



**G20-B20 DIALOGUE EFFICIENCY TASK FORCE**  
**FROM TORONTO TO SAINT PETERSBURG:**  
**ASSESSING G20-B20 ENGAGEMENT**  
**EFFECTIVENESS**

June, 2013  
Draft report



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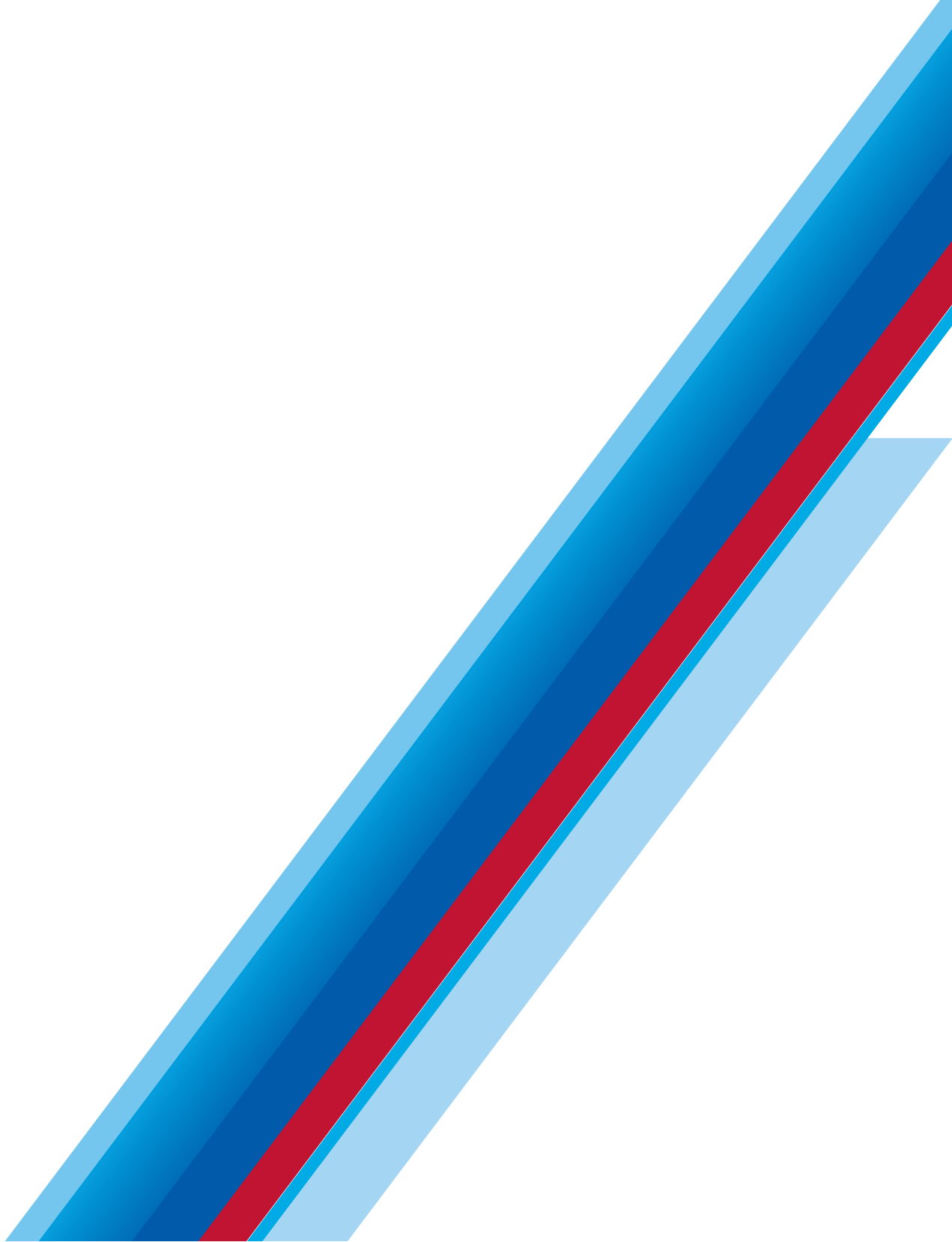
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## PREFACE





Has the G20 lived up to its early success as an anti-crisis mechanism and its claim to act as its members' premier forum for international economic cooperation? In a world which needs global collective political will and coordinated action to address persistent imbalances and steer the economy towards strong, sustainable and balanced growth, it is still not obvious that the G20 summitry is delivering on its pledges. Critics claim G20 should become more transparent, legitimate and effective.

G20-B20 Dialogue should be instrumental in enhancing G20 efficiency by both responding to the business interests and concerns and engaging private sector in generating growth and jobs. B20 (G20 Business Summit) was first initiated by the Canadian Council of Chief Executives (CCCE) on the eve of the Toronto summit in June 2010. To date four B20 meetings, including the one in Toronto, have been organized each putting forward recommendations for G20 leaders: in Seoul in November 2010, in Cannes in November 2011, and in Los Cabos in June 2012.

Investment made into the dialogue by both business and governments warrants an independent, unbiased and rigorous analysis of what has been achieved and what lessons should be learnt. In the run up to B20 mini anniversary of fifth summit the B20 Task Force on G20-B20 Dialogue Efficiency initiated a review of all B20 recommendations made since Toronto and their impact on G20 decision-making as reflected in the G20 documents. The review also looks into how G20 members comply with B20 related commitments focusing on the decisions made in Los Cabos.

The report is not meant to criticize or assess either G20 or B20. Its purpose is to review the progress of G20-B20 engagement, identify what works, support continuity of B20 efforts on the key areas of policy coordination with G20, and help in developing B20 recommendations for future G20 actions.

To ensure quality and independence, as agreed in B20 Los Cabos recommendations, the report has been produced by an international network of scholars under the leadership of the International Organizations Research Institute of the National Research University Higher School of Economics (IORI HSE) and the G20 Research Group at the University of Toronto in the run-up to the B20 Summit in St. Petersburg in June 2013. Responsibility for this report's contents lies exclusively with the authors and analysts

of the IORI HSE and their partners at the G20 Research Group. To ensure accuracy, comprehensiveness and integrity, we encourage comments and feedback, which can be sent to [LarionovaMV@b20russia.com](mailto:LarionovaMV@b20russia.com).

The report is based on the analysis of B20 reports and recommendations, G20 official documents and international organizations data. A full catalogue of all B20 recommendations made since Toronto, produced for the review, might be helpful for the future B20 presidencies consolidating B20 members' individual wisdom into an institutional memory.

The study is the product of a team of dedicated and hard-working analysts. It would not be possible without their commitment, ingenuity and thoroughness. We are especially indebted to our colleagues at IORI HSE: Andrei Sakharov, Andrey Shelepov and Mark Rakhmangulov, and the colleagues at the G20 Research Group: Madeline Koch, Caroline Bracht and Julia Kulik.

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## EXECUTIVE SUMMARY

The report reviews the progress of G20-B20 engagement since Toronto to St. Petersburg with the objective to identify what works, support continuity of B20 efforts on the key areas of policy coordination with G20, and help promote G20 compliance with commitments related to B20 priorities. With this objective in mind the study is focused on two dimensions:

1. B20 recommendations influence on G20 deliberation, direction setting and decision making on the basis of analysis of how the B20 specific recommendations are reflected in the G20 documents. This dimension represents the G20 institutional performance.

It should be emphasized that neither G20 nor B20 are assessed, the score is used as an indication of G20-B20 engagement progress on B20 recommendations.

The analysis focus is cycle based, that is it looks whether B20 recommendations made to G20 within a certain presidency were addressed in the documents G20

agreed within the same presidency. This straightforward approach has its limitations as the periods between the B20 report presentation to G20 and the summits in Toronto and Seoul were too short for recommendations to be addressed. However, as there are too many variables which influence G20 decision-making, an assumption of a B20 recommendation influence across several presidencies may not be justified, especially if B20 did not reiterate it in subsequent cycles, which is often the case.

The review does not look into the B20 recommendations effect on other international institutions unless there is a related G20 mandate, thus if an international institution takes actions in line with B20 recommendations or priorities, but there is no evidence that it was guided by G20 decision/mandate, it is not regarded as a causal relationship.

2. B20 influence on G20 delivery on the pledges made is assessed by monitoring G20 compliance with the B20 related commitments. This dimension mostly represents the G20 members' performance, analyzing G20 members' compliance with eight commitments made by the G20 leaders at the Los Cabos summit in the key areas of cooperation.

The executive summary and the issues reports which follow draw on the data from the study "How B20 Recommendations Translate into G20 Decisions". This study as well as the full country reports both are available on the B20 web-site at [B20Russia.com](http://B20Russia.com).

## KEY FINDINGS

### B20 Recommendations Inclusion into G20 Documents

Of the total of 262 recommendations 93 (or 35.5%) have been reflected in the G20 documents as commitments and/or mandates. The Toronto kick start proved the most productive with the caveat that the 11 B20 recommendations came as a response to the G20 priorities on the eve of the summit, when G20 decisions by and large had been already agreed, and were not presented in a document but reported by chair of the B20 meeting. Seoul and Cannes saw a substantive increase in the number of B20 recommendations, incorporating new areas of green growth, ICT and innovations, infrastructure development and health in Seoul; food security, anticorruption, global governance and financing for development in Cannes. B20 recommendations expansion to new areas responded to the G20 expanding agenda (Table 1).

In the assessment a scoring system was applied where:

- (+1) means the B20 recommendation was addressed in the G20 documents and G20 actions or mandates are in line with this B20 recommendation.
- (0) The B20 recommendation was addressed in the G20 documents but no commitments / mandates in line with this B20 recommendation have been agreed.
- (-1) The B20 recommendation was not addressed in the G20 documents.

The number/percent of B20 recommendations which were translated into G20 decisions reached 16 in Seoul (28%), 45 in Cannes (38%) and 25 in Los Cabos (33%) (Table 2). Thus the dynamics across presidencies is mixed.

In terms of policy areas B20 recommendations on financial regulation, international monetary system reform, as well as the macroeconomic policies, which belong to the G20 core mission and objectives, have registered the highest levels of correlation with the G20 decisions (with a positive score for 64%, 63.6% and 46.7% of recommendations respectively).

Financial regulation is an area where B20 has consistently identified and successfully promoted relevant issues in the dialogue with the G20. Given that financial reforms remain at the core of the G20 agenda, B20 should augment cooperation in this area, with due regard of newly emerging challenges and relevance of previous B20 recommendations not addressed by the G20.

B20 recommendations on International Monetary System high level of reflection in G20 decisions did not result from the B20 influence on G20 decisions, but rather from the fact that the Task Force shared the G20 established agenda and reflected it in the recommendations.

B20 recommendations on macroeconomic policy addressed by the G20 mainly deal with traditional issues on the G20 agenda. Taking into account the limited value of reiterating recommendations already being dealt with by G20, B20 should focus on priorities which retain their relevance, but were previously neglected by the G20, or/and work towards recommendations supporting structural reforms which

**Table 1**  
**B20 Recommendations Distribution by Areas and Summits**

Area	Toronto		Seoul		Cannes		Los Cabos		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Green Growth	0	0	14	24.6	14	11.9	6	7.9	34	13
Employment, Human Capital, Social Issues	1	9.1	8	14	8	6.8	12	15.8	29	11.1
Trade	2	18.2	6	10.5	10	8.5	11	14.5	29	11.1
Financial Regulation	3	27.3	6	10.5	11	9.3	5	6.6	25	9.5
Food Security	0	0	0	0	6	5.1	18	23.7	24	9.2
Corruption	0	0	0	0	6	5.1	15	19.7	21	8
ICT, Technologies and Innovations	0	0	5	8.8	11	9.3	4	5.3	20	7.6
Macroeconomic	5	45.5	4	7	6	5.1	0	0	15	5.7
Investment	0	0	5	8.8	6	5.1	3	3.9	14	5.3
Energy	0	0	1	1.8	12	10.2	0	0	13	5
International Monetary System	0	0	0	0	11	9.3	0	0	11	4.2
Infrastructure	0	0	5	8.8	3	2.5	2	2.6	10	3.8
Financing for development	0	0	3	5.3	6	5.1	0	0	9	3.4
Global Governance	0	0	0	0	8	6.8	0	0	8	3.1
<b>Total</b>	<b>11</b>	<b>100</b>	<b>57</b>	<b>100</b>	<b>118</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>262</b>	<b>100</b>

**Table 2**  
**Recommendations Scores Distribution by Summits**

Scoring	Toronto		Seoul		Cannes		Los Cabos		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
-1	0	0	30	52.6	47	39.8	28	36.8	105	40.1
0	4	36.4	11	19.3	26	22	23	30.3	64	24.4
1	7	63.6	16	28.1	45	38.1	25	32.9	93	35.5
<b>Total</b>	<b>11</b>	<b>100</b>	<b>57</b>	<b>100</b>	<b>118</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>262</b>	<b>100</b>

are key for generating growth and jobs with due regard of the members' individual national circumstances.

Recommendations on Food Security agreed for Cannes and Los Cabos also get a good track record in decisions of the G20 summits with the overall total positive score of 62.5% or 15 out of 24 recommendations responded to by G20. Given G20 extensive and demanding agenda on food security, B20 could add value by focusing on the specific aspects of the G20 decisions' implementation, and agreeing its own commitments which would support G20 efforts. Thus B20 could transform recommendations on value chains into the B20 commitments.

Trade fares relatively well, though less than half of recommendations on trade are reflected in G20 commitments (12 out of 29). Analysis of B20 recommendations on Trade leads to four simple conclusions. First, the value of continued emphasis on completing Doha De-

velopment Round, trade liberalization and combating protectionism is limited given that they constitute an inherent part of the G20 core agenda and B20 thus simply reiterates its support for the commitments made. Second, the B20 recommendations which were not taken up by the G20 tend to be dropped from the subsequent B20 reports; this begs a question of consistency and continuity of B20 priorities and /or coordination process across presidencies. Third, G20 fails to translate some of the more specific recommendations into commitments for obvious reasons: they fall short of the leaders' level, they belong to specialized organizations mandate, and, finally, it is always more complicated to reach consensus on concrete commitments, than on broad decisions. Thus, the B20 needs to find a balance between the broad recommendations which form the core of G20 agenda and the specific ones, which it prioritizes in a consistent way consolidating positions across presidencies.

Investment and infrastructure are a challenge with a positive track record of 28.6% (4 out of 14 recommendations) and 30% (3 out of 10 recommendations) in the G20 decisions. G20-B20 dialogue on investment needs to be boosted. The level of B20 recommendations reflection by the G20 is low. The only core sub-area where B20 recommendations are constantly reflected in the G20 documents is freedom of international investment flows. Given that this is a traditional issue on the G20 agenda, the degree of B20 influence on G20 decisions in this area is questionable. Recommendations on developing an international legal framework on investment were not reflected in the G20 documents, despite the fact that B20 has changed the wording and approaches from summit to summit, trying to better adapt it to the G20 mandate and principles. This fact could prove a G20's adamant position not to include this issue on its agenda. Thus the 2013 B20 Task Force on Investment and Infrastructure faces a special responsibility in a combination of these two policy areas.

The 2013 B20 Task Force on Job Creation, Employment and Investment in Human Capital has got a heritage of 29 recommendations with only 7 (24%) positively reflected in the G20 documents decisions. Employment is a good example of B20 leading the dialogue, rather than following G20 on its core areas of coordination. Track record of the Task Forces dealing with employment and social policies provides evidence that B20 is capable of identifying key challenges which G20 members face and pursuing their priorities consistently in the dialogue with G20 to get the issues addressed by the leaders. Hopefully the current and future

presidencies will consolidate the efforts in that regard.

Green growth, innovations and energy efficiency which fall within the portfolio of the 2013 B20 Task Force on Innovation have had a modest success on average, though for green growth response to 10 recommendations out of the total of 34 can be traced in G20 commitments, whereas for ICT and innovations none of the 20 recommendations made by B20 has been acted upon by the G20. The core of the B20 recommendations on Green Growth that were reiterated in each B20 report is very broad. The B20 impact in reducing fossil-fuel subsidies is unclear, as the issue had been on the G20 agenda long before the B20 made any recommendations in this regard. The G20 responsiveness to the core recommendations is most visible in the area of green technologies and innovations promotion. B20 could consider revisiting some of the their recommendations which retain their relevance and reemphasize the need for new financing solutions facilitating long term investments into new energy efficient technologies.

On infrastructure, similarly to many other policy areas, general recommendations have been better reflected in the G20 decisions compared with targeted ones. B20 proposals focusing on new issues tended to be ignored. It does not follow that innovative issues should not be pursued by B20 in the dialogue with G20. However, as reiteration of recommendations which have already become part of G20 core agenda, does not add significant value to the G20-B20 Dialogue, B20 should be both selective and consistent in defining priori-



ties they decide to advocate, coordinating positions and consolidating efforts across presidencies.

Recommendations on ICT, Technologies and Innovations area have been made by the B20 to all summits starting from Seoul and represent a relatively considerable share of 7.6% of all recommendations made to four summits. However, inclusion of recommendations in this area into the G20 documents is the lowest among all policy spheres. None were acted upon by the G20 and only 15% were reflected in the summits' documents in the form of deliberation. It can be explained by the fact that neither Information and Communications Technologies (ICT) nor Innovations have been high on the G20 priorities agenda. Russia's G20 Presidency does not plan to include it as a separate priority either. As ICT, Technologies and Innovations are not included in the G20 agenda effectiveness of a separate B20 task force may be undermined. The B20 might consider whether it needs to create a special task force on innovations each year or other task forces should integrate elements of technologies and innovations in their respective recommendations, such as for instance green growth, structural reforms or food security.

The B20 recommendation on energy issues do not have a clear focus, the attention is spread between multiple areas such as regulation of energy markets, safety standards, information exchange, efficiency promotion, etc. However, only the recommendations on enhancing international dialogue and information exchange have been addressed by the G20. Even though there is no TF on energy within the 2013 B20 Presidency given the Russian G20 priority on making energy and commodity markets transparent

and more predictable and promoting energy efficiency and green growth; B20 could consider revisiting and emphasizing some of the recommendations made earlier which retain their relevance, such as the recommendation to establish genuine market mechanisms to encourage investments and facilitate access to energy in developing countries, the recommendation to develop dialogue between producers and consumers including governments and business, or the recommendation to ensure timely information on supply, demand and storage flows.

## G20 Compliance with B20 Related Commitments

The report reviews compliance with a sample of eight commitments made by the G20 leaders at the Los Cabos summit in the following areas: Labour and Employment, Business Environment for Investors, Refraining from Protectionist Measures, Food and Agriculture (Scaling Up Nutrition and Sustainable Agriculture), Crime and Corruption, Financial Inclusion and Emerging Markets Growth.

### Selection of Commitments

Selection of the commitments for monitoring was guided by several factors. First, relevance of the commitment to the B20, based on the three criteria: direct references to the B20; mentions of the keywords "business", "private sector"; degree of G20 statements matching B20 recommendations. Second, the nature of the commitments should allow design transparent and comprehensive interpretive guidelines and collect reliable data to ensure the accuracy of the compliance report. Third, to bring added value the as-



assessment should not duplicate the G20 formal accountability. The set of commitments selected for monitoring within the annual G20 Research Group and Higher School of Economics studies on G20 compliance was also considered.

## Evaluation Methodology

In assessing compliance the study draws on the methodology developed, tried and tested since the G20 inception at the leaders' level back in 2008<sup>1</sup>. The use of this existing methodology builds cross-issue and cross-member consistency and also allows compatibility with compliance assessments of the G8 and BRICS.

The methodology uses a scale from -1 to +1, where +1 indicates full compliance with the stated commitment, -1 indicates a failure to comply or action taken that is directly opposite to the stated goal of the commitment, and 0 indicates partial compliance or work in progress, such as initiatives that have been launched but are not yet near completion and whose results can therefore not be assessed. Each member assessed receives a score of -1, 0 or +1 for each commitment. For convenience, the scores in the tables have been converted to percentages, where -1 equals 0% and +1 equals 100%<sup>2</sup>.

The evaluation is defined by the nature of the policy area and concrete decisions and is described in the interpretive guidelines to each commit-

ment in the full report. However, use of a common methodology ensures cross-members and cross-area comparability.

The monitoring timeframe spans the period from the Los Cabos summit on June 19, 2012 to the end of April 2013. The analysis is based on official documents issued by G20 members and international organizations relevant to the issues, as well as media reports and other publicly available information. The review is focused on the decisions implementation and does not attempt to estimate the impact or effectiveness of the G20 actions.

## G20 Compliance Performance

The average level of G20 members' compliance on B20 related commitments is 61% (Table 3). It is lower than the G20 average score for the Cannes (76.5%) and Seoul (75%) summits' sets of general non B20 focused commitments analyzed in the G20RG-HSE annual reports<sup>3</sup>. The lower scores for B20 related commitments can be explained by the fact that they are more specific. Another explanation is a shorter monitoring period (some G20 members usually take a lot of compliance actions within two or three months prior to the next summit). Once the annual compliance report is released for Saint-Petersburg summit, the comparison will be revisited.

- 1 Based on the methodology employed by the G20 Research Group and Higher School of Economics to assess compliance with G8, G20 and BRICS. See G8 and G20 Reference Manual for Commitment and Compliance Coding. [http://www.hse.ru/en/org/hse/iori/G20\\_analytics#method](http://www.hse.ru/en/org/hse/iori/G20_analytics#method).
- 2 The formula to convert a score into a percentage is  $P=50 \times (S+1)$ , where P is the percentage and S is the score.
- 3 The annual report on the Los Cabos summit will be released by the time of the G20 summit in September. Other reports can be found at <http://www.g20.utoronto.ca/analysis/index.html#compliance>.

## Performance by Issue Areas

The G20 performance varies across countries and policy areas with the highest compliance level on Labour and Employment at 97.5%. All members except one have taken actions to strengthen their education, skills development and training policies to support a successful school-to-work transition.

Most of G20 members pursued the objective of maintaining a supportive business environment for investors at both national and multilateral levels, thus the average level of compliance on the Business Environment for Investors commitment is 92.5%. Only three countries partially complied with the commitment to support a favorable business environment for investors undertaking actions either domestically or internationally.

Compliance level with the commitment to promote a range of reforms for development, including improving the investment climate and enhancing infrastructure investment by Emerging Markets (ten countries) was also high (85%), as the majority of G20 emerging countries continued or initiated new reforms to foster economic development, focusing on infrastructure investment. It is worth noting that compliance with a similar Cannes summit commitment on Emerging Markets Resilience was assessed at exactly the same level.

Compliance performance with the commitment on Refraining from Protectionist Measures is higher (72.5%) than the score for the same commitment in the previous monitoring cycle (62.5%), with five members failing to comply; two countries — partially complying, and 13 members fully complying with it.

Performance on the commitments on Crime and Corruption, Scaling Up Nutrition and Financial Inclusion is lagging below 50% with the score of 15%, 30% and 45% respectively.

In Los Cabos the leaders endorsed the G20 Anti-Corruption Working Group principles for denial of entry to their countries of corrupt officials, and those who corrupt them, and pledged to continue to develop frameworks for cooperation. The level of compliance with this commitment was the lowest among all commitments analyzed. None of the G20 members has fully complied and only six members have showed partial compliance (Australia, Germany, Saudi Arabia, US, EU, Russia). Australia and Russia have promoted international cooperation on this issue, but have not taken domestic measures to enforce relevant legislation. Four other partially complying members drafted or adopted the legislation which complies with the Denial of Safe Haven principles. It should be noted that usually the G20 compliance with such commitments as enforcement of the UN Convention Against Corruption is much higher. Given that Denial of Safe Haven is rather new issue on the agenda, mechanisms of multilateral cooperation within the G20 should be developed and common principles further specified.

The average compliance with the commitment on Scaling Up Nutrition (SUN) was rather low as only Canada, Japan, UK and EU have participated in the SUN movement to combat chronic malnutrition and encouraged other countries to engage with the SUN. Four countries (Australia, Germany, Indonesia and US) participated in the SUN activities but have not encouraged wider involvement of other stakeholders into the Initiative.

The average compliance performance with the commitment to increase Financial Inclusion was low, with only 4 members receiving the maximum score of +1, and 7 members registering non-compliance. Almost all advanced countries have taken measures consistent with at least four of the nine principles for innovative financial inclusion endorsed at the Toronto G20 Summit in 2010, namely: leadership, diversity, innovation, protection, empowerment, cooperation, knowledge, proportionality and framework, reflecting international standards, national circumstances and support for a competitive landscape. Thus, compliance among advanced G20 members was generally higher in comparison with emerging economies.

### Compliance by Member

Australia which will chair the G20 next year showed the highest level of compliance at 85.7%. Canada, UK, US and EU are tied for second place with a score of 78.6%. They are followed by Germany and Japan at 71.4%. Russia, currently holding the G20 Presidency, is at the fourth place with 68.8%. The average level of emerging G20 members' compliance is 53.8%.

### Conclusions

The average level of compliance with the B20 related commitments proved to be lower than that with the general set of commitments. Apparently B20 should consider the G20 ability to comply when developing business community recommendations for the G20 leaders. A high level of B20 recommendations' inclusion into G20 actions does not guarantee subsequent implementation of the commitments made. The B20 should ensure con-

tinuity on their priority recommendations in the dialogue with G20 and engage in the follow up process by more actively participating in the G20 agreed initiatives and projects at the national and global levels. Progress on B20 related commitment should be reviewed and made public for each summit. If history of G20 compliance performance and its monitoring is any guide such engagement will help advance implementation of B20 related commitments.

### Future Reports

The information contained in this report provides G20 members and other stakeholders with an indication of their compliance in the period immediately following the Los Cabos Summit. This draft has been produced as an invitation for others to provide additional or more complete information on compliance before the final report will be published in the time for G20 September summit. Feedback should be sent to LarionovaMV@b20russia.com. The authors hope that Australia as the next B20 Chair will support the process of monitoring G20 members' performance on B20 related commitments, thus increasing transparency and accountability of the G20 and promoting the effectiveness of the G20-B20 dialogue.

**Table 3.**  
**G20 Compliance Scores**

<b>Commitment</b>	<b>ARG</b>	<b>AUS</b>	<b>BRA</b>	<b>CAN</b>	<b>CHI</b>	<b>FRA</b>	<b>GER</b>	<b>IND</b>	<b>INO</b>	<b>ITA</b>	<b>JPN</b>
Labour and Employment [38]	1	1	1	1	1	1	1	1	0	1	1
Investment: Business Environment for Investors [47]	1	1	1	1	1	1	1	1	1	0	1
Refraining from Protectionist Measures [48]	-1	1	0	1	0	1	1	-1	1	1	1
Food and Agriculture: Scaling Up Nutrition Movement [74]	-1	0	-1	1	-1	-1	0	-1	0	-1	1
Food and Agriculture: Sustainable Agriculture [77]	1	1	1	1	-1	1	0	0	1	-1	-1
Crime and Corruption [100]	-1	0	-1	-1	-1	-1	0	-1	-1	-1	-1
Financial Inclusion [172]	-1	1	0	0	0	0	0	1	-1	-1	1
Macro-economic: Emerging Market Growth [177]	0	n/a	1	n/a	1	n/a	n/a	1	1	n/a	n/a
Average	-0.13	0.71	0.25	0.57	0	0.29	0.43	0.13	0.25	-0.29	0.43
Average, %	43.8	85.7	62.5	78.6	50.0	64.3	71.4	56.3	62.5	35.7	71.4

Commitment	KOR	MEX	RUS	S.AR	S.AF	TUR	UK	US	EU	AVG	AVG, %
Labour and Employment [38]	1	1	1	1	1	1	1	1	1	0.95	97.5
Investment: Business Environment for Investors [47]	0	1	1	1	0	1	1	1	1	0.85	92.5
Refraining from Protectionist Measures [48]	1	1	-1	1	-1	0	1	1	1	0.45	72.5
Food and Agriculture: Scaling Up Nutrition Movement [74]	-1	-1	-1	-1	-1	-1	1	0	1	-0.4	30.0
Food and Agriculture: Sustainable Agriculture [77]	-1	0	1	-1	1	0	1	1	-1	0.2	60.0
Crime and Corruption [100]	-1	-1	0	0	-1	-1	-1	0	0	-0.7	15.0
Financial Inclusion [172]	0	-1	1	-1	-1	-1	0	0	1	-0.1	45.0
Macro-economic: Emerging Market Growth [177]	n/a	1	1	1	1	-1	n/a	n/a	n/a	0.7	85.0
Average	-0.14	0.13	0.38	0.13	-0.13	-0.25	0.57	0.57	0.57	<b>0.21</b>	
Average, %	42.9	56.3	68.8	56.3	43.8	37.5	78.6	78.6	78.6		<b>60.7</b>



## KEY FINDINGS

## Labour and Employment

Commitments on reducing unemployment and creating decent jobs have been an integral part of the G20 agenda since its formation. The Framework for Strong, Sustainable and Balanced Growth agreed at the G20 Pittsburgh Summit in 2009 puts quality jobs “at the heart of economic recovery”.<sup>4</sup> G20 leaders reinforced this emphasis at the summits in Toronto<sup>5</sup> and Seoul.<sup>6</sup>

At the Cannes Summit leaders decided to set up “a G20 Task-Force on Employment, with a focus on

youth employment, that will provide input to the G20 Labour and Employment Ministerial Meeting to be held under the Mexican Presidency in 2012” and asked international organizations, including the International Monetary Fund, International Labour Organization and the World Bank to monitor how economic reforms will impact job creation<sup>7</sup>. The intergovernmental task force established at the Cannes Summit was given a mandate to “provide practical input for discussions during the G20 Labour and Employment ministerial meeting to be held under the Mexican Presidency” with a particular focus on youth employment<sup>8</sup>. The task force reported its findings at the G20 Labour and Employment Ministers meeting in Guadalajara, Mexico on 17–18 May 2012.

Employment has been an important area for the B20 since its first summit. Recommendations to the G20 on employment, human capital development and social issues were included in the B20 documents starting from the first meeting prior to the Toronto G20 summit. Over the period from the Toronto summit to the Los Cabos summit B20 has made 29 recommendations on employment and social issues, or 11.1% of all the recommendations made by the B20.

4 G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 25 September 2009. Date of Access: 21 February 2013. <http://www.g20.utoronto.ca/2009/2009communique0925.html#jobs>.

5 The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 21 February 2013. <http://www.g20.utoronto.ca/2010/to-communique.html>.

6 G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 21 February 2013. <http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html>.

7 Cannes Summit Final Declaration: Building Our Common Future, G20 Information Centre (Toronto) 4 November 2011. Date of Access: 21 February 2013. <http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html>.

8 G20 Labour and Employment Ministers' Conclusions, G20 Information Centre (Toronto) 27 September 2011. Date of Access: 21 February 2013. <http://www.g20.utoronto.ca/2011/2011-labour-110927-en.html>.



In the Los Cabos report B20 reiterated recommendations on supporting entrepreneurship and SMEs and improving employment opportunities for young people. All of these recommendations were translated into G20 decisions or mandates, or at least deliberated upon in the G20 Los Cabos documents. A number of new recommendations were made, with all of them neglected by the G20, except a general one, focused on linking labor market reforms with general regulatory reforms “designed to support economic growth and improve the climate for investing and doing business as a foundation for further employment.”

The policy area is a good example of the B20 leading the dialogue, rather than following the G20 on its core areas of coordination. Track record of the Task Forces dealing with employment and social policies provides evidence that the B20 is capable of identifying key challenges which G20 members face and pursuing their priorities consistently in the dialogue with the G20 to get the issues addressed by the leaders.

At the Los Cabos summit the G20 committed to *intensify the “efforts to strengthen cooperation in education, skills development and training policies, including internship and on-the-job training, which support a successful school-to-work transition”*, thus, going in line with the B20 proposals.

This commitment calls for actions to support a successful school-to-work transition in two broad areas: (1) education and skills development, (2) training policies. The main outcomes of the work of the G20 Task

Force on Employment prior to the Labour and Employment Ministers meeting in Mexico include recommendations on concrete measures for policy development in these two areas. If adapted to national circumstances and needs, these measures can help promote youth employment in the G20. Particular actions identified by the G20 Task Force on Employment were singled out for assessing compliance and can be found in the full report. The members, which addressed both parts of the commitment, have been identified as fully complying.

The commitment showed the highest average level of compliance, as only Indonesia, given the absence of significant actions to strengthen its national training policies during the compliance period, complied partially. Other countries have taken measures to strengthen both their education and skills development, as well as training policies. Some G20 members have focused specifically on training policies. Australia, for example, prolonged the USD60 million Apprenticeship Kickstart Initiative. Other countries focused more on improving the quality of general education, like Brazil, which increased spending on the social program “Affectionate Brazil” that supports social services, including education, for vulnerable groups. During the compliance period Russia has adopted the ambitious State Program on Education Development for the period of 2013–2020, which provides for investment of almost USD133 billion into education, including professional training.



## Investment: Business Environment for Investors

The number and share of recommendations on investment issues, which were for the first time made by the B20 to the Seoul summit, have been constantly decreasing (8.8% in Seoul, 5.1% in Cannes and only 3.9% in Los Cabos). The majority of these recommendations were not addressed by the G20 at all (57.1%) and only 28.6% have been acted upon in the form of commitments and mandates.

The only recommendation reflected in the Seoul summit documents was the one on the reaffirmation of the commitment on global capital flows, consistent global regulatory standards and developing “capital markets while highlighting the risks of financial protectionism”. Given that these issues have been on the G20 agenda since the Washington summit (financial protectionism appeared at the following summit in London) it was easy for the G20 Leaders to reaffirm existing commitments and once again pledge to avoid financial protectionism. It might be assumed that more specific recommendations on this issue if reflected by the G20 could have been more important for the B20 than just a reaffirmation of a traditional agenda. The need for an environment that supports private sector-led investment was emphasized by the G20 as one of the six core principles of the Seoul Development Consensus and the Multi-Year Action Plan in 2010.

The level of B20 recommendations’ inclusion in the Cannes summit documents was much higher (G20 acted upon two out of six recommendations and deliberated on one). G20 reaf-

firmed its traditional commitment on “refraining from raising barriers or imposing new barriers to both outward and inward investment” until the end of 2013 and reaffirmed the mandate of the OECD and the UNCTAD to monitor and report on the situation.

Only three recommendations on investment were made by the B20 to the Los Cabos and only one was addressed by the G20 in the summit documents. The B20 repeated its call on the G20 to “reiterate its support for open cross-border investment as an essential contributor to growth, development and job creation”. The G20 easily reaffirmed its standstill commitments on open investment and deliberated on the links of investment with growth, jobs and development.

The first direct commitment for a supportive business environment for foreign investors was made at the Los Cabos Summit in 2012.

To register full compliance with this commitment a member needed to take measures aimed at alleviating obstacles to foreign investment unilaterally and through participation in international investment agreements. Unilateral actions may include eliminating restrictions to international investment, improving clarity of procedures, ensuring free movements of capital, liberalizing procedures for foreign investments in specific sectors, etc. International investment agreements can be concluded on both a bilateral and a multilateral basis and can also include agreements on double taxation.

The G20 performance in this area is relatively high, with 17 out of 20 members receiving a score of +1 for full compliance. To register full com-

pliance G20 members needed to take measures aimed at removing obstacles to foreign investment unilaterally and participate in international investment agreements. From those receiving a score of 0 for partial compliance two members have failed to take any measures to stimulate investments unilaterally, while one G20 member has not become engaged in any new multilateral agreements in the area.

Typical unilateral actions to maintain a supportive business environment for investors included reductions in duties and taxes on financial operations during the investment process, liberalizing foreign investment in particular sectors, organizing investment road-shows and presentations, and establishing governmental institutions responsible for the development of investment-enhancing measures and their implementation.

Several G20 members (Brazil, Canada, China, India, Saudi Arabia and Turkey) have undertaken measures to liberalize the investment markets, primarily for foreign investment, in sectors and industries considered as being crucial for national economic growth and employment. Most actions in this area have been taken in the infrastructural sector.

Some initiatives aim to promote additional investment in certain sectors. For instance, Argentina has organized a series of meetings with the representatives of major US IT companies to inform them on benefits provided

for foreign investors in Argentinean software sector.

Another case is adopting comprehensive strategies to improve the country's investment attractiveness for foreign investors. For example, the Government of France has ensured the implementation of several interconnected tax, financial and employability measures aimed at stimulating foreign investment.

Some excellent initiatives have been implemented to support investment through governments' participation in investment projects. A case in point is a new round of the UK Regional Growth Fund. The Fund supports different projects and programmes and attracts private sector investment to create economic growth and sustainable employment using the principle of co-financing. Another example is the Australian Government's USD1 billion plan to provide venture capital funding and attract more foreign investment to the Australian economy, and to the pharmaceutical industry in particular.

The Russian Government continued to implement the National Business Initiative, which "is expected to systematically improve the investment climate". The initiative is implemented according to the roadmaps, "which deal with various spheres of government regulation" and "stipulate concrete results".<sup>9</sup> The Government adopted several roadmaps on: improving customs administration,<sup>10</sup> support to foreign markets access and export support on 29 June 2012,<sup>11</sup> increasing

9 Dmitry Medvedev takes part in the round table discussion, National Business Initiative: Initial Results, Next Steps, Russian Government 15 February 2013. <http://www.government.ru/eng/docs/22826/>.

10 Roadmap on Improving Customs Administration, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/tamozhnya/>.

11 Roadmap on Supporting Access to Foreign Markets, and Export Support, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/export/>.

availability of energy infrastructure on 30 June 2012,<sup>12</sup> and improving investment climate in the construction industry on 16 August 2012.<sup>13</sup>

Most initiatives to maintain a supportive business environment for investors through participation in international agreements focused on signing investment cooperation agreements and Double Taxation Conventions. Most agreements have been signed between major trading and investment partners. A noteworthy case of investment facilitation at the bilateral level is establishing the Brazilian-Belgian Investment Fund for Environmental Innovation with initial committed capital of USD76.5 million. The Fund will make long-term investments in start-up companies with innovative profiles.

## Refraining from Protectionist Measures

The commitment to refrain from imposing protectionist barriers to trade has been a feature of G20 summit documents since the initial post-crisis summit in Washington. The Washington commitment was extended at the 2009 London Summit until the end of 2010 and renewed at the 2010 Toronto Summit until the end of 2013. The commitment was extended most recently at the Los Cabos Summit until the end of 2014.

Over the period from the Toronto summit to the Los Cabos summit

the B20 has made 29 recommendations on trade issues, amounting to 11.1% of all the recommendations made by the B20. In Toronto the B20 made two recommendations on Trade, both of which were reflected in the G20 commitments. In Seoul four out of six B20 recommendations on Trade were addressed by the G20 leaders in their documents. In Cannes four out of ten were addressed. In Los Cabos — two out of 11. Thus, there is a slump in G20 responsiveness to B20 recommendation. Overall less than half, or only 41% (12 out of 29) of the B20 recommendations received a score of “+1” for being translated into the G20 commitments.

Thus, since the inception of the B20 process the business community has been advocating for open trade and investment, international markets’ liberalization and curbing protectionist tendencies. There are two parts to this commitment that together determine compliance. The first is to “reaffirm our standstill commitment until the end of 2014.” The second is to “roll back any new protectionist measure that may have risen.” The methodology for assessing the G20 compliance with this commitment is therefore twofold, with a compliance score for both the standstill and roll back provisions of this commitment that together define the final score.

The G20 members’ performance on this commitment has been average

12 Roadmap on Improving Access to Energy Infrastructure, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/npi/energetica/>.

13 Roadmap on Improving the Business Climate in the Construction Industry, Agency for Strategic Initiatives (Moscow) August 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/npi/stroitelstvo/>.

(0.4), with five members (Argentina, Brazil, India, Russia and South Africa) failing to comply; two countries (China and Turkey) — partially complying, and 13 (Australia, Canada, France, Germany, Indonesia, Italy, Japan, Korea, Germany, Mexico, Saudi Arabia, the UK, the US and the EU) fully complying with it.

The members that have introduced the most protectionist measures during the monitoring period include: Russia with at least 17 measures, India with nine, and Turkey with seven. Turkey, however, received a score of 0 for partial compliance due to the fact that the second part of the commitment was not applicable to it, as it had not introduced any protectionist measures in the period between the Cannes and the Los Cabos summits.

Canada, France, Korea, Mexico, The UK, the US, and the EU have managed to refrain from imposing new barriers to trade and thus have fully complied with the first part of the commitment. Other countries that received a score for full compliance introduced a limited number of protectionist measures (one or two).

The range of protectionist measures imposed by the G20 members has been wide. They included: the adoption of reference prices, local content requirements, export tariffs, decreasing export quotas, import bans, import quotas, etc. These were used predominantly by the developing countries, with a few exceptions.

The most notable user of import restrictions among the G20 members during the monitoring period has been India, which introduced these measures to restrict trade in steel

products, gold, raw sugar, power generation equipment, and several agricultural products. One of the countries which known as one of the least protectionist in the world — Japan, has also had to resort to import restriction measures, banning beef imports from Brazil.

Russia, the country which has introduced the highest amount of protectionist measures in the G20 during this monitoring period, mainly resorted to import restrictions (bans and duties) and state support measures to the domestic industries. One notable example here is the introduction of federal subsidies to enterprises operating in the timber industry and domestic leasing companies. The number of protectionist measures introduced by Russia during the monitoring period was higher than in the period between the Cannes and the Loc Cabos summits (17 protectionist measures against five) and there was no information indicating that Russia rolled back any of those measures.

In the run up to St. Petersburg summit the B20 yet again calls on the G20 to refrain from the protections measures and extend the standstill commitment, hopefully Russia as the G20 2013 Chair will support the commitment and honor its delivery.

## Food and Agriculture

Over the period between the Toronto summit and the Los Cabos summit the B20 has made 24 recommendations on food security issues, which is 9.2% of all the recommendations made by the B20. The B20 included food security into their priorities after Seoul, though food security has been on the G20 agenda since Lon-

don when the leaders committed to making available resources for social protection for the poorest countries, including through investing in long-term food security. In Cannes the B20 made 6 recommendations on food security. Five of them were addressed in the G20 documents. In Los Cabos ten out of 18 B20 recommendations were reflected in the G20 documents. Thus, 63% (15 out of 24) of the B20 recommendations received a score of “+1” for being translated into the G20 commitments.

Six recommendations made by the B20 for the G20 Cannes summit were dedicated to the issues of agricultural technology transfer, environmental sustainability of agricultural policies, increasing public and private investment in agriculture, agricultural policy coordination and improving functioning of agricultural markets.

The B20 recommendations on food security to the Los Cabos summit were more numerous and addressed more specific issues, such as: strengthening countries capacities to achieve national food security goals, improving value chains in agriculture, managing risks in agriculture, biofuels, improving water management and efficiency, establishing property rights etc. In their recommendations to the Los Cabos summit the B20 also touched upon other areas of the G20 agenda connected with food security. For instance, the recommendations addressed such issues as: improving trade policy, developing rural industries and

employment, empowering women farmers, managing price volatility risks, expanding access to agricultural information, establishing land rights, increasing public investment and creating enabling environment for private investment in agriculture.

### Food and Agriculture: Scaling Up Nutrition movement

The Scaling Up Nutrition (SUN) process began in 2009 with the development of the Scale Up Nutrition Framework and has evolved into a movement aimed to improve maternal and child nutrition. The SUN movement participants include national governments, the United Nations, civil society, businesses, researchers and other donors.<sup>14</sup>

In September 2010 the Road Map for Scaling up Nutrition was released. It lays down the principles and directions to support countries as they scale up efforts to fight malnutrition. A wide range of stakeholders are encouraged to provide support to affected countries' national actions in a coordinated way.

The SUN initiative has steadily expanded to include 33 countries. The movement has laid out a three-year plan (2012–15) to significantly reduce under-nutrition in participating countries, most of which have established their own mechanisms of reducing under-nutrition.

For the first time the G20 committed to supporting the SUN movement in the 2011 Development Working Group Report to the Cannes Sum-

14 About, Scaling Up Nutrition. [http://scalingupnutrition.org/about#countries\\_reveal](http://scalingupnutrition.org/about#countries_reveal).



mit. The G20 also agreed “to provide coordinated support to region, country- and community-led strategies and programmes”.<sup>15</sup> The commitment was reiterated in the Final Declaration of the summit.<sup>16</sup>

In the report to the G20 Los Cabos Summit the B20 recommended to “coordinate multistakeholder leadership and engagement at the global and country levels through the Scaling Up Nutrition (SUN) movement and other key platforms”. They also proposed “the number of countries that have implemented the Scaling Up Nutrition (SUN) movement” as one of the metrics to track success of the proposed G20 commitments on food security.<sup>17</sup> Reflecting these B20 demands at the 2012 Los Cabos Summit the G20 leaders expressed their support to the SUN movement and encouraged wider G20 members’ involvement.<sup>18</sup>

The commitment requires members to get involved into the Scaling Up Nutrition movement. The country can participate either as a recipient (among which the only G20 member is Indonesia), or as a donor. For full compliance the G20 country should actively participate in the SUN movement activities, i.e. take relevant actions during the monitoring period and encourage wider involvement of G20 members.

The average G20 compliance with this commitment was rather low as only Canada, Japan, UK and EU have participated in the SUN movement and encouraged other countries to get engaged as well. Four countries (Australia, Germany, Indonesia and US) participated in the SUN activities but have not encouraged wider involvement of other stakeholders into the Initiative.

### Food and Agriculture: Sustainable Agriculture

In its report to Los Cabos summit the B20 called the G20 members to “scale up environmentally sustainable farming practices, including water-efficient and climate-smart agriculture, to increase productivity”, “implement highly efficient farming practices, including effective irrigation practices” and “increase investments in water efficiency, relative to total investments in the agricultural and water sectors”.<sup>19</sup>

At the Los Cabos Summit held on 18–19 June 2012, G20 Leaders affirmed their on-going commitment to improving domestic food and agricultural practices, with a particular focus on adapting agriculture so as to mitigate its effects on climate change.<sup>20</sup> The commitment responds to calls for heightened international cooperation

15 2011 Report of the Development Working Group, 28 October 2011. <http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html>.

16 Cannes Summit Final Declaration, 4 November 2011. <http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html>.

17 B20 Task Force Recommendations, June 2012. <http://b20.org/documentos/B20-Complete-Report.pdf>.

18 G20 Leaders Declaration Los Cabos, Mexico, June 19, 2012. <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

19 B20 Task Force Recommendations, B20 June 2012. Date of Access: 17 June 2013. [http://www.b20russia.com/Greenbook\\_web-6June13.pdf](http://www.b20russia.com/Greenbook_web-6June13.pdf).

20 G20 Leaders Declaration, G20 Information Center (Toronto) 19 June 2012. Date of Access: 8 December 2012. <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

in the use of land and water resources expressed by the United Nations. As put forth by the Food and Agriculture Organization of the United Nations (FAO), “Increasing competition over natural resources because of population and economic growth, climate change and other drivers is magnifying the challenges of natural resource management.”<sup>21</sup> In such progressively challenging conditions, it becomes crucial to bring attention to and make decisions on the sustainable use of land and water in agriculture to “ensure land and water remain a conduit for agricultural and economic growth and for the general advancement of human well-being.”<sup>22</sup>

In order to fully comply with the commitment, the member state must foster both the development and greater use of available technologies, practice, and techniques which produce minimal harm to the environment. If the member state promotes either the development or the greater use of such mechanisms, the actions are qualified as partial compliance.

The G20 compliance with the commitment has been relatively low, with the average score of +0.20: 6 members (China, Italy, Japan, Korea, Saudi Arabia and the EU) have failed to comply, 4 members (Germany, India, Mexico and Turkey) have partially complied and 10 (Argentina, Australia, Brazil, Canada, France, Indonesia, Russia, South Africa, the UK and the US) have fully complied with it.

The compliance for the developing and the developed G20 members has been mixed. Several developed members failed to take steps to facilitate the development and implementation of best available agricultural technologies and practices (Italy, Japan, Korea, the EU), thus, receiving a score of -1. At the same time, a number of developing countries have been successful in fulfilling the commitment. Among them are: Argentina, Brazil, Indonesia, Russia and South Africa.

Notable examples of developing countries’ successful actions include: Argentinean project “Programa Nacional de Agricultura Periurbana” aimed at helping small farmers and municipalities develop their agricultural and economic capabilities; Indonesian efforts to implement new hybrid rice seed and crop protection package for farmers; and Russian Program of Agricultural Development and Agricultural Products, Raw Materials and Food Markets Regulation, which provides for the measures to conduct amelioration and improve the use of arable land through enhancing of the amelioration systems, funding of research and development activities, and training in this sphere.

The G20 developed members’ best practices include: Australia’s “Filling the Research Gap” program, which aims to “support research into emerging abatement technologies, strategies and innovative management practices that reduce greenhouse

21 Report 16: International Cooperation for Sustainable Land and Water Management, Food and Agriculture Organization of the United Nations (Rome) 2011. Date of Access: 7 December 2012. [http://www.fao.org/fileadmin/templates/solaw/files/thematic\\_reports/TR\\_16\\_web.pdf](http://www.fao.org/fileadmin/templates/solaw/files/thematic_reports/TR_16_web.pdf).

22 Report 16: International Cooperation for Sustainable Land and Water Management, Food and Agriculture Organization of the United Nations (Rome) 2011. Date of Access: 7 December 2012. [http://www.fao.org/fileadmin/templates/solaw/files/thematic\\_reports/TR\\_16\\_web.pdf](http://www.fao.org/fileadmin/templates/solaw/files/thematic_reports/TR_16_web.pdf).

gas emissions from the land sector, sequester carbon, and enhance sustainable agricultural practices”;<sup>23</sup> Canada’s new agricultural policy framework, “Growing Forward 2”, which includes programs designed to foster agricultural innovation and commercialization of new agricultural technologies; and the British efforts to reform the national water market in order to accelerate innovation and open market to new companies, thus increasing competition and bringing new solutions to sourcing water.

## Crime and Corruption

Between the Toronto and the Los Cabos summit the B20 has made 21 recommendations on fighting corruption, which amounts to 8% of all B20 recommendations made over the period. In Cannes the B20 made six recommendations on anti-corruption, two of them were subsequently addressed by the G20. It should be noted that by that time G20 had made 15 commitments on anti-corruption. In Los Cabos only four out of 15 B20 recommendations were reflected in the G20 documents. Overall, less than 29% (six out of 21) of the B20 recommendations have been translated into the G20 decisions, which is a relatively low score in comparison with other areas on the B20 agenda.

Issues of anti-corruption have been included in the G20 agenda since the 2009 Pittsburgh Summit. In June 2010 at the G20 Toronto Summit the G20 Anti-Corruption Working Group (ACWG) was created in order to make recommendations on the ways the G20 could contribute to international anti-corruption efforts.

At the Seoul Summit in November 2010, the G20 members published the Anti-Corruption Action Plan, which proposed a set of measures to strengthen the fight against corruption, promote market integrity and support international cooperation among the G20 members.

The B20 recommendations on anti-corruption for the Cannes G20 summit focused on several issues, including providing incentives for companies to prevent corruption, “supporting negotiations within the WTO for a multilateral agreement on standards for procedures and transparency in government procurement”, creating a G20-B20 joint platform addressing corruption, and “promoting education on ethics and business integrity at all levels of public and private education”. None of these recommendations was reflected in the G20 commitments or mandates. B20 also made two recommendations on recognition of public leaders in fighting corruption, and enforcement and monitoring of international anti-corruption conventions implementation. These recommendations were reflected in the G20 decisions with the caveat that both issues had been consistently addressed by the G20 starting from the Pittsburgh summit, and B20 stated its recommendations were derived from the G20 Seoul Anti-Corruption Action Plan. Thus, B20 recommendations had a supportive rather than leading nature.

In the Los Cabos report the B20 reiterated almost all of the previous recommendations on fighting corruption. The B20 recommendations

23 Filling the Research Gap, Department of Agriculture, Fisheries and Forestry (Canberra) 6 December 2012. Date of Access: 5 January 2013. <http://www.daff.gov.au/climatechange/carbonfarmingfutures/ftfg>.



addressed more specific issues. Four recommendations focused on incentives for business to combat corruption including: certifying and self-reporting by companies on their anti-corruption practices and making the adoption of such practices a condition for participating in public tenders. None of them was reflected in the G20 documents. The G20 also didn't address the two reiterated B20 commitments on strengthening transparency of public procurement. Similarly, the recommendation on raising awareness of the risks of corruption through "anti-corruption training programs tailored to SMEs", was not reflected in the G20 documents. However, B20 recommendation on promoting the G20-B20 dialogue in the area was translated into the G20 commitment, though not in line with the more specific recommendations on possible engagement processes and a model review approach for the UNCAC review mechanism. The issues of asset disclosure by private officials, fighting solicitation, enforcement of foreign bribery legislation and certain articles of the OECD Anti-Bribery Convention and UNCAC were also put forward by the B20 in the Los Cabos report. As in Toronto, Seoul and Cannes G20 deliberated on these issues and made several commitments. The only proposal put forward by the B20, which was new for the G20, is extending the mandate of the Anti-Corruption Working Group. According to the G20 decision made in Los Cabos, this mandate was extended to the end of 2014.

In 2012 the G20 adopted the Common Principles for Action: Denial of Safe Haven, which provide for de-

nial of entry to the G20 countries of corrupt officials, and those who corrupt them. At the Los Cabos summit the G20 Leaders endorsed these principles and committed to continue developing frameworks for cooperation.

This is a two-part commitment. To comply with the first part a G20 member needs to conform with the ACWG principles on Denial of Safe Haven, that is to take domestic actions in line with the ACWG principles (for example, amend national legislation). To comply with the second part a member needs to take steps to create, promote or take part in international anti-corruption cooperation mechanisms and frameworks on Denial of Safe Haven. To achieve full compliance members had to address both parts of the commitment.

The level of compliance with this commitment was the lowest among all commitments analyzed. No G20 country has fully complied and only six members have showed partial compliance (Australia, Germany, Saudi Arabia, US, EU, Russia). It should be noted that Australia and Russia have promoted international cooperation on this issue, but have not taken domestic measures to enforce relevant legislation. Australia has addressed the issue through the anti-corruption cooperation in the framework of the ASEAN-Australia Comprehensive Partnership and Russia as the G20 Chair managed to secure the adoption of the Denial of Entry Network contact list, which will be part of the network to share relevant information among the G20 members. Four other partially complying members drafted or adopted the legislation which complies with the Denial of Safe Haven principles.

## Financial Regulation: Financial Inclusion

Financial regulation has been at the heart of the G20 and B20 agenda since their inception. Over the period from the Toronto to the Los Cabos summit B20 has made 25 recommendations on financial regulation, which constitutes 9.5% of all B20 recommendations. In Toronto B20 made three recommendations in the area of financial regulation, and two of them were reflected in the G20 commitments. In Seoul, five out of six B20 recommendations on financial regulation were translated into the G20 commitments and mandates. B20 made 11 recommendations on financial regulation issues in Cannes, and six of them were subsequently addressed in the G20 documents. In Los Cabos three out of five B20 recommendations were taken up by the G20. Overall, 64% of the B20 recommendations (16 out of 25) received a score of +1 for being translated into the G20 decisions, which is the highest score among all areas on the B20 agenda.

B20 recommendations on financial regulation for the Toronto summit were generally in line with the G20 priorities. As a result, recommendations on introducing new requirements to banking capital ratios, leverage and liquidity, and on “not tightening the requirements too quickly” were reflected in the G20 commitments. B20 recommendations for the Seoul G20 summit focused on two broad issues: banking regulation and SMEs. B20 reiterated its recommendation on strengthening supervision over banks, while stimulating growth, and again it was addressed by the G20. B20 also made five recommendations on different

aspects of stimulating SMEs development. Of the five, only one very specific recommendation on establishing credit bureaus in emerging markets was not taken up by the G20. In the Los Cabos report B20 again reiterated previous recommendations on supporting SMEs. A recommendation on increasing SME finance was translated into the G20 decisions.

The structure of the G20 initiative on financial inclusion has significantly evolved since its launch. Despite the growing complexity of the initiative, in terms of individual G20 members' actions it remains focused on implementing policies consistent with the nine principles for innovative financial inclusion endorsed at the Toronto G20 Summit in 2010, namely, Leadership, (take a broad-based government commitment to financial inclusion to help alleviate poverty); Diversity (promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services), Innovation (promote technological and institutional innovation as a means to expand financial system access and usage), Protection (provide a comprehensive approach to consumer protection that recognizes the roles of government, providers and consumers), Empowerment (develop financial literacy and financial capability), Cooperation (create an institutional environment with clear lines of accountability and co-ordination within government; and also encourage partnerships and direct consultation across government, business and other stakeholders), Knowledge (utilize improved data to make evidence based policy, measure progress, and consider an incremental “test and learn” approach

acceptable to both regulator and service provider), Proportionality (build a policy and regulatory framework that is proportionate with the risks and benefits) and Framework (reflect in the regulatory framework: an appropriate, flexible, risk-based AML/CFT regime; conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market-based incentives to achieve the long-term goal of broad interoperability and interconnection).<sup>24</sup>

Actions taken by G20 members both within their countries and abroad, including through participation in bilateral or multilateral international mechanisms of financial inclusion promotion, have been considered as compliance. For full compliance G20 members must have implemented policies in accordance with more than six of the abovementioned principles. Taking actions consistent with four to six of the principles meant partial compliance, less than four of the principles — lack of compliance.

The overall G20 compliance with this commitment was low, with only four members receiving the maximum score of +1, and seven members registering non-compliance. Almost all advanced countries have taken measures consistent with at least four principles. Thus, compliance among advanced G20 members was generally higher in comparison with emerging economies.

Most initiatives to promote financial inclusion were focused on domestic markets. Financial inclusion has become an

integral part of some members' large-scale financial reforms. For example, China has adopted the 12th Five-Year Plan for the Development and Reform of the Financial Industry aimed, inter alia, at encouraging competition among small and medium banks in the area of financing, providing better access to financial services and developing innovative financial services; Germany has required banks to separate risky activities from their deposit-taking activities; and France has established a national register of loans to individuals in the framework of the law on consumption. Another comprehensive measure consistent with a number of financial inclusion principles is Indian requirement of new banks to submit an outline of how each of them would contribute to greater financial inclusion, and to open 25% of their branches in non-banked areas.

Several countries have taken special measures aimed at supporting SMEs, particularly through providing better access to credit. For instance, European Commission adopted an Action Plan to support European entrepreneurs and boost entrepreneurship and the British Treasury announced that approximately USD1.5 billion would be sent to the business bank, which will address the long-term structural gap in lending to small businesses. Another example is the USD167million funding granted to Turkish SMEs, which will be spent on developing new supporting mechanisms for SMEs, in particular related to loan interest repayment. Some innovative measures have been undertaken in this area. For example, South Africa has designed a 10-year program to encourage private sector

24 Principles for Innovative Financial Inclusion, G20 Information Centre 27 June 2010. Date of Access: 20 February 2013. <http://www.g20.utoronto.ca/2010/to-principles.html>.

partnership with government to support business incubators in order to develop small, medium and micro enterprises and thus create jobs and contribute to economic growth, and Japan announced a USD270 million support aimed at setting up a low-interest loan system of the Japan Finance Corporation for SMEs.

Another financial inclusion issue broadly addressed by the G20 members is financial literacy and education. Examples include incorporating additional courses on economics and finance in the basic education curricula by Mexico, and Canadian appointment of a Financial Literacy Leader to coordinate a national effort aimed at raising financial awareness of Canadians.

Special attention was given by some members to the issue of consumer protection. Brazilian government plans to create a special committee which would provide public consultations on how prices are settled for financial services.

Some initiatives, mainly implemented by advanced countries among the G20 members, aimed at stimulating financial inclusion abroad. Specifically, the US Agency for International Development has participated in the launch of “The Better than Cash Alliance”, which calls on providers to adopt the use of electronic payments for programs that support people living in poverty. Australia also assists developing countries to improve financial inclusion through its “Financial Services for the Poor”, a program which creates an environment that allows institutions offering financial services to the poor to enter the market and provide high-quality innovative financial services to the poor; and helps people increase their capacity to utilize financial services effectively.

## Macroeconomic: Emerging Markets Growth

Over the period from the Toronto to the Los Cabos summit B20 has made 15 recommendations on macroeconomic issues, which constitute almost 6% of all B20 recommendations. Five out of 11 B20 recommendations made in Toronto focused on macroeconomic policy, and three of them were addressed by the G20 leaders. In Seoul B20 made four recommendations in this area, with only one of them reflected in the G20 decisions. In Cannes a half of six B20 recommendations on macroeconomic issues were addressed in the G20 documents. B20 has not produced any recommendations in the area since Cannes. Thus, the level of B20 macroeconomic recommendations’ reflection in the G20 documents is relatively high and equals 46.7% (seven out of 15). However, it can be explained by the fact that macroeconomic issues remain a priority for G20 since the Washington summit (58 recommendations in this area had been made from the Washington to the Pittsburgh summit), and some recommendations put forward by B20 thus supported already agreed decisions. In Los Cabos B20 didn’t make any recommendations on macroeconomic issues, but called on G20 to encourage investment in infrastructure, which can contribute to emerging markets growth.

This G20 Los Cabos commitment that emerging market members should implement a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment applies to the G20 emerging market economies

(Argentina, Brazil, China, Indonesia, India, Mexico, Russia, Saudi Arabia, South Africa, and Turkey).

A range of macroeconomic reforms can be categorized as promoting development. Not all of them were considered for this analysis. Special attention was given to reforms directed at enhancing infrastructure investment and improving investment climate, including that for Small and Medium Enterprises (SMEs). To register full compliance, a member needed to undertake measures in both areas.

Eight out of 10 members received the maximum score of +1 for implementing a range of reforms to promote development. The average score of the emerging G20 members on this commitment thus equals 0.7.

Most initiatives aimed at improving investment climate related to both domestic and foreign investors. These include providing tax cuts and other benefits for investors, organizing investment road-shows, improving governance in the area (for instance, establishment of the National Investment Board in India or Public Private Partnership Unit under the Indonesian Ministry of Finance), FDI and exchange rates liberalization, and signing investment agreements with other countries.

Some members have taken measures to create investment opportunities and facilitate the development of SMEs. These include establishment of incubators financed through the PPP scheme to support small, medium and micro enterprises in South Africa, and Indian directive to banks to provide additional financial literacy and consultative support for

SMEs, along with carrying out supportive policies for loans and reducing administrative barriers for business owners.

Most initiatives to enhance infrastructure investment have been fragmented. However, several countries, including India, Indonesia, China and Turkey, have taken these measures in the framework of comprehensive plans for national infrastructure development. Brazil has announced the first phase of a major economic stimulus package providing for USD60 billion investments in national infrastructure over the next 25 years.

Emerging market members of the G20 have also supported infrastructure development through public-private partnerships. For instance, Mexico has issued the new Regulations and Guidelines to the Public-Private Partnership Law. Another case of innovative approach to enhancing infrastructure development is the Indonesian plan to finance state infrastructural projects with rupiah-denominated Islamic bonds. This initiative is expected to attract both domestic investors and those from other Islamic states.



**ANNEX**



## 2012 G20 Los Cabos Summit B20 Related Commitments Selected for Monitoring

- 1) [38] We also commit to intensify our efforts to strengthen cooperation in education, skills development and training policies, including internship and on-the-job training, which support a successful school-to-work transition. **(Labour and Employment)**
- 2) [47] Recognizing the importance of investment for boosting economic growth, we commit to maintaining a supportive business environment for investors. **(Investment)**
- 3) [48] Following up our commitment made in Cannes, we reaffirm our standstill commitment until the end of 2014 with regard to measures affecting trade and investment, and our pledge to roll back any new protectionist measure that may have arisen, including new export restrictions and WTO inconsistent measures to stimulate exports. **(Trade)**
- 4) [74] We [also note that chronic malnutrition is an enormous drain on a country's human resources, and] we therefore support the Scaling Up Nutrition movement and encourage wider involvement of G20 members. **(Food and Agriculture)**
- 5) [77] We recognize the need to adapt agriculture to climate change and we recognize the importance of improving the efficiency of water and soil use in a sustainable manner. To this end, we support the development of and a greater use of available technologies, well-known practices and techniques such as soil fertility enhancement, minimum tillage and agroforestry. **(Food and Agriculture)**
- 6) [100] We endorse today the G20 Anti-Corruption Working Group principles for denial of entry to our countries of corrupt officials, and those who corrupt them, and will continue to develop frameworks for cooperation. **(Crime and Corruption)**
- 7) [172] [G-20 members continue to look to the FSB, in cooperation with standard setters, to monitor progress, reporting back on a regular basis.] This will be complemented by efforts to increase financial inclusion. **(Financial Regulation)**
- 8) [177] Emerging market members will also promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment. **(Macroeconomic)**

