

G-20 Work Programme for 2006 — Building and Sustaining Prosperity

Since it was created in 1999, the G-20 has focussed on sustaining global economic stability. In 2006, the G-20 will advance this aim by considering how countries can continue to reform key global economic institutions like the International Monetary Fund (IMF) and World Bank, further meet the challenges posed by demographic change and changes in energy and resource commodity markets, and maximise opportunities to build and sustain prosperity as outlined in the *G-20 Accord for Sustained Growth*.

1 Reform of Bretton Woods Institutions

The G-20 has had a mandate to review the Bretton Woods institutions from its inception in 1999. At its 2005 meeting, G-20 finance ministers and central bank governors committed to support further reform of the Bretton Woods institutions. The *G-20 Statement on Reforming Bretton Woods Institutions* emphasises the importance of improving governance, management and the operational strategies of the IMF and World Bank. In 2006, the G-20 will monitor progress of reviews already underway, provide further focus to the reform agenda, and sustain the momentum for reform.

2 Energy and Resource Commodities

Increasing industrialisation is boosting demand for a range of energy and resource commodities. The development of resource endowments, new technology, and changes in the structures of firms and markets are also influencing supply. The G-20, comprising major global resource suppliers and resource users, is in a unique position to consider the broader effects of changing natural resource markets and the implications for economic growth and development.

Issues for discussion in the G-20 include:

- Identifying the changing demand and supply for resource commodities and energy, assessing their macroeconomic impact, and analysing their effect on extraction, distribution and pricing of energy and resource commodities.
- Improving the efficiency of markets, including strengthening property rights and transparency in stocks and flow data, payments, and licensing arrangements.
- Exploring the impact of resources on development, including the extent to which a 'resource curse' is associated with natural resource endowments and the development impact of subsidies to producers and consumers.

The G-20 will identify the issues at stake in economies, the possible policy responses to address the challenges and maximise opportunities, the extent to which this is a global policy issue, and define the role and possible contribution of the G-20.

3 Demographic Change

Demographic change has been on the G-20 agenda in the past few years as a result of the international focus on the challenges of the ageing global population and population growth in some lower-income countries.

The role of migration has been a key element in international discussion on demographic change and increasing cross-border economic activity. In this context, the sorts of issues that are relevant include the relative economic and social impacts of temporary and permanent migration, the implications of the mix of skilled and unskilled workers in migration, the impact that migration has on business networks and knowledge exchange, the scope for governments to increase cross-border portability of pension and health benefits and access to payments systems, and the impact of migration on social cohesion and national security. These issues directly affect countries' development possibilities. These issues were discussed in 2005 and the G-20 will continue to explore them this year.

In 2006, the G-20 will also address the implications of demographic change for financial markets, institutions and systems. This will include discussion of the impact of demographic change on savings, investment, capital flows, per capita incomes, interest rates and asset prices. The focus will continue to be on both developed and developing economies.

4 Domestic Economic Policies and Principles

Given the importance of domestic institutions, good governance, sound structural policies and stable macroeconomic frameworks, the G-20 agreed on a set of domestic policy principles in the *Accord for Sustained Growth* in 2004. Sharing experience about reform and implementing the *Accord* principles remains a priority for G-20 in 2006, enabling members to learn from each other. Informal and frank discussion on countries' experience will support G-20 members in identifying practical ways for governments to implement and build consensus for reform.

5 Aid Effectiveness

Dialogue on aid and poverty reduction has been a major strength of the G-20, deriving in particular from its unique representation of developed and developing economies. The equitable distribution of the benefits of globalisation and poverty reduction have been, and remain, core issues for the G-20 since 2000. Further discussions on aid effectiveness may include identifying the preconditions for successful aid delivery and capacity building in developing countries, with specific focus on absorptive capacity, understanding the effects of increased aid supports on resource allocation, domestic institutions, and macroeconomic performance, and ensuring that financial management and fiscal systems reflect development priorities.