Chapter II.F

Addressing systemic issues

1. Introduction

Chapter II.F of the Addis Agenda includes commitments and action items related to institutional structures and governance of the international financial architecture, building on the Monterrey Consensus. The Addis Agenda reflects Monterrey's emphasis on the importance of coherence and consistency of the international financial, monetary and trading systems, but it goes further to integrate the three dimensions of sustainable development into the coherence agenda, including environmental and social issues, such as the international movement of people, alongside economic issues.

In the Addis Agenda, Governments reiterated their commitment from Monterrey to further governance reform in international economic decision making. In an important development in this regard, the International Monetary Fund (IMF) quota and governance reforms, agreed to in 2010, became effective in January 2016, paving the way for continued efforts to strengthen the voice and participation of developing countries in global governance.

The Monterrey Consensus further recognized the need to strengthen the international monetary and financial systems in support of development, including emphasizing that reforms to the international financial architecture should aim at poverty eradication. As noted in the Addis Agenda, the 2008 world financial and economic crisis highlighted risks and vulnerabilities in the international system. Since the crisis, important reforms have been put in place to improve its functioning, stability and resilience. The global financial safety net has been strengthened, new coordination mechanisms have been established, and regulatory reforms have been initiated. Nonetheless, vulnerabilities remain in the banking system and international capital flows continue to be highly volatile. At the same time, as noted in the Addis Agenda, developing countries are still exposed to the risk of spillover effects.

The Inter-agency Task Force intends to monitor all relevant quantitative and qualitative indicators of progress. Macroeconomic data is prevalent and already well monitored. Careful monitoring is also already in progress for the implementation of financial regulatory reforms. However, the challenge remains that data on progress in implementing such reforms are sometimes only available in relation to the Group of 20 (G20) members and a select few additional countries with large financial centres. In addition, a key issue in the Addis Agenda is the impact of regulations on incentives for investment in countries most in need and areas important for sustainable development, which is difficult to monitor. Monitoring progress in implementing this section of the Addis Agenda will largely take the form of narratives on policy development and change in that many of the actions discussed in this section do not lend themselves to monitoring through quantitative indicators.

Migration issues are covered in the chapter and concern is also expressed about violence and crime, which can impede the intended functioning of the international system. In this area, there are significant efforts at data collection on outcomes, but fewer on policy development.

2. Strengthening global governance

The Addis Agenda calls for reforms to the international architecture, including that international mechanisms and institutions should keep pace with the increased complexity of the world and respond to the imperatives of sustainable development. The Addis Agenda builds on the Monterrey Consensus in calling for the implementation of governance reforms to ensure a more inclusive and representative international architecture.

Specifically, the Addis Agenda:

- *Commits to take measures to improve and enhance global economic governance to arrive at a stronger, more coherent and more inclusive and representative international architecture for sustainable development* ***(103)***
- *Recommits to broaden and strengthen the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance* ***(106, SDG 16.8)***
- *Commits to further governance reform in both the IMF and the World Bank to adapt to changes in the global economy* ***(106, SDG 10.6)***
- *Invites the Basel Committee on Banking Supervision and other main international regulatory standard setting bodies to continue efforts to increase the voice of developing countries in norm setting processes* ***(106, SDG 10.6)***
- *Commits to open and transparent, gender-balanced and merit-based selection of the heads of main international financial institutions, and to enhance diversity of staff* ***(106)***

Indeed, there has already been progress to report in this area, as the quota and governance reforms agreed in the IMF in 2010 became effective on 26 January 2016. The reforms doubled the quota resources of the IMF and realigned quota shares to increase the aggregate voting rights of developing and emerging market countries, as well as improve their representation on the IMF board. The share of quotas and voting rights of the IMF's poorest member countries were protected, with the aggregate quota share of developing and emerging market countries increasing by 2.8 per cent to 42.4 per cent. All board members will henceforth be elected, eliminating the right to appoint an executive director that had been enjoyed by the five largest shareholders.[1]

The Addis Agenda recommits governments to additional governance reform in international economic decision-making, such as at the World Bank Group, the IMF, the Basel Committee on Banking Supervision (BCBS) and other major international regulatory standard setting bodies. The indicator for sustainable development goal (SDG) 10.6, *percentage of members and voting rights of developing countries in international organizations (10.6.1, 16.8.1)*, will inform progress in implementing these commitments; but the indicator is not comprehensive and will need to be supplemented by additional measures. The annual reports of the institutions themselves are a primary resource for assessing progress in governance reform and resource increases. The institutions also periodically publish policy documents on specific voice and participation matters, particularly in advance of board discussions on these topics, as well as in progress reports to the G20, which also monitors these issues. Many of the institutions also annually publish information on staff diversity, such as the World Bank Group's staff diversity index and the IMF's annual diversity report. Qualitative information on leadership selection processes and outreach efforts of these institutions can also be gathered. For example, reports are regularly produced by the Basel Committee's Basel Consultative Group and the Financial Stability Board's (FSB) Regional Consultative Groups.

Follow-up on these issues has also been part of the Financing for Development (FfD) monitoring process since Monterrey, and is included in United Nations meetings, particularly in the FfD process. Various United Nations bodies, including the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Department of Economic and Social Affairs (DESA), have produced additional materials on global economic governance issues.

3. Improving cooperation, coordination and policy coherence

The Addis Agenda recognizes that institutional "silos" need to be broken down through cross-fertilization of ideas and more effective coordination of actions, as well as the importance of addressing

1 Full details on the reforms, including the results for individual countries and groups, can be found at http://www.imf.org/external/np/pp/eng/2010/103110.pdf.

inconsistencies in the system. This was recognized in the Monterrey Consensus, which highlighted the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems.

Specifically, in the Addis Agenda, governments:

- *Commit to strengthen international cooperation and to pursue policy coherence and an enabling environment for sustainable development at all levels and by all actors* ***(9, 105)*** *and to take measures to arrive at a stronger and more coherent international architecture for sustainable development* ***(103, MoI 17.14)***
- *Expand the coherence agenda to include economic, social and environmental challenges* ***(103)*** *and commit to strengthen the coherence and consistency of multilateral financial, investment, trade, and development policy and environment institutions and platforms* ***(113)***
- *Call upon countries to assess the impact of national policies on sustainable development* ***(103)***
- *Call on IFIs to align their business practices with the 2030 Agenda for Sustainable Development* ***(107)***
- *Stress the importance of ensuring that agreements, rules and standards are consistent with each other and the SDGs* ***(107)***
- *Commit to take better advantage of relevant United Nations forums for promoting universal and holistic coherence and international commitments to sustainable development* ***(113)***
- *Call for increased cooperation between major international institutions* ***(113)***

As called for in the Addis Agenda, the Task Force will monitor policy coherence across international agreements and institutions. The Task Force is also responsible for assessing coherence between international agreements and domestic policies, as well as across domestic policies, with the goal of incentivizing collaboration and sustainable development impact. Coherence at the international level is multi-faceted. As identified in the Addis Agenda, coherence across the three dimensions of sustainable development should aim at consistency of multilateral financial, investment, trade, development and environment policies, institutions and platforms. Within international economic and financial institutions this could be monitored in part by the institutions themselves, were they to prepare annual reports on their efforts to align their work with sustainable development and the SDGs.[2] Many of the multilateral development banks already have corporate performance scorecards or other monitoring systems that could be aligned with the SDGs. In terms of coherence among international institutions, the 2030 Agenda and FfD processes have already served to increase cooperation between United Nations agencies, the World Bank Group and the IMF, as well as among development banks. Indeed, the very nature of the Task Force can serve to further increase collaboration between international institutions. Qualitative assessments of incoherence between different international policies can be raised by the Task Force in future reports.

The Economic and Social Council's (ECOSOC) special high-level meeting with the IMF, World Bank Group, UNCTAD and the World Trade Organization, now being incorporated into the Forum on FfD Follow-up, is also an important platform for strengthening international coherence, and its outcomes can serve as a source of information. Its prominence and participation in its discussions can serve as an assessment of whether Governments are taking better advantage of relevant United Nations forums. UNCTAD's forums are also relevant in this regard, and information can be presented about participation in intergovernmental discussions under their auspices, especially the quadrennial conference, the next of which will be in Nairobi, Kenya in July 2016. The ECOSOC Development Cooperation Forum also provides space for Governments and other stakeholders to have open exchanges about challenges and opportunities in development cooperation, and its participation, deliberations and findings can provide information on progress. The outcomes of the ongoing

2 Eve de la Mothe Karoubi and Jessica Espey with David Durand-Delacre (2016), "Indicators and a Monitoring Framework for FfD: Proposals for Follow-up and Review of the Addis Ababa Action Agenda", SDSN Working Paper.

ECOSOC dialogue on the longer term positioning of the United Nations Development System will also be useful to the Task Force.

The Quadrennial Comprehensive Policy Review (QCPR) of the General Assembly also offers a tool for guiding, assessing and monitoring system-wide policy coherence, including of funding practices. The next QCPR cycle, to be adopted at the end of 2016, is an opportunity to strategically guide policy coherence of operational activities for development in these first years of implementation of the 2030 Agenda.

Coherence at the national level may be monitored through the indicator *17.14.1 number of countries with mechanisms in place to enhance policy coherence of sustainable development*. However, the methodology for deciding whether or not a country has such a mechanism is not yet decided. The number of countries with national sustainable development strategies could provide an indication of a commitment to coherence, although there is currently no international repository for such strategies. Case studies and peer reviews, for example at the regional level, which show successful implementation of development strategies could provide guidance. Voluntary national reporting at the Forum on FfD Follow-up or the High Level Political Forum could also be of use.

4. Enhancing global macroeconomic stability with sustainable development

A stable global macroeconomic environment is a public good that can help create sufficient space for, and facilitate the implementation of, policies that contribute to sustainable development. This section looks at how countries' policies and international organizations' support can contribute to both macroeconomic stability and sustainable development in a complementary manner. Policies related to macroeconomic management, financial market governance, and social and environmental goals must be coherent and mutually reinforcing. In this regard, the Addis Agenda recognizes that public policies, regulatory gaps and misaligned incentives pose risks, including to financing sustainable development, and that there are spillover risks to developing countries. In the Addis Agenda, specifically Governments:

- *Commit to pursue sound macroeconomic policies that contribute to global stability, equitable and sustainable growth and sustainable development, while strengthening our financial systems and economic institutions* ***(105)****; and to strengthen international coordination and policy coherence to enhance global financial and macroeconomic stability* ***(105, MoI 17.13)***
- *Commit to work to prevent and reduce the risk and impact of financial crises, acknowledging that national policy decisions can have systemic and far-ranging effects well beyond national borders, including on developing countries* ***(105)***
- *Call on international financial institutions to further improve early warning of macroeconomic and financial risks* ***(107)***
- *Recognize the importance of strengthening the permanent international financial safety net* ***(107)***
- *Encourage increased dialogue among regional financial arrangements and strengthened cooperation between IMF and regional financial arrangements* ***(107)***
- *Urge the IMF to continue efforts to provide more comprehensive and flexible financial responses to the needs of developing countries* ***(107)***
- *Call on International financial institutions to support developing countries in developing new instruments for financial risk management and capacity building* ***(107)***
- *Request international financial institutions to provide support to developing countries pursuing sustainable development to assist them in managing any associated pressures on the national balance of payments* ***(107)***
- *Look forward to the special drawing rights review* ***(107)***

The IMF is responsible to the global community for identifying imbalances and policy inconsistencies with international impact, both through its annual Article IV national surveillance consultations and its multilateral surveillance reports on the global economic and financial system.[3] In addition, the United Nations monitors global macroeconomic and financial conditions through its World Economic Situation and Prospects and through the comparable economic assessment and forecasting reports by UNCTAD and the secretariats of the United Nations regional commissions. These independent assessments and forecasts, along with those of the Organization for Economic Cooperation and Development and other organizations in the public and private sector, provide a fuller picture for judging the evolving state of the global macro economy and its policy needs. All are resources that the Task Force may consult in its monitoring responsibilities. The sources of information described above will also inform the construction of the "Macroeconomic Dashboard" of SDG indicator *17.13.1*, but it is not clear which exact indicators would be used on such a dashboard.

Governments produce data on economic performance and data is also available on the activities of financial markets. In some cases Member States have also started to more closely monitor inequality and sustainability criteria. The G20 has developed a Framework for Strong, Sustainable, and Balanced Growth which guides their policies. Within this framework they provide inputs to the G20 Mutual Assessment Process (MAP), which asks, inter alia, the extent to which Member country policies are mutually consistent and the size of imbalances that policymakers might wish to address. In November 2014, the G20 members committed to lift their gross domestic product by 2018 by more than 2 per cent above the trajectory implied by polices in place in 2013. Progress in implementing the associated growth strategies was assessed at the 2015 G20 Summit and updated accountability assessments from future summits will inform the Task Force.

Data on key financial market indicators such as exchange rates, interest rates, asset price indices, and capital flows, as well as their volatility, is useful in understanding global stability risks and the presence of spillover effects, as are the IMF's Financial Soundness Indicators. In addition, the Bank for International Settlements (BIS) compiles relevant data on the activities of international banks and on global liquidity and credit market conditions. As noted in the Addis Agenda, national policy decisions can have systemic and far-ranging effects well beyond national borders, including on developing countries. Policy decisions taken by some countries have greater systemic implications than decisions by others, and qualitative and quantitative information on policy spillovers can be presented by the Task Force, building on existing economic monitoring such as that done by the regional economic commissions. Within the United Nations System, the Global Policy Model is a tool for investigation of policy scenarios for the world economy which allows analysis of the impacts of such policy spillovers.

As part of the IMF's responsibility for assessing macroeconomic and financial vulnerabilities and risks across its membership, the IMF prepares Financial System Stability Assessments (FSSAs) at least every five years for 29 countries with systemically important financial sectors and at longer intervals for other countries. The IMF also undertakes semi-annually an institution-wide Vulnerability Exercise and a joint IMF-FSB Early Warning Exercise. The latter is presented to the IMF's International Monetary and Financial Committee (IMFC) and will inform the Task Force. The IMF's debt sustainability framework for market access countries and the joint IMF-World Bank low income country (LIC) debt sustainability framework (see chapter II.E) also help alert policy makers to emerging sovereign debt risks. They are now routinely included in national Article IV consultations and are available for global assessments of sovereign debt vulnerabilities.

Importantly, the effectiveness of these and other surveillance efforts is reviewed periodically, including in the IMF's Comprehensive Surveillance and FSAP Review (both planned for 2019), which could inform the monitoring effort.[4] A periodic Cri-

3 In addition to the semi-annual flagship publications (including the World Economic Outlook, the Global Financial Stability Report and the Fiscal Monitor), other multilateral surveillance products include periodic updates to the flagship publications, G20 Surveillance Notes, Spillover Reports and External Sector Reports, among others.

4 The IMF's Independent Evaluation Office (IEO) recently reviewed the IMF's self-evaluation activities: http://www.ieo-imf.org/ieo/pages/CompletedEvaluation260.aspx.

sis Program Review assesses the IMF's effectiveness in preventing and mitigating the impact of financial crises and propose avenues for reform, as needed.[5] Other relevant periodic reviews address the IMF's programmes of assistance, including the Review of Conditionality and the Design of Fund-Supported Programs (next planned for 2017), the Review of the Policy on Debt Limits in Fund-Supported Programs (next planned for 2018), the Review of Concessional Facilities (next planned for 2018), and the Review of the (non-concessional) Flexible Credit Line and the Precautionary and Liquidity Line of Credit, and the concessional Rapid Financing Instrument (on which a stocktaking of experience is planned for 2018). In addition, the Review of Eligibility for the Poverty Reduction and Growth Facility (next planned for 2017) and the Review of Interest Rates on drawings from the Poverty Reduction and Growth Trust (next planned for 2016) will cover the access to and the terms of concessional financing by the IMF.

In addition, more work on possible steps to broaden the use of the special drawing rights (SDR) is envisaged in the context of the IMF's broader work agenda on international monetary system reform (with a diagnostic paper planned for 2016).

The effort to monitor progress in implementation of many of the commitments related to macroeconomic policy development and institutional design will be able to draw on the periodic reviews undertaken by the multilateral institutions and other stakeholders. For example, the IMF's Global Policy Agenda, presented to the IMFC twice a year, provides regular assessments of national and multilateral policy priorities to enhance financial stability and report on their implementation.[6] Along these lines, a number of possible near term inputs for the monitoring effort can already be identified. The annual volume of financial support provided by the IMF and other multilateral organizations is readily monitored, as the commitments and net disbursements by the institutions for these purposes are regularly published. Indeed, data on lending commitments and disbursements (concessional and non-concessional) can be used to assess the comprehensiveness and flexibility of the international community's financial responses to the macroeconomic support needed by developing countries. Similarly, the level of support provided to countries through the IMF's Extended Credit Facility (ECF), in particular to countries that encounter balance-of-payments problems associated with investments in sustainable development, may provide useful monitoring information for the Task Force.

More generally, the Task Force could survey the scope and effectiveness of ongoing initiatives to strengthen dialogue about the comprehensiveness and complementarity of the multiple instruments of multilateral financial cooperation. In this regard, a forthcoming report by the IMF to the G20 on the Adequacy of the Global Financial Safety Net Architecture (planned for 2016) will provide a useful diagnostic to guide and monitor future steps to strengthen safety nets. Separately there will be a series of reports on the adequacy and composition of the IMF's finances, including the 15th General Review of Quotas, which can now begin in earnest because of the implementation of the 2010 governance reforms. The assessment of progress in cooperation with regional financial arrangements can draw on a forthcoming review of the IMF's modalities of engagement with other organizations (planned for 2017). Independently, input from the regional economic commissions could provide information on the scope and effectiveness of regional financial and monetary arrangements.

Ultimately, stability of the system is a means for sustainable and equitable growth and sustainable development. Monitoring macroeconomic and financial market risks can be complemented by the examination of data related to socio-economic outcomes such as unemployment levels and wages, which are higher frequency than poverty assessments based on household surveys, as well as trends in inequality between and within countries.

5 These reviews are often complemented by reviews by the IMF's IEO, such as the forthcoming evaluation of the IMF's response to the Euro Area crisis in the second half of 2016. See http://www.ieo-imf.org.

6 The latest GPA is available at http://www.imf.org/external/pp/longres.aspx?id=4987.

5. Shaping financial market regulation for sustainable development

In the midst of the 2008-2009 financial crisis, United Nations and G20 conferences highlighted the major failures in the financial sector and of financial regulation and supervision. The Addis Agenda emphasizes the importance of strengthening regulatory frameworks at all levels to further increase transparency and accountability of financial institutions, and to address the regulatory gaps and misaligned incentives in the international financial system. The follow-up process needs to be concerned with how well regulatory frameworks foster stability and sustainability, while also promoting access to finance and sustainable development. Learning about the relationship among these issues is crucial to help countries find ways to boost access and sustainability without compromising financial safety.

Within the Addis Agenda, Member States commit to:

- *Work to strengthen regulatory frameworks to increase transparency and accountability of financial institutions* ***(25, SDG 10.5)***
- *Hasten completion of the reform agenda on financial market regulation* ***(109)***
- *Address the risk created by "too-big-to-fail" financial institutions and address cross-border elements in effective resolution of troubled systemically important financial institutions* ***(109)***
- *Sustain or strengthen frameworks for macroprudential regulation and countercyclical buffers* ***(109)***
- *Assess and if necessary reduce the systemic risks associated with shadow banking, markets for derivatives, securities lending, and repurchase agreements* ***(109)***
- *Reduce mechanistic reliance on credit rating agency assessments, including in regulations* ***(110)****; promote increased competition and avoid conflict of interest in the provision of credit ratings* ***(110)****; support building greater transparency requirements for evaluation standards of credit rating agencies and commit to continue ongoing work on these issues, including in the United Nations* ***(110)***

Member States further acknowledge that:

- *When dealing with risks from large and volatile capital flows, necessary macroeconomic policy adjustment could be supported by macroprudential and, as appropriate, capital flow management measures* ***(105)***

Monitoring of financial market regulatory frameworks will focus on systemic risks, as well as on ensuring access to finance in a balanced manner. Work in this area is in large part overseen by activities of the FSB and the IMF. The FSB promotes international financial stability through information exchange and cooperation of national financial authorities and international standard-setting bodies, and by encouraging coherent implementation of policies across sectors and jurisdictions. The BCBS sets standards for prudential regulation and sound supervision of banks and provides a forum for cooperation on these matters. The International Association of Insurance Supervisors (IAIS) is the independent global insurance standard-setter. The FSB promotes cooperation among international financial regulatory policies among its member jurisdictions. It assesses vulnerabilities affecting the global financial system on an ongoing basis to reduce systemic risk, and considers the regulatory, supervisory and related actions needed to address these vulnerabilities. However, measuring the strength of international standards and national implementation of them is not straightforward because of the evolving nature of financial risks, and due to limits on comprehensive oversight by regulatory boundaries.

A key issue stressed in the Addis Agenda, including in chapter II.B, is the impact of regulations on access to credit in areas that might be particularly important to achieving sustainable development, as well as to countries most in need. The FSB, as well as the global standard setting bodies, also monitor implementation and the effects of reforms. This includes what are called "unintended consequences" of reforms on developing countries, including issues of access to credit. The FSB monitors these spillover effects in developing countries through country surveys as well as through meetings of its Regional Consultative Groups, which include representatives from 65 countries. In November 2015, the FSB published its inaugural annual report on the implementation and effects of financial regulatory reforms, which includes a summary assessment on implementing reforms in developing countries.

The IMF also monitors financial spillover risks as part of its regular surveillance. This monitoring informs, among other things, the IMF's semi-annual Global Financial Stability Report (GFSR), which provides an assessment of the global financial system and markets, including financial spillovers. Each edition of the GFSR presents data on indicators that the IMF considers relevant to current market conditions, and analysis of systemic issues that could pose a risk to financial stability. This can include measures of credit, credit impairment and credit growth; corporate, household and sovereign debt; interest rates; equity and other assets prices; and a host of other areas. The BIS' data in this area, mentioned above, are also relevant.

In coordination with the BIS and the FSB, the IMF is also drawing out the key elements of effective macroprudential policy frameworks and tools, which could in turn guide and assess their use in the future. The BCBS also contributes to implementation of macroprudential regulation, in particular implementation of the countercyclical capital buffer. A forthcoming stocktaking exercise by the IMF (planned for late 2016) of country experiences in dealing with capital flows for the G20 will draw lessons and examine emerging issues, including with respect to the framework to manage capital flows articulated by the IMF's institutional view. The United Nations System has also done work on capital account management, including publishing a compendium of capital account management measures used globally. Future work in this area building on existing capacities can inform the Task Force. Work in this area is also done by academics and research institutes, as well as by national institutions. Case studies on country experiences could be included in the Task Force reports and discussed in the Forum on FfD Follow-up.

Also on the individual country level, the Financial Sector Assessment Program (FSAP), done jointly by the IMF and the World Bank Group in developing economies and by the IMF in developed economies, involves comprehensive assessments of the stability of the country's financial sector and its potential contribution to growth and development. The FSAP's components include an examination of vulnerabilities and resilience of the financial system, financial sector policy framework, and financial safety nets. The FSAP assessments conducted since 2009 increasingly analyse macroprudential frameworks as well as inward and outward financial spillovers. An overall review of the IMF-World Bank Standards and Codes Initiative[7] is also underway and its outcomes could potentially inform the Task Force's monitoring efforts.

Monitoring implementation of bank regulatory standards is a continuous process involving both assessments and self-reporting. The Regulatory Consistency Assessment Programme (RCAP) of the BCBS assesses and promotes consistency in implementation of bank capital and liquidity requirements, in particular of Basel III. For example, they have completed assessments of the risk-based capital framework for 14 jurisdictions and implementation of the liquidity coverage ratio (LCR) for five jurisdictions, with further assessments to be completed this year. In addition, the RCAP reports include assessments of the implementation of capital buffers. Finally, thematic assessments have been completed (and are ongoing) through the RCAP process. The BCBS also publishes semi-annual progress reports on the adoption of each element of the Basel regulatory framework for G20 and other countries with systemically significant financial sectors, with numerical ranking of each country based on their progress on a scale of 1–4.

Furthermore, the FSB is implementing a policy framework agreed by its members aimed at transforming shadow banking into resilient market-based finance. As part of this, the FSB conducts an annual monitoring exercise covering global trends and risks of the shadow banking system. It provides quantitative assessment of the activities of shadow banks in 26 jurisdictions. However, the attempt to quantify risks from these activities has encountered

7 The IMF and World Bank have endorsed internationally recognized standards and codes in 12 areas as important for their work and for which Reports on the Observance of Standards and Codes (ROSCs) are prepared. ROSCs covering financial sector standards are usually prepared in the context of the Financial Sector Assessment Program.

difficulties in collecting data, which FSB members will address through greater data availability and information-sharing. In this context, the BCBS has focused its work on assessing risks associated with banks' exposures to and interactions with non-banks and other market-based financing. This has been addressed through a number of new or revised prudential and supervisory frameworks published since 2013. There is ongoing work to identify and measure "step-in risk" associated with shadow banking.[8] The FSB is also coordinating implementation of agreed reforms to derivatives markets and publishing semi-annual reports on implementation of the agreed reforms which assess countries on each measure on a scale of 1-3 in terms of their status of implementation.

An important post-2008 public policy concern is to reduce the systemic risks and the associated moral hazard problem created by financial institutions that are seen to be "too big to fail". The FSB's systemically important financial institution (SIFI) framework seeks to address this, first, with "global systemically important banks" (G-SIBs) being identified by the BCBS and with "global systemically important insurers" (G-SIIs) being identified by the IAIS. It further identifies policy measures to address the risks these institutions pose to the financial system and recommends their inclusion in national regulatory standards. Assessment of implementation is be covered by the mechanisms described above, and can inform the Task Force. The list of G-SIBs and G-SIIs is annually reviewed by the FSB based on methodologies agreed by the standard setting bodies and information provided by national authorities. Finally, should individual SIFIs need to be wound up, the FSB has adopted Key Attributes of Effective Resolution Regimes for Financial Institutions as an international standard for resolution of financial institutions that could be systemic in failure, including a particular focus on policies to enable effective cross-border resolution, as these institutions typically operate in multiple countries. The FSB carries out annual monitoring of the progress made by FSB member jurisdictions in aligning national resolution regimes for all financial sectors with this international standard. The IAIS will be conducting G-SII peer reviews focusing on the way in which insurance supervisors have incorporated policy measures into their regulatory and supervisory frameworks. The Task Force report can make use of this work by the FSB and IAIS.

In terms of implementing regulatory reforms to insurance markets, the IAIS is conducting thematic self-assessment and peer reviews designed to assess all areas of insurance supervision reflected in the Insurance Core Principles over five years.[9] These peer reviews assess levels of observance taking into account regulatory frameworks and supervisory practices and help strengthen the observance and understanding of the Insurance Core Principles. The IAIS prepares both an individual jurisdiction report and an aggregate report. The individual report can assist the jurisdiction in developing an action plan, either independently or with partners, to address weaknesses within the supervisory system. The aggregate reports provide valuable information to the IAIS as part of a feedback loop on standard-setting activities and input to implementation partners on areas where there are global or regional challenges for implementation of the Insurance Core Principles. Where appropriate, the Task Force can report on these efforts.

With respect to the role of credit rating agencies (CRAs) in assessing the riskiness of the loan portfolios of financial institutions, the FSB issued Principles for Reducing Reliance on CRA Ratings In 2010. In 2014 the FSB published a peer review on member jurisdictions' implementation of the Principles. The FSB's Implementation Monitoring Network provides updates on implementation of the Principles and these are published on the FSB website. The outcome of the BCBS's ongoing review of the standardised approach to credit risk which is being discussed as part of international bank regula-

8 Step-in risk refers to the risk that a bank will provide financial support to an entity beyond, or in the absence of, its contractual obligations should the entity experience financial stress. See http://www.bis.org/press/p151217b.htm.

9 To date, the IAIS has completed assessments on ICP 1 (Objectives, Powers and Responsibilities of the Supervisor); ICP 2 (Supervisor); ICP 4 (Licensing); ICP 5 (Suitability of Persons); ICP 7 (Corporate Governance); ICP 8 (Risk Management and Internal Controls); ICP 9 (Supervisory Review and Reporting); ICP 10 (Preventive and Corrective Measures); ICP 11 (Enforcement); and ICP 23 (The Group-wide Supervisor).

tory standards will also be reported. At the United Nations, both the General Assembly and ECOSOC have held meetings on the impact of credit rating agencies on financing for sustainable development. The Task Force can make use of self-reported data from the CRAs, as well as monitor usage of CRA ratings in regulations and their use as thresholds in the investment policies of institutional investors. It can also report on the establishment of new agencies, the market structure, and changes to the regulatory structure for CRAs. Future United Nations meetings can serve as a venue for self-reporting and further discussion.

6. Promoting safe migration

The migration-related commitments in the 2030 Agenda for Sustainable Development, which focus on the rights of migrants regardless of migration status, are complementary to those in the Addis Agenda, which focus on both their rights and their economic activities. Comprehensive data are scarce, which may necessitate a case study approach to assessments of policy development.

Within the Addis Agenda, Member States:

- *Commit to cooperate internationally to ensure safe, orderly and regular migration, with full respect for human rights* ***(111, SDG 10.7)***
- *Endeavour to increase cooperation on access to and portability of earned benefits, enhance the recognition of foreign qualifications, education, and skills, lower the costs of recruitment for migrants, and combat unscrupulous recruiters, in accordance with national circumstances and legislation* ***(111)***
- *Endeavour to implement effective social communication strategies on the contribution of migrants to sustainable development in all its dimensions, in particular in countries of destination, in order to combat xenophobia, facilitate social integration, and protect migrants' human rights through national frameworks* ***(111)***
- *Reaffirm the need to promote and protect effectively the human rights and fundamental freedoms of all migrants, especially those of women and children, regardless of their migration status* ***(111, SDG 8.8)***

The SDG indicators address a number of the concerns reflected in the above commitments, including *10.7.1 recruitment cost borne by employee as a proportion of yearly income earned in country of destination; 10.7.2 number of countries that have implemented well-managed migration policies; and, 8.8.1 frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status*. In addition, SDG indicators are to be disaggregated by migratory status, among other dimensions, where relevant. The Addis Agenda is more expansive than the SDG indicators, covering migration policies, migrants' social and economic outcomes, and the effective promotion and protection of the human rights of all migrants.

While the demands for reliable data on migration have increased in recent years, timely and quality disaggregated data on migration are scarce, especially as regards undocumented or irregular migrants. Even when migration statistics exist, policy-makers may not make full use of them because they may be scattered among different stakeholders and within and across government ministries. Currently, the available data on migration is collected through population and housing censuses; national household surveys; labour force surveys; population registers; administrative sources such as data on residence or work permits, asylum applications, registration of displaced persons, consular data and border collection data, and measurement of international remittances transfers; indicators of government policies; and public opinion polls. Other sources of data on migration include findings of human rights violations, which may come from a variety of sources, including national human rights institutions, as well as expert judgements of national, regional and international expert bodies and non-governmental organizations working with migrant communities, where appropriate.

The Office of the United Nations High Commissioner for Human Rights (OHCHR) monitors the implementation of migrants' rights by country through its programmes and the international human rights monitoring mechanisms. Additionally, the OHCHR has developed human rights indicators, which have been further adapted under the umbrella of the Global Knowledge Partnership on Migration and Development to increase their relevance for migrants and their families, with an initial focus on the rights to health, education and decent work. As the methodology is used by national authorities, the data can be useful to the Task Force's work.

Integrated application of non-traditional data sources such as big data, border interviews, aerial surveys and satellite imagery offer new options for locating and supporting migrant populations. Geo-spatial mapping of population data offers countries sub-national and small-area estimations of population and has the potential to locate out-of-school and unemployed young people who are at higher probability of migration. It is particularly important to ensure that a range of data sources are utilized, given that undocumented migrants are for the most part not captured in socioeconomic and administrative statistics.

Data compatibility, validity, availability, quality and collection capacity also remain major challenges in this field. The International Labour Organization (ILO) has begun efforts to develop international standards on the measurement of labour migration statistics through the International Conference of Labour Statisticians (ICLS), which established a working group with the aim of sharing good practices and developing a work plan for defining international standards on labour migration statistics. The United Nations Statistical Commission, working with the United Nations High Commissioner for Refugees, has initiated work to strengthen statistics on displaced persons and to improve their incorporation into national statistical systems.

The International Organization for Migration (IOM) and DESA are in the process of developing an "International Migration Policy Index", which covers a broad range of issues considered relevant to "well-managed migration policies". This survey-based index will assess government policies across six key migration policy domains.[10] The survey data will be drawn from and build upon DESA's United Nations Inquiry among Governments on Population and Development, which has directly surveyed governments on changes in migration policy since 1976.[11] Data on migration policies are also collected by IOM's field offices.

The ILO has been working in a number of regions towards mutual recognition of skills and qualifications. Reporting would have to be qualitative or case-study based to present the nuances and details of these types of processes. Other tools could focus on measuring migrants' economic and social outcomes. Existing intergovernmental frameworks, such as the Programme of Action of the International Conference on Population and Development (ICPD), similarly offer means to support the Addis Agenda commitments. For example, a number of indicators, at various stages of development, were included in the ICPD beyond the 2014 monitoring framework, such as: existence of laws that ensure equal access to health services for international migrants; bilateral and regional agreements on the recognition of qualifications of international migrants; bilateral and regional agreements signed and implemented on portability of social security; existence of legislation protecting against forced evictions; and existence of temporary protection policies, including shelter, among others.

7. Combating transnational crime

The Addis Agenda commits to prevent all forms of violence, combat terrorism and crime, and end human trafficking and exploitation of persons, in particular women and children, in accordance with international human rights law. Lack of harmonised

10 The domains include: 1) Institutional capacity and policy – Is there at least one dedicated government entity responsible for designing and periodic reporting on an overall migration policy? 2) Migrant rights – Has the country ratified core international conventions pertaining to migrants, refugees and stateless persons? 3) Safe and orderly migration – Does the government collect and release data on the number of victims of trafficking and migrant fatalities? 4) Labour migration and recruitment costs – Recruitment costs have at the national level decreased as a percentage of the average yearly income for the first three years; 5) International partnerships – Has the country signed bilateral labour agreements concerning the movement of workers? 6) Humanitarian crises and migration policy – Does the government's humanitarian policy include measures in relation to forced displacement of persons?

11 United Nations Department of Economic and Social Affairs (2013) International Migration Policies: Government Views and Priorities (see http://goo.gl/TSnsRY).

standards in data collection and analysis, and the illicit nature of the activities involved can make follow-up difficult in this area, but existing reporting tools can be of assistance.

In the Addis Agenda, Governments:

- *Commit to strengthen regional, national, and subnational institutions to prevent all forms of violence, combat terrorism and crime, and end human trafficking and exploitation of persons, in particular women and children, in accordance with international human rights law* ***(112, SDG 5.2, 8.7, MoI 16.a)***
- *Commit to strengthen national institutions to combat money laundering, corruption and the financing of terrorism, which have serious implications for economic development and social cohesion* ***(112)***
- *Commit to enhance international cooperation for capacity building in these areas at all levels, in particular in developing countries* ***(112)***
- *Commit to ensuring the effective implementation of the United Nations Convention on Transnational Organized Crime* ***(112)***

The SDG indicators address the commitments on violence against women and child labour reflected above, including *5.2.1* and *5.2.2* related to physical, sexual or psychological violence against women and girls aged 15 or older; and, *8.7.1 proportion and number of children aged 5-17 years engaged in child labour, by sex and age*. The UN Office on Drugs and Crimes (UNODC) already monitors crime trends and the justice interface. It regularly provides global statistical series on crime, criminal justice, drug trafficking and prices, drug production and drug use. There is some useful data from national population (and business-based) victimization surveys, but the quality, coverage and analytical relevance of administrative data varies, and quality can be improved. International standards are available for the implementation of victimization surveys, and for improving administrative records through the adoption of the International Classification of Crime for statistical purposes.

Collecting data, creating indicators and other means of monitoring progress on crimes and crime prevention remains difficult because (i) many countries do not collect data related to crime trends; (ii) when data do exist they often are not sufficient to lend themselves to time-series trend analysis; (iii) the interpretation of data and the attempt to collect and analyse data can be political in nature and, therefore, open to manipulation; and (iv) certain types of available data, especially those designed to reflect implementation (for example trafficking seizures, prosecutions, filing of mutual legal assistance requests), do not clearly reflect trends (e.g., an increase in seizures could be the result of an increase in trafficking or an increase in the effectiveness of law enforcement).

While there is broad data on various elements related to adherence to and implementation of elements of the normative framework (adherence to various instruments, etc.) these may not be useful in monitoring the extent (or impact) of "illegal activities." The report may draw on a range of selected studies on transnational organized crime, including threat assessments and trafficking in persons. Efforts to follow-up on anti-money laundering and illicit financial flows were covered in chapter II.A on domestic public finance.

UNODC and other relevant organizations monitor and evaluate their own capacity-building efforts through annual reports which also provide information on funding trends on capacity-building in these areas. The number of countries that have signed and ratified the United Nations Convention on Transnational Organized Crime and changed their national legislation as a result of the Convention will provide a measure of progress on its effective implementation.