



Round tables 2, 4 and 6

Ensuring Policy Coherence and an Enabling Environment at a

The present set of roundtable discussions presents an opportunity to consider these issues in a multi-stakeholder format. Discussion in the three round tables may help guide implementation of agreed reforms and their monitoring, while offering opportunities to consider further reforms.

The domestic enabling environment and policy coherence

In the Monterrey Consensus, world leaders noted that policy actions at different levels need to be coherent to achieve sustainable economic growth, poverty eradication and sustainable development, including: (a) coordination of relevant ministries and institutions within respective national governments; and (b) policy and programme coordination of international institutions and coherence at the operational and international levels, especially in the areas of finance and international trade. Monterrey also identified the importance of an enabling domestic environment that encourages decision-making for long-term investment for growth, and an enabling international environment that offers dynamic trade and investment prospects without undue international economic volatility.

An enabling domestic environment

The usual connotation of an enabling environment is that independent economic

investable projects, and on the supply side, by removing potential biases against long-term lending in regulatory regimes and by incentivizing long-term investment by institutional investors. At the same time, they would call for intensified efforts by national and multilateral development banks. One aim of the draft Agenda is to identify and address infrastructure gaps, including through a new global infrastructure forum, to ensure that no one is left behind.

Policy coherence and the macroeconomic environment

The new agenda also emphasizes the developmental role that domestic macroeconomic policies can play. Article IV of the Articles of Agreement of the IMF that lays down the basic principles for macroeconomic policies states that “each member shall: (i) endeavor to direct its economic and financial policies toward the objective of fostering orderly economic growth with reasonable price stability, with due regard to its circumstances; (ii) seek to promote stability by fostering orderly underlying economic and financial conditions and a monetary system that does not tend to produce erratic disruptions; (iii) avoid manipulating exchange rates.”

There is a concern, however, that macroeconomic policies in developing countries often focus on stabilization at the cost of long-term development. According to an IMF-World Bank Development Committee interim report [ord-6\(e\)6\(v\)0\(e\)4](#) [ord-70.004](#) report [pepf](#) Agreement the cost o

Domestic policy and programme coherence

under the World Trade Organization (WTO). However, the repeated disappointments in bringing to closure the Doha Round of global trade negotiations that the WTO opened in 2001 may be contrasted with the expanding efforts of a number of major trading nations in reaching broad agreements with limited numbers of partners (e.g., Trans-Pacific Partnership) or on a limited area of trade (e.g., negotiations outside WTO on a Trade in Services Agreement). Building coherence between bilateral and regional trade and investment agreements and the multilateral system is also essential.

In addition to these challenges to the future of the WTO as *the* global trading regime, many countries have concerns about persisting lack of coherence between national agricultural and fisheries policies and international priorities. Thus, the draft Action Agenda calls on all WTO Members “to correct and prevent trade restrictions and distortions in world agricultural markets ... [and] strengthen disciplines on subsidies in the fisheries sector ...”.

There is a need to strengthen the global coordination of economic decision-making, in order to minimise the number of cases where rules dealing with trade, aid, debt, finance, migration, environmental sustainability and other development issues come into conflict. At present, there is no international agency dealing systematically with questions of coherence and consistency in multilateral rules-setting. Although in 1995, it was proposed that a reformed United Nations Economic and Social Council (ECOSOC) exercise this directive role, the proposal received only modest support at the time.

The draft Addis Ababa Action Agenda envisages a new Forum on Financing for Development under the Economic and Social Council that would bring together representatives of Governments, international institutions, civil society and business for up to five days per year. It would address policy issues in follow-up as well as monitor overall implementation of the Agenda in debates that are meant to reach inter-governmentally agreed conclusions and recommendations.

Questions for discussion

1. What should be policy stance of major economies in order to be consistent for sustained, inclusive and sustainable global economic recovery?
2. How can international coordination and coherence of macroeconomic policies be strengthened to enhance global financial and macroeconomic stability, and prevent financial crises, acknowledging that national policy decisions can have systemic and far-ranging effects well beyond national borders, including on developing countries?
3. Is the global system giving way to a more decentralized set of arrangements, reflecting frustration at the inability to come to closure in global negotiations, perhaps itself related to increasing confidence and capacities of nations and regions to strike out on their own? While the current initiatives are meant to be compatible with the global system, will this perforce become contingent on the perceived effectiveness of the global institutions?
4. How might the new structure as envisaged in the draft Addis Ababa Action Agenda operate most effectively, including selection of topics to be addressed in depth as well as in reviewing progress in implementing the Agenda? While some targets can be reduced to quantitative indicators, what can be done for others which are less susceptible to quantitative measures, such as efforts to forge coherent global policies for sustainable development and to raise the priority of delivering the means of implementation of the proposed SDGs?