognized the importance of addressing inconsistencies in the international system and committed to taking better advantage of the relevant United Nations forums for promoting universal and

[52] See http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1541.
[53] IMF, "Communiqué of the thirty-fourth meeting of the International Monetary and Financial Committee", 8 October 2016, available from www.imf.org/en/News/Articles/2016/10/08/AM16-cm100816-Communique-of-the-Thirty-Fourth-Meeting-of-the-IMFC.
[54] See https://unstats.un.org/sdgs/indicators/database/?indicator=10.6.1; and "International Bank for Reconstruction and Development subscriptions and voting power of member countries", July 2017, available from http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IBRDCountryVotingTable.pdf.
[55] World Bank Group, "Shareholding review: progress report to governors at the 2017 spring meetings", March 2017.

holistic coherence and international commitments to sustainable development. Major improvements to system coherence were made in 2017, following the submission, in 2016, of the first substantive report of the Inter-Agency Task Force on Financing for Development and the creation of its online annex.[56] The members of the Task Force include the five major institutional stakeholders and over 50 United Nations system entities, international organizations and other relevant actors, such as the Financial Stability Board and the Organization for Economic Cooperation and Development. Additional major contributions were made pursuant to the second Economic and Social Council forum on financing for development follow-up. Using the guidance provided by the Task Force in its report, the substantive agreement on the outcome of the forum (E/FFDF/2017/3) sent a strong signal that the international community remains deeply committed to multilateralism and the global partnership for sustainable development, despite a challenging global environment. Member States and other stakeholders agreed to accelerate national and international efforts in all areas of the Addis Ababa Action Agenda and the means of implementation of the Sustainable Development Goals. The successful outcome of the forum provided important input for the high-level political forum on sustainable development in July 2017.

[56] Available from http://developmentfinance.un.org.