THE NEW MAP OF INTERNATIONAL FINANCIAL INSTITUTIONS

The authors of this article are Isabel Garrido, Pablo Moreno and Xavier Serra of the Associate Directorate General International Affairs.

Introduction

The international economic order has undergone far-reaching changes since 2009 in response to the global financial crisis and to its consequences in the economic, financial and regulatory spheres. This period has seen the re-design of the governance and policies of the traditional institutions that arose from the Bretton Woods agreements — namely the International Monetary Fund (IMF), the World Bank (WB) and the International Trade Organization (ITO) — and the emergence of new institutions, at both the global and regional scale, all of them under the stewardship of a reinforced G20, which has taken the reins of international economic coordination.

As a result, the new map of international economic relations has taken shape, characterised by the greater weight of the emerging economies (in keeping with their growing importance in the global economy), greater institutional complexity (with the proliferation of regional arrangements), a greater volume of resources and the development of new instruments and strategies. Playing a key role in this new map are the international economic bodies, which may be classified in four major blocks in terms of their principal mission in the global framework: institutions geared chiefly to maintaining economic and financial stability, i.e. to crisis management and crisis prevention (such as the IMF); institutions geared to promoting growth and development (development banks); trade agreements (WTO and multilateral integration agreements) and surveillance and regulation bodies, such as the Organisation for Economic Co-Operation and Development (OECD) and the Financial Stability Board (FSB).[1]

This article addresses the main defining elements of this map of international relations, paying particular attention to the International Financial Institutions (IFIs), in which we include, for the purposes of this article, the first two blocks: institutions geared to maintaining stability and those focusing on the development of growth strategies. In the second and third sections we review the changes made to both sets of institutions. We then look at the new global strategies underpinning the growing coordination and interconnectedness of IFIs, in particular the G20 growth strategy and the new sustainable development goals (SDGs).

New institutional map for economic and financial stability

The main change in the group of institutions dedicated to ensuring stability has been the development of what is known as the Global Financial Safety Net (GFSN). Up to 2009, the IMF was the main international financial institution with this function. Since then more complex arrangements have been forged, seeing other agents coming into play, mainly the regional financing agreements (RFAs) and the bilateral liquidity provision mechanisms (such as the swap agreements between central banks or the granting of loans between countries).

Table 1 shows the main elements of this new framework, highlighting the following: a) the development of new institutional governance patterns; b) the increase in the volume of resources, and c) the design and implementation of new crisis prevention and crisis resolution strategies and instruments.

1 This classification is not exclusive, since there are institutions that perform functions characteristic of several blocks, such as the Bretton Woods institutions themselves, which also have a supervisory function.

MAIN CHANGES SINCE 2009 IN THE INSTITUTIONAL MAP OF ECONOMIC AND FINANCIAL STABILISATION

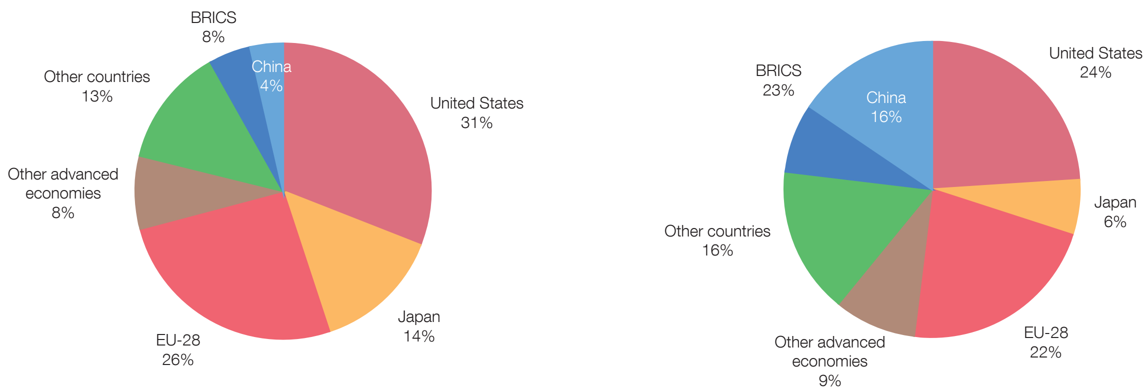
TABLE 1

Institutions and international agreements	
IMF	Improved governance and legitimacy with re-balancing of voting power and realignment of the Board in favour of emerging economies. Permanent resources are increased threefold, the crisis resolution lending policy is made more flexible (more realistic conditionality and greater access to resources), and new precautionary instruments are created. New forms of working in coordination with third parties (troika in Europe). Historical increase in the volume of lending, with an annual average of SDR 74 billion (compared with 13 billion in 1990-2008) and an annual maximum of over 140 billion in 2011 (the annual maximum in prior years did not reach 40 billion).
Group of creditors	Paris Club. Opening up to countries not belonging to the Club (access to meetings, negotiations, working groups, ad hoc participation), e.g. participation of China, South Korea, South Africa and Brazil. Greater transparency and growing coordination with private creditors, mainly the IIF (Institute of International Finance). Launch of the "Paris Forum" (2013), with annual creditor-debtor dialogue, along with the G20.
	Institute of International Finance (IIF). Growth and diversification of members and private institutions from emerging countries (rising from 230 in 2008 to 500 in 2015, in 70 countries). New principles accepted on clauses linked to the restructuring of the ICMA (International Capital Market Association).
Institutions and regional and bilateral agreements	
EU	**European Stability Mechanism (ESM),** 2012. Inter-governmental mechanism of the euro area countries, with a lending capacity of €500 billion. The loans are subject to conditionality and are usually combined with IMF aid. It has a broad range of instruments, including bail-out loans, precautionary credit lines, government debt purchases and direct bank recapitalisation. The ESM replaces temporary mechanisms that had been activated as from 2010 - Greek loan, European Financial Stability Facility (EFSF).
	"BoP Assistance". This is a conditionality-based credit line intended for non-euro area EU members. Its resources have been increased from €12 billion to €50 billion. After having been inactive from 2002 to 2007, it was activated from 2008 for Hungary, Lativa and Romania, with assistance granted in combination with other agencies (IMF, WB, European Bank for Reconstruction and Development (EBRD), and on a bilateral basis).
Asia	Chiang Mai Initiative Multilateralization (CMIM). The Initiative was multilateralised in 2010, and the related amount rose from $80 billion to $120 billion (in 2010) and $240 billion (in 2012). It also introduces precautionary instruments, and the crisis-resolution programmes are coordinated with an IMF programme.
BRICS	**Contingency Reserves Agreement (CRA),** 2014. This is a pool of reserves of the central banks of the countries identified as BRICS, with capital of $100 billion and China as the majority shareholder (40% of the voting power). It can grant precautionary and contingent loans instrumented via swaps, with the first tranche of 30% of the country's maximum financing not tied to an IMF programme.
Middle East	Arab Monetary Fund (AMF). Authorised capital is doubled (to $1.2 billion) and increase in loanable amounts (up 300% to $689 million in annual average terms over the 2009-2014 period from $231 million on average from 1978 to 2008). A new precautionary credit line without conditionality is also created for countries with sound fundamentals.
Latin America	Latin American Reserves Fund (LARF). $2.3 billion increase in capital to $3.6 billion in 2013, and a new member (Paraguay).
Bilateral initiatives	Swap lines. Currency swap lines between central banks increased twenty-fold between 2008 and 2014 (to $2.5 billion) and the number of agreements almost doubled, with the regional scope of agreements expanding.
	Bilateral loans. There have been various bilateral financing agreements in general between countries with a high risk of contagion, or for geostrategic reasons. For example: euro area to Greece and Ireland; United States to Ukraine; Saudi Arabia to Egypt. They are usually linked to the financial support of the IMF or of a regional instrument.

SOURCES: Institutional reports and own data.
NOTE: New institutions in bold.

BREAKDOWN OF GLOBAL GDP, 2000 vs 2015

CHART 1



SOURCE: October 2015 WEO data.
NOTE: GDPmp figures.

NEW GOVERNANCE FOR STABILISATION

The changes in governance have been two-pronged: the reform of the IMF's decision-making structures, and the setting up of new regional institutions, which have also supported the IMF's stabilisation function.

As regards the change of governance of the IMF, there has been a series of reforms since 2006 aimed at amending the distribution of the institution's quotas and the composition of its Executive Board, in order to increase the voice and representation of the emerging economies. The process of reform has been slow, with stops and starts and lengthy extensions, owing to the complex balance of powers within the institution and to historical inertia. In short, the highlights[2] have included: increases in quotas favouring emerging and under-represented countries; the introduction of a new formula increasing the theoretical quota of the emerging economies; the realignment of the Board (which is part of the 2010 reform, ratified by the United States in December 2015)[3]; a substantial extension of the IMF's multilateral borrowing arrangement (the so-called NAB); the election of an additional, Chinese deputy managing director, and the inclusion of the renminbi in the basket of special drawing rights (SDRs, the IMF's currency).

These changes are largely in response to the need to reflect the greater relative weight of the emerging economies in the global economy. As Chart 1 shows, there has been a salient rise in the countries identified as BRICS (Brazil, Russia, India, China and South Africa), which will account for more than 33% of global GDP in 2020, according to the IMF, with China foremost. Accordingly, the governance reforms will strengthen the legitimacy of the IMF, an institution in which countries' representation should reflect their economic weight. The new balance appears to be stable, although certain issues remain outstanding in relation to the design of the formula and to the advisability of establishing some type of mechanism to ensure convergence between the effective quota (that the country actually has) and the calculated quota (that which corresponds to it according to the formula). China is the chief example of this discrepancy, since following the implementation of the 2010 reform it will have an effective quota of 6.4% (ranked third after the United States and Japan), far removed from its calculated quota (11.3%).

2 Developed in Moreno (2012).
3 The US quota affords it veto power, whereby the 2010 reform could not be approved without US ratification.

With regard to the growing importance of the role played by regional institutions, this stems both from the greater allocation of resources to those already existing and to the creation of new institutions. Of note here is the development of a new institutional architecture in the euro area (EA), the extension of the Chiang Mai initiative in Asia and the creation of the Contingency Reserves Arrangement (CRA) by the BRICS. In other regions the resources of the stabilisation institutions have also increased, albeit to a less significant extent (see Table 1).

Europe has developed an extensive financial support toolbox for its member countries, especially in the EA. The process has been a staggered one, with the keynote being the creation of the European Stability Mechanism (ESM), which commenced operating in October 2012[4] and has a lending capacity of €500 billion. Asia notably saw the Chiang Mai Initiative Multilateralization (CMIM, created in 2000 and multilateralised in 2010) and, in the case of the BRICS, there was the CRA. Both arrangements are structured as a pool of reserves available to their members and, in both, China plays a central role, contributing the largest amount of resources. In a similar fashion to the ESM, CMIM and CRA loans are arranged in conjunction with an IMF programme (except for a first tranche of up to 30% of the maximum amount to which a country may have access).

Internationally, mention may also be made of the initiatives of public and private bilateral creditors in respect of debt rescheduling or restructuring, including the opening up of the Paris Club to non-member countries, a matter of particular significance in the case of China, which has become one of the main global creditor countries.

All these initiatives mark a qualitative change in governance for the stabilisation of countries in crisis. It is a matter of combining complementary sources of financing and of new means of action, with greater weight on the part of regional institutions in bail-out design and financing. In this respect, a new challenge is posed in terms of coordinating these institutions, the aim being to optimise resources and the complementarity of the different institutions.[5]

MORE RESOURCES MORE WIDELY DISTRIBUTED AMONG INSTITUTIONS

The new institutional arrangements are particularly evident in the distribution of the resources for stabilisation. Chart 2 shows the changes in the overall resources available for crisis-coverage since 2000. There are two key features: the boosting of the IMF's resources (increased fourfold and with the structure changed, including up to 30% of temporary bilateral loans[6]), and the growth of funding sources complementary to the IMF, including the accumulation of reserves, the volume of swap facilities and the development of RFAs.

Of note in terms of their amount is the substantial growth of reserves as a means of self-insurance for the country, in the event of a balance of payments crisis, although their distribution is very uneven (with the notable weight of China, which accumulates more than 30% of global reserves). Since 2000, reserves have increased fourfold and totalled close to $12 trillion in 2015, far above the combined resources of the IMF and RFAs ($2.7 trillion). Mention may also be made here of the swap arrangements between central banks, generally linked to liquidity provision in currencies to the banking sector aimed at

4 The ESM replaces the European Financial Stability Fund (EFSF), which had been set up in 2010 as a transitory instrument in the context of the financing of Greece, Ireland and Portugal. The EFSF is not allowed to grant new aid since July 2013, but it will remain active until the cancellation of its outstanding loans. Since 2010, the European Financial Stabilisation Mechanism (EFSM) has been in place in the EU.

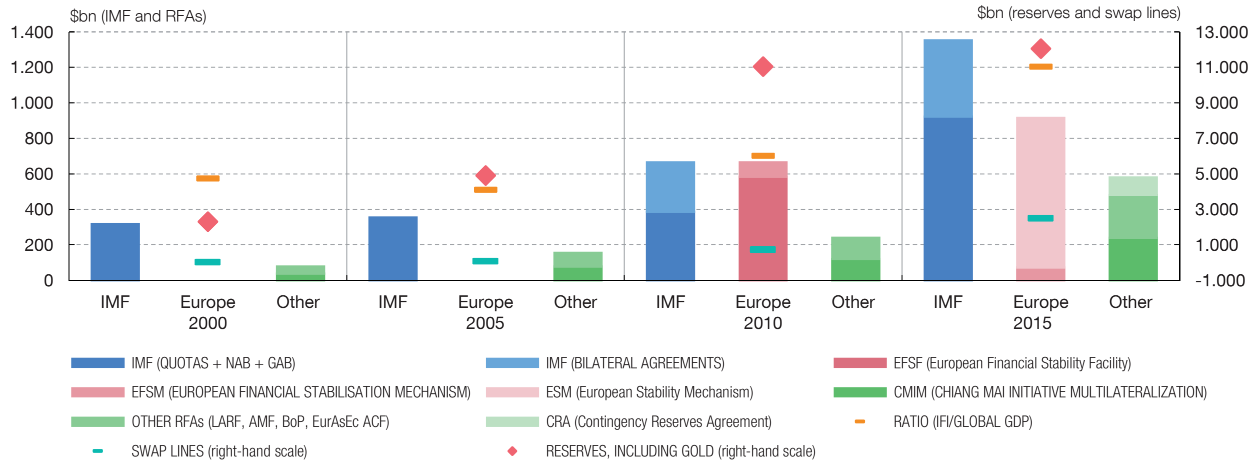
5 See Garrido *et al.* (2012).

6 For an analysis of the increase in resources at the IMF, see L'Hotellerie-Fallois and Moreno (2014).

SIZE OF THE LAYERS OF THE GLOBAL FINANCIAL SAFETY NET

CHART 2

TOTAL SIZE AND IN RELATION TO GLOBAL GDP



SOURCES: IMF, Annual reports, RFA websites and CRA Treaty.
NOTES: The 2015 reserves figures correspond to end-2014. The exchange rates in 2000-2010 and the first figure of the year for 2015 have been taken.

safeguarding financial stability. Since 2008, the framework of facilities has increased considerably in number and size, to almost 100 arrangements, for a value of $2.5 trillion.

Regionalisation is also observed in the increased size of RFAs, whose aggregate scale has exceeded the IMF's permanent resources since 2010. Overall, IMF and RFA resources account in 2015 for almost 2.3% of global GDP, above the figure of 1% they represented in 2000. It should be stressed that the regional arrangements are only available for the countries making up and belonging to such regions, and also included here is the agreement reached by the BRICS countries, which has given a new multinational dimension to cooperative agreements. Notable among the RFAs in terms of volume are the European initiatives, which account for almost 69% of the total, while the Asian CMIM and the BRICS CRA represent 18% and 7.5%, respectively.

NEW CRISIS RESOLUTION AND CRISIS PREVENTION POLICIES

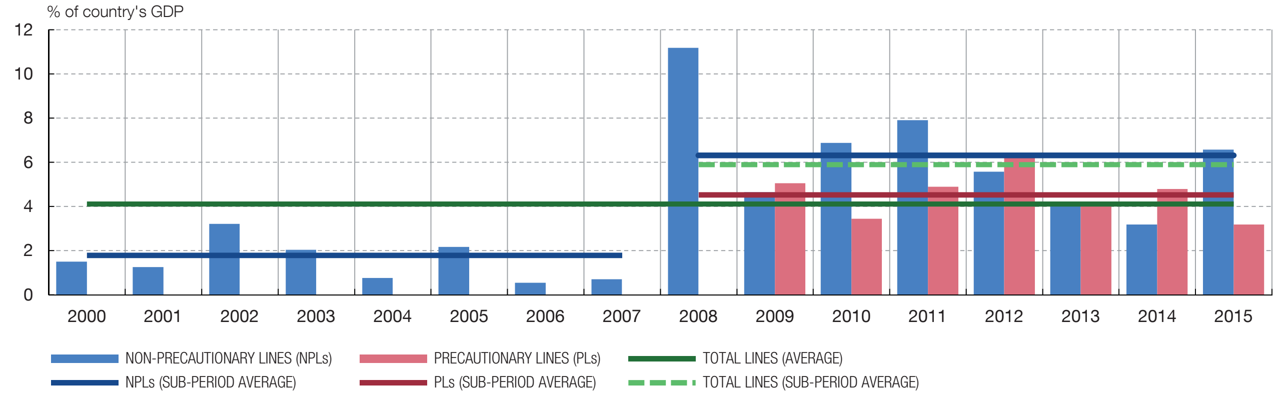
The reforms have also been substantive in terms of crisis resolution and, in particular, crisis prevention policies. By way of summary, resolution has been made more flexible and prevention has been strengthened in three ways: creating new financial facilities for prevention, and deepening regulation and supervision.

Resolution strategies have adapted to the greater scale and diversity of financial crises through the design of bigger, frontloaded programmes that allow for more flexible economic policy management to restore confidence vis-à-vis the markets. The IMF has led these changes in its own programmes and in those coordinated with the RFAs. The IMF's programmes have thus increased significantly in size. On average, those approved since 2008 account for 5.9% of the GDP of the country bailed out, compared with 1.8% of those prior to that year; and their average amount climbed from $2 billion in 2000-2007 to $5.2 billion in 2008-2015 ($10.3 billion if the precautionary programmes are considered). That is to say, the IMF's programmes have increased on average by 254% as a percentage of GDP and by 156% in size, comparing the pre- and post-crisis periods.

In 2009 the IMF simplified the conditionality of its programmes, basing it more on an assessment of the programme's general progress than on strict fulfilment of specific

RELATIVE SIZE OF THE PROGRAMS (AS A PERCENTAGE OF THE COUNTRIES' GDP) CHART 3

AVERAGE SIZE OF THE PROGRAMS APPROVED IN EACH YEAR



SOURCE: IMF (program database), October 2015 WEO.
NOTE: The amount approved in the year of approval has been taken for the programs.

conditions. Moreover, the programmes should be clearly "owned" by the country's economic authorities.[7]

Noteworthy in respect of prevention is the creation of the new precautionary credit lines, also led by the IMF and which have been incorporated into several RFAs (e.g. ESM, CMIM, CRA and the Arab Monetary Fund). The Fund has introduced the so-called FCLs *(*Flexible Credit Lines*)* and PLLs *(*Precautionary Liquidity Lines*),* which are preventive lending instruments whose aim is to provide a financing buffer for those members with sound fundamentals and a track record of healthy policies subject to international contagion risk. This is an innovative type of instrument, as the country may have access to it if it complies with ex ante qualifying requirements. They are a sort of seal of approval by the IMF for good behaviour, backed by resources if the country needs them. With the exception of Macedonia, countries subscribing to these lines have so far not resorted to the funds placed at their disposal.[8]

In the regulatory sphere, the IFIs have a less prominent role than other institutions such as the FSB and the Basel Committee on Banking Supervision or, in Europe, the European Banking Authority, where these reforms are coordinated. In the case of the IMF, a new standard on capital movements is being drawn up in which — unlike the position traditionally held by the IMF — the possibility of introducing restrictions on movements in situations of balance of payments or credit market difficulties is assumed [IMF (2012)].

Reinforced surveillance is the third pillar underpinning the new prevention policy. The IMF and the WB have strengthened the joint FSAPs *(*Financial Sector Assessment Programs*),* which periodically assess the member countries' financial systems. The IMF has, moreover, developed new analytical instruments, such as risk matrices, the systematic analysis of the investment positions of a country's different economic sectors *(*balance sheet analysis) and the mapping of cross-country economic and financial interconnections. In this respect, there has been a shift from country analysis towards a more all-encompassing approach linking the three surveillance layers (bilateral, regional and multilateral) with growing attention to the interconnectedness of the different economic policies and their transmission between countries (spillover effects).

7 Moreno (2013), Chapter 5, expands on the reforms to the Fund's lending policy.
8 See Sánchez and Serra (2015).

Surveillance has also been bolstered in the regional IFIs. In Europe, the ESM participates in the monitoring of countries with a programme and, in the case of the CMIM, AMRO (ASEAN + 3 Macroeconomic Research Office) has been set up to monitor economies and the risks to which the member countries are subject.

New institutional map for growth and development

The IFIs devoted to growth and development have also shaped a new institutional map since 2009 (see Table 2), in which three key elements stand out: a) a new governance framework; b) the increase in resources available and in the volume of lending, and c) the change in development strategies (addressed in the following section).

NEW GOVERNANCE FOR GROWTH AND DEVELOPMENT

The changes in governance have also been structured around, on one hand, the reform of governance at the WB (and at other traditional development banks), but especially, on the other, the emergence of new institutions devoted to development. The reform of the WB entails a 4.6% transfer of votes to the emerging and developing economies (making for 47.2% of the total) and an additional Executive Director for a sub-Saharan country [World Bank (2015)]. At the other development banks existing prior to 2009, there has also been a series of governance reforms aimed at increasing the weight of the emerging economies [e.g. China joined the Inter-American Development Bank in 2009 and the European Bank for Reconstruction and Development (EBRD) in 2016].

However, the main change has come about as a result of the creation of new regional institutions, including banks such as the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB), which was instituted with particular speed (see Box 1). Such speed was in part due to the high borrowing needs of the emerging and developing economies. For instance, the Asian Development Bank has estimated that infrastructure requirements in Asia will amount to $730 billion per annum up to 2020 [Asian Development Bank (2009)]. But this also reveals some distance by the emerging economies from the governance of the traditional institutions and their interest in leading new projects with greater sway in decision-making. The emergence of these institutions is shaping a new architecture with a shift that means the centre of decision-making is no longer only in Washington, which hosts the IMF and the WB. As in the stability institutions, coordination between these bodies poses a new key challenge.

MORE RESOURCES FOR GROWTH AND DEVELOPMENT

Since 2009, driven by the G20, IFIs geared to development have been increasing their resources, including significant capital increases, as shown in Chart 4. Following these increases and the creation of new banks (AIIB, NDB), at present the size of the WB accounts for 20% of the total capital of these institutions, compared with 40% in 2000. Among the regional banks, the European ones (European Investment Bank and EBRD, accounting for 23% of total capitalisation) are to the fore, along with the new initiatives of the BRICS (AIIB and NDB, 15 %).

The increase in the capitalisation of the development banks, combined with new leveraging formulas for their resources, has allowed for a significant increase in lending volumes. Annual average loans granted by the main development banks during the 2009-2014 period increased by more than 125% relative to the 2000-2008 period, climbing from $37 billion per annum to close to $84 billion in annual average terms.[9]

The adoption of the Addis Ababa Action Agenda (hereafter Addis Ababa) in July 2015 [UNO (2015a)] marked a turning point in development financing. Addis Ababa sets out a

9 With a particularly notable increase in the case of the African Development Bank, the International Finance Corporation of the WB Group and the EBRD.

MAIN CHANGES SINCE 2009 IN THE INSTITUTIONAL MAP OF DEVELOPMENT AND GROWTH TABLE 2

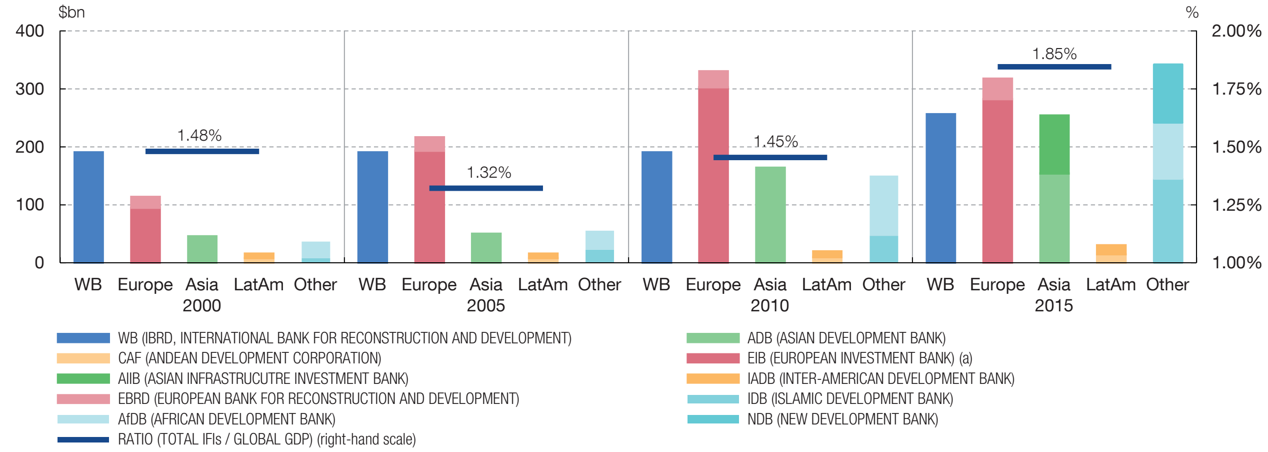
Institutions and international initiatives	
WB Group	In governance, reform of quotas and of the Board in favour of the emerging and developing economies (including an additional Executive Director for the African countries). Institutional reorganisation giving priority to global practices. Increase in capital from IBRD (International Bank for Reconstruction and Development) and IFC (International Finance Corporation) windows and in concessional loans from the IDA (International Development Association), reaching an all-time peak of $52 billion for the 2014-2016 period. The annual volume of loans is raised by 30% — to $25 billion — and the margin for manoeuvre (maturities and rates) is made more flexible.
Global initiatives on infrastructure	The WB initiated the **Global Infrastructure Facility (GIF)** in 2014. It is a platform for combining infrastructure financing efforts in emerging and developing countries, pooling resources from the various development banks and from the private sector through public-private partnerships (PPP).
	The G20 set up the **Global Infrastructure Hub (GIH)** in 2014 in Sydney to coordinate information, initiatives, good practices and investment plans in a multi-year (four-year) agenda.
Regional institutions and initiatives	
Europe	European Investment Bank (EIB). €10 billion increase in capital (2013) to €243 billion, making it the leading regional development bank in terms of capitalisation. The volume of annual loans almost doubled, from €45 billion (2000) to €77 billion (2014). Capital from the European Investment Fund (EIF) window also increased to €4.5 billion, routed through loans, capital and guarantees, instead of subsidies. The EIB also contributes to the Investment Plan for Europe (Juncker Plan, 2014).
	European Bank for Reconstruction and Development (EBRD). It has broadened its scope to Central Asia and the Arab countries. China joined as a member in 2016.
Asia	Asian Development Bank (ADB). 200% capital increase to $165 billion, with no change in the relative weight of its members. Boost to lending capacity to $20 billion per annum (50% increase) to 2017 through: i) public-private cooperation for investment in infrastructure; ii) new lending facilities; iii) co-financing with AIIB. Goals: inclusive and sustainable growth, respecting the environment, and regional integration.
	Asian Infrastructure Investment Bank (AIIB), 2014. Endowment capital of $100 billion, mostly regional (75%), with China as the main partner (30% of the capital). Headquartered in Beijing, and intended for infrastructure projects in the region on a cooperative basis (see Box 1).
BRICS	**New Development Bank (NDB),** 2014. Endowment capital of $100 billion (half subscribed by the BRICS, in equal proportions), earmarked to finance infrastructure and sustainable development projects (public and private alike) by means of loans, guarantees and participation in investments (see Box 1).
Latin America	Inter-American Development Bank (IDB) Group. Increase in share capital by almost 70 % — to $171 billion — and inclusion of China. Pre-crisis lending levels increased by approximately 6% (relative to 2010) to around $13.5 billion per annum in 2014.
	Andean Development Corporation (ADC), Development Bank. 50% increase in capital to $15 billion (2015). It is the main source of financing of infrastructure and energy for Latin America, and since 2004 it has grown most significantly, almost attaining the WB and the IDB in terms of volume of financing for the region (loans increased by 10% relative to 2010, up to $12 billion per annum in 2014). Unlike the development banks, a high proportion of the ADC's shareholders are from the private sector.
Africa	African Development Bank (AfDB). It tripled its share capital in 2010 (to $100 billion). It has increased its lending levels, relative to the average for the pre-crisis years, by 300% to almost $7 billion per annum on average.
Middle East +	Islamic Development Bank (IDB). It increased its capital exponentially to SDR100 billion in 2013, from SDR6 billion in 2000. Loans over the 2005-2015 period were more than double those over the previous 30 years.
	Deauville Partnership International (2011), G8 initiative to coordinate donor and development bank efforts to transition Arab countries through a Transition Fund for these countries, with the World Bank as trustee.

SOURCE: Institutional reports and own data.
NOTE: New institutions in bold.

SIZE OF INSTITUTIONS FOR GROWTH AND DEVELOPMENT

CHART 4

TOTAL SIZE AND IN RELATION TO GLOBAL GDP



SOURCES: Annual reports and websites.
NOTE: Capital allows for an approximation to lending capacity, although each institution has its own financing and leverage arrangements. The most striking example is in Latin America, where the IADB and the CAF have a very similar volume of loans, but whose capitalisation is tenfold that of the IADB.

a Includes EIB subscribed capital, authorised for the rest.

comprehensive financing strategy to attain SDGs, which are to guide development banks' strategies over the 2015-2030 period. It encompasses numerous political commitments and specific measures that envisage not only financing sources — a challenge considered in terms of moving from "billions to trillions" [IMF-World Bank (2015)]— but also aspects such as international cooperation on tax, finance, trade, science, technology, innovation and capacity-building, inter alia.

The most significant Addis Ababa financing element is the emphasis on national resources and on private-sector participation. In the mobilisation of national resources, it undertakes to improve the management of public revenue in developing countries by means of modernised and progressive tax systems, more efficient tax collection, and the combating of tax evasion and the reduction in illegal financial flows by 2030. The policies on international taxation pursued by the G20 and the OECD in recent years are fundamental here. The debt burden of the developing countries is also addressed. The burden declined by 75% from 2000 to 2013 as a result, among other factors, of the debt relief launched from the Bretton Woods institutions and the G8, a bigger expansion in trade and the lower cost of credit in recent years.

As regards private-sector involvement, Addis Ababa underscores the importance of tailoring incentives to attract private investment to public development policy targets and to regulatory frameworks. Foreign direct investment (FDI) plays a key role in the financing of developing economies. Despite the improved investment climate, FDI is not always targeted on these countries, especially the least developed economies, owing to the lack of technology and infrastructure; accordingly, it is wished to boost this type of project as part of an overall investment strategy.

Strategies: growth and sustainability

Economic policy coordination at the global level is guided by two main strategies, without prejudice to each country and each region marking their own priorities: the Strategy for Growth, approved at the Brisbane G20 summit (November 2014), and the 2030 Agenda (SDGs), approved by the UNO (September 2015). These major challenges mark the medium- and long-term strategies for action by IFIs.

G20 Growth Strategy

Following the Great Recession in the wake of the global economic and financial crisis, the G20 has spearheaded the strategy for the economic growth and recovery of the advanced and emerging economies through the so-called Framework for Growth, which is geared to setting strong, sustainable and balanced growth in place. Its implementation is based on a mutual assessment process by the G20 members, supported by the technical analysis provided by the IMF and other IFIs.[10] The latter have contributed actively with theoretical and empirical input on the impact and implementation of the macroeconomic policies and the structural reforms proposed.[11]

In the initial years, the strategy was marked by the need to emerge from the crisis; but from 2014, when it was noted that the recovery in activity in the advanced economies was not accompanied by sufficient and high-quality employment generation, the emphasis shifted towards structural reforms and sustainability. The Brisbane G20 summit in November 2014 adopted the "2 in 5" collective commitment aimed at achieving by 2018 a cumulative increase in the GDP of the G20 countries 2% above that initially projected by the IMF in autumn 2013.[12] The plan involves the member countries implementing around 1,000 specific measures and reforms — individually or in concert[13] — relating, inter alia, to the product market, the labour market, improved tax efficiency and an annual increase in spending on R&D and infrastructure [G-20 (2015)]. These plans are more specific than in the past, which will make for better monitoring and peer pressure regarding their fulfilment which, in any event, will continue to rest on national responsibility and resolve.

The IMF, the WB and the OECD are contributing to this process by providing an analytical framework for the type of reforms needed, harnessing their comparative advantage, which enables them to identify best international practices, adapted to the circumstances of each country [IMF-OECD-World Bank (2014)]. In particular, the IMF has established as one of its strategic priorities the strengthening of its capacity for analysis and for surveillance of countries' structural policies.

Another means by which IFIs contribute to the growth strategy is through their support for infrastructure policies. Of importance in this connection is the Sydney-based Global Infrastructure Hub, created to signal existing shortcomings, improve information exchange among different institutions, identify investment and cooperation opportunities, promote financing through public-private partnerships and ensure the sustainability of the projects at the economic, social and environmental level. Furthermore, the WB launched its Global Infrastructure Facility (GIF) in 2014 in order to raise and coordinate private resources and resources from other multilateral banks to finance infrastructure in developing countries. Notable among regional actions was the Investment Plan for Europe ("Juncker Plan").[14]

In the assessment of the strategies presented at the Antalya G20 summit [IMF-OECD (2015)], the diagnosis indicates that the measures adopted improve the growth path by 0.8% of global GDP for 2018, far off the target of 2% (see Chart 5). Two main reasons are

---

10 See Estrada (2012) for an analysis of mutual assessment within the G20.

11 Hernando and del Río (2015) set out the debates surrounding economic policies in the advanced economies.

12 "2" per cent extra growth "in 5" years from 2013 to 2018. The growth estimates to 2018 are taken from the IMF's October 2013 *World Economic Outlook (WEO)*.

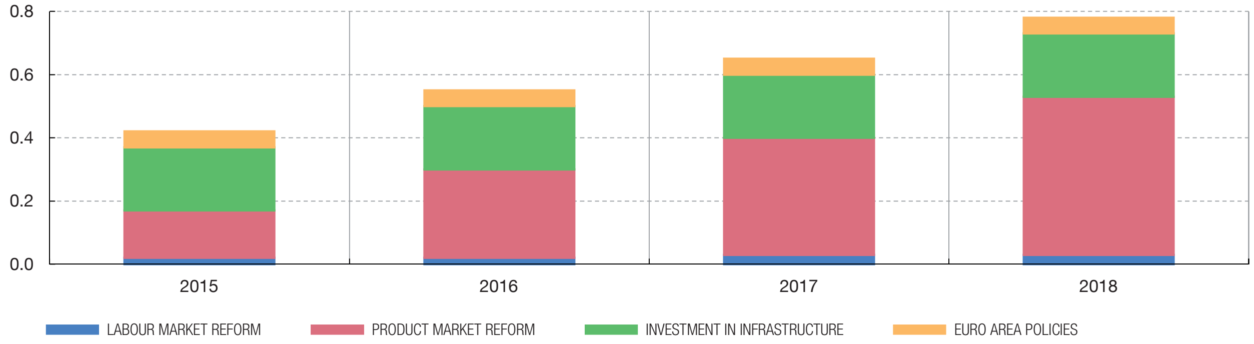
13 For instance, the reform of the EA's architecture or the tax base erosion and profit shifting Action Plan led by the OECD.

14 The Plan intends to mobilise €315 billion for new private and public investments from 2015 to 2017, and has led to the setting up of institutions such as the European Strategic Investment Fund (ESIF, endowed with €21 billion), the European Investment Advisory Hub and the European Investment Project Portal.

ANNUAL IMPACT OF MEASURES IMPLEMENTED BY THE G20 ON COLLECTIVE GDP

CHART 5

PERCENTAGE DEVIATIONS FROM THE BASELINE SCENARIO



SOURCE: IMF-OECD (2015).

highlighted: the slow implementation of commitments, especially by certain large economies (it is estimated that 49% of the measures committed to in Brisbane have been implemented), and the low impact on growth of the measures adopted. It would be necessary to speed up the timetables established and to add further measures in 2016 to be able to attain the target.

SUSTAINABLE DEVELOPMENT GOALS

On 29 September, the United Nations approved the SDGs or 2030 Agenda[15], which mark the strategy for development over the next fifteen years, replacing the Millennium Development Goals (MDGs) formulated in 2000 (see Box 2). The 2030 Agenda defines a strategy based on three pillars: a financial pillar, determined by Addis Ababa; an environmental pillar, decided in December at the Paris Conference on the United Nations Framework Convention on Climate Change; and global goals marked by the SDGs themselves.

The link between these pillars is an innovation in relation to the MDG strategies. In the case of climate change, this entails the necessary participation of the emerging and developing economies in the pursuit of environmental goals, set against the traditional argument of according them extensive flexibility owing to their relative under-development. In exchange, the advanced economies have to finance the process and, in this respect, Addis Ababa includes a call for the joint mobilisation of $100 billion per annum to 2020, channeled through a Green Climate Fund (GCF) and other instruments, to tackle the needs of developing countries.

The Paris Agreement lays down a binding and definitive commitment to reduce greenhouse gas emissions from 2020 with five-year reviews. The ultimate aim is to contain the average global temperature rise at below 2ºC (ideally 1.5ºC). Policies include the limitation of emissions, the design of tax policies and of financial instruments routing investment towards green energy, and financial structures to manage climate change-related disasters. Here, funding through the IFIs should play a central role.

The SDGs mark a substantial change in focus from the MDGs on three major fronts. The first is the universality of the goals: unlike the Millennium Declaration, the 2030 Agenda is

15 Formally, “Transforming our World: the 2030 Agenda for Sustainable Development” [United Nations (2015b)].

SUSTAINABLE DEVELOPMENT GOALS 2015-2030 — TABLE 3

Area	Goals
Inclusion and poverty	1 End poverty in all its forms everywhere
	2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
	3 Ensure healthy lives and promote well-being for all at all ages
	4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	5 Achieve gender equality and empower all women and girls
	6 Ensure availability and sustainable management of water and sanitation for all
	7 Ensure access to affordable, reliable, sustainable and modern energy for all
Economy	8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
	10 Reduce inequality within and among countries
Environment	11 Make cities and human settlements inclusive, safe, resilient and sustainable
	12 Ensure sustainable consumption and production patterns
	13 Take urgent action to combat climate change and its impacts
	14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Institutions	16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	17 Strengthen the means of implementation and revitalise the global partnership for sustainable development

SOURCE: UNO (2015b).

applicable to all countries and not only to developing ones, which means moving from a unidirectional agenda to one in which the agreed goals and measures are applicable to the 193 signatory countries.

Second, the scope is extended: while the MDGs focused on inclusion and poverty reduction, the SDGs include goals to ensure the sustainability of medium- and long-term growth. Specifically, the SDGs comprise 169 targets grouped in 17 goals, in turn in 4 major areas: inclusion and poverty, economy, environment and institutional framework (see Table 3). The SDGs thus incorporate one of the growth characteristics that the G20 seeks to boost: economic and social sustainability, as a necessary condition for development.

Third, the design of strategies is an individual responsibility, but action should be taken joining forces with other countries. The starting point for the SDGs is an absence of "one-size-fits-all" formulas, meaning that each country designs and implements its own strategy on the basis of its own policies and national priorities. That said, the means to achieve these goals should be based on the sum of the efforts by the different agents involved, namely national policymakers, IFIs, donors and the private sector. Here, the chief novelty is the integration of the private sector into the process, especially through the promotion of joint projects with the public sector.

Final remarks

Since 2009 we have witnessed a proliferation of institutional initiatives and strategic intentions in respect of the international economic order. Initially, many of these initiatives arose to resolve the consequences of the crisis; the latest ones are more geared to future growth and development. These initiatives have shaped a new field of action for IFIs, manifest in the changes in their governance, in the increase in their resources and in the reform of their policies.

In terms of governance, there has been a re-balancing in favour of the emerging economies both in the Bretton Woods organisations (where they have gained more decision-making power) and, above all, by means of the creation of new regional institutions led by emerging economies, China in particular. IFIs have significantly increased their resources, albeit with an uneven geographical impact as a result of their regionalisation, with more resources in Asia and in Europe. The Addis Ababa conference has highlighted, moreover, the importance of integrating IFIs and private sector resources into a joint strategy for growth and development.

In a parallel vein to the reforms in Europe, especially in the euro area, where the response to the crisis was "more Europe" (new institutions, more resources and new policies), the response at the international level is one of more international coordination, and more IFIs. With respect to the Bretton Woods map that emerged, with a small number of institutions devoted to clearly defined areas and a degree of specialisation, the new map evidences a greater proliferation of institutions and an overlapping of policies and scope, and greater institutional complexity, which poses fresh challenges in terms of coordinating initiatives and strategies.

12.1.2016.

REFERENCES

ASIAN DEVELOPMENT BANK (2009). *Infrastructure for a Seamless Asia,* joint report of the Asian Development Bank and Asian Development Bank Institute.

BANCO DE ESPAÑA (2015). «Informe trimestral de la economía española», *Boletín Económico,* March, pp. 20-21 (on the extensión of the ECB's asset purchase programmes).

ESTRADA, Á. (2012). «Nuevas herramientas para la gobernanza económica global: marco para el crecimiento y supervisión de desequilibrios», *Boletín Económico,* September, Banco de España.

EUROPEAN COMMISSION (2015). *EU: economic governance,* European Commission, Economic and Financial Affairs.

G-20 (2015). *Adjusted Growth Strategies by country,* G-20.org.

GARRIDO, I., P. MORENO and X. SERRA (2012). «El FMI y los acuerdos regionales de financiación», *Boletín Económico,* March, Banco de España.

HERNANDO, I., and P. DEL RÍO (2015). «Ajuste y perspectivas de crecimiento de las economías desarrolladas: el impacto de la crisis financiera», *Boletín Económico,* January, Banco de España.

IMF (2012). *The liberalization and management of capital flows: an institutional view,* Staff discussion note, 14 November.

IMF-OECD (2015). *Quantifying the Implementation of G-20 Members' Growth Strategies,* Report to G-20 Summit, 15-16 November, Antalya, Turquía.

IMF-OECD-WORLD BANK (2014). *Macroeconomic and reform priorities,* Report to the G-20 Finance Ministers and Central Bank Governors, 22-23 February, Sydney, Australia.

IMF-WORLD BANK (2015). *From billions to trillions: transforming development finance. Post 2015 financing for development: Multilateral Development Finance,* April.

L'HOTELLERIE-FALLOIS, P., and P. MORENO (2014). "Does the International Monetary Fund have sufficient financial resources?, *Economic Bulletin,* January, Banco de España.

MORENO, P. (2012). "Un FMI renovado para una mejor gobernanza global", *Política Exterior,* no. 149, septiembre-octubre.

— (2013). The metamorphosis of the IMF (2009-2011), Economic Studies, no. 78, Banco de España.

SACHS, J. D. (2012). "From Millennium Development Goals to Sustainable Development Goals", *The Lancet,* vol. 379, 9 June, pp. 2206-2211.

SÁNCHEZ, P., and X. SERRA (2015). «Las nuevas líneas protectoras del FMI», *Boletín Económico,* June, Banco de España.

UNITED NATIONS (2015a). *Addis Ababa Action Agenda of the Third International Conference on Financing for Development,* July.

— (2015b). *Transforming our World: the 2030 Agenda for Sustainable Development,* September.

— (2015c). *Millennium Development Goals: Progress Chart, 2015,* June.

— (2015d). *Millennium Development Goals: 2015 Report,* June.

WORLD BANK (2015). *2015 Shareholding review. Report to Governors,* Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries.

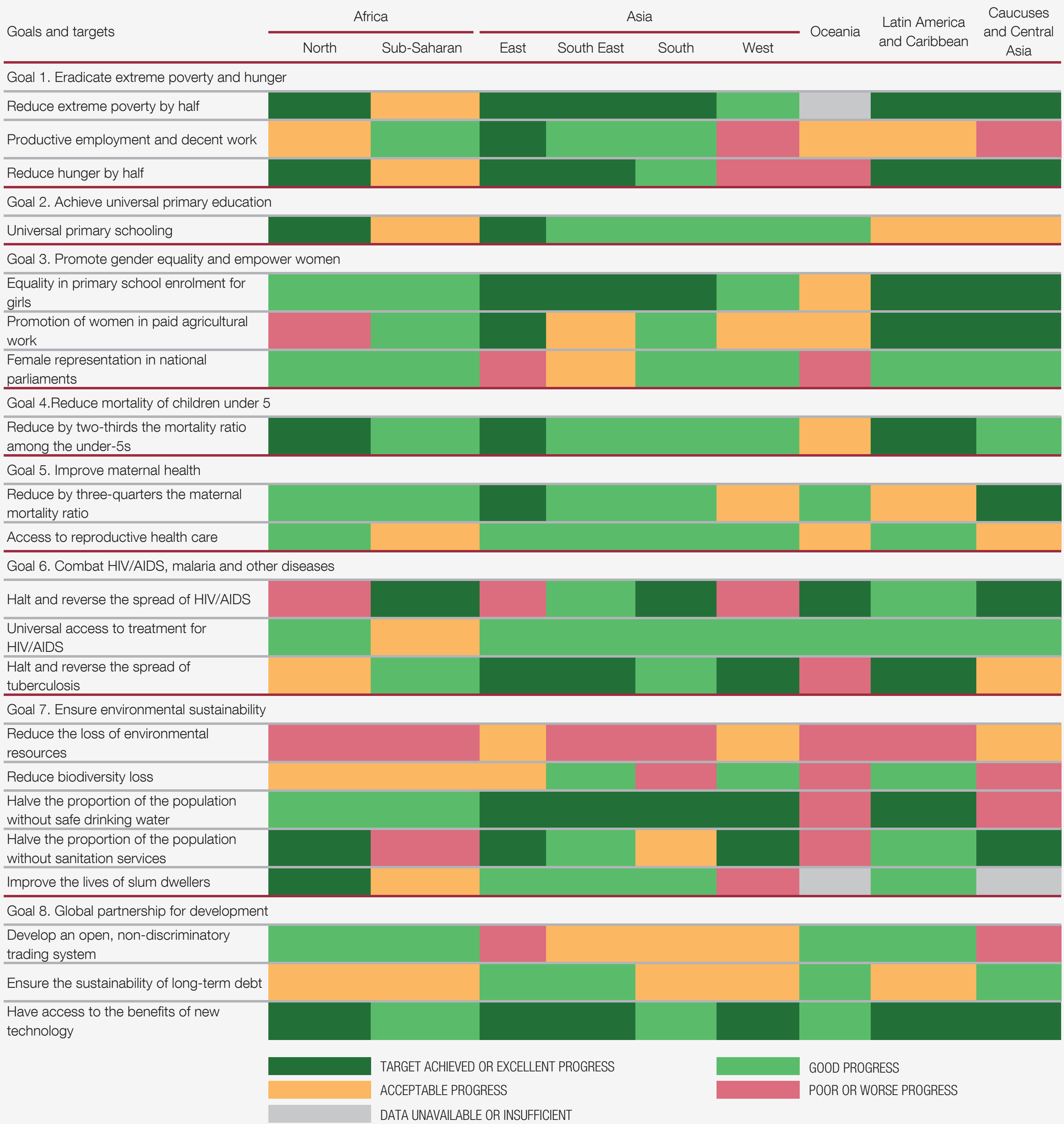
The New Development Bank (NDB). Following the proposal by India at the IV BRICS Summit (2012), it was agreed at the VI Summit [2014, Fortaleza (Brazil)] to set up the NDB; it will foreseeably commence operating in 2016. The allocation of voting rights and the capital structure are equal across the five BRICS countries (Brazil, Russia, India, China and South Africa).

The NDB has an initial authorized capital of $100 billion. It is structured as a development bank for infrastructure (public and private alike) and sustainable development project financing in benefit of its members and other developing countries. Assistance will be implemented, inter alia, through loans, guarantees and participation in investments. Technical assistance tasks will also be undertaken, in cooperation with other international organisations.

The *Asian Infrastructure Investment Bank (AIIB).* Promoted by the Chinese government in 2013, its Memorandum of Understanding was ratified in 2014 and its Articles of Agreement were signed by its 57 prospective founding members in June that year. It has 20 non-regional members (14 from the EU), including Spain. It will be headquartered in Beijing, and China reserves itself a majority position (29.7% of voting power, 75% for the overall countries of the region).

The AIIB also has a starting capital of $100 billion. Its sphere of influence and its goal are to improve infrastructure under the principle of sustainable development. It may finance a member country or an institution operating in one of them or, exceptionally, a third country if it is in the interest of any of the members. In this connection, it will have instruments similar to those of the NDB.

The MDGs were set in 2000 and have marked the activity of the IFIs in promoting development over the past fifteen years. The goals took the specific form of 21 targets – the reference period for which was the 25-year term from 1990 to 2015 – grouped into eight major goals. The experience with the MDGs is mixed, with the specific fulfilment of goals having proven uneven, both in terms of specific targets and of groups of countries and geographical regions or sub-regions (see accompanying table).



SOURCE: United Nations (2015c and 2015d).

At the aggregate level, the following achievements may be highlighted: the reduction in extreme poverty for the regions as a whole (the proportion of people living with less than $1.25 per day in the developing countries fell by 70%); the reduction by half in the numbers of people with insufficient nutrition and with limited access to drinking water (in these two cases, with significant regional differences); sexual equality in primary education in most of the regions (albeit still falling far short in terms of secondary and tertiary education, employment and political representation); and the reduction by more than 53% in the rates of infant mortality, albeit below the forecast reduction target. Less progress has been achieved in other goals such as curbing deforestation, halting emissions of greenhouse gases, preventing overfishing of sea stocks, halving the percentage of the population without access to adequate health care, and improving access to reproductive health services.

The MDGs have allowed several lessons to be drawn with regard to the formulation of the new SDGs and the means of implementing, monitoring and reviewing such goals [Sachs (2012)]. Some are positive, such as the importance of pragmatically setting a few simple and voluntary goals, such as a set of moral commitments that are attainable with specific measures; and others are negative, to be corrected in the SDGs, such as the importance of improving the flow and availability of updated statistical information, the importance of involving the private sector, and the need to take long-term sustainability into account.