Accountability and effectiveness of the G20's role in promoting development

Analysis, views, annotated bibliography and workshop report

Coordinated by

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Executive summary

In the communiqué at Los Cabos (June 2012), the G20 leaders invited the Development Working Group (DWG) 'to explore putting in place a process for ensuring assessment and accountability for G20 development actions by the next Summit'. This paper includes an analysis (Sections 1-5), a workshop report (Appendix B), an annotated bibliography (Appendix C), three separate contributions (Appendices D-F) and current monitoring examples (Appendix G) on the accountability and effectiveness of the G20's role in promoting development.

The paper argues that the G20 does have a role in framing an appropriate environment for growth (and development) in small, poor and vulnerable countries. While the multi-year action plan (MYAP) (initiated at the Seoul G20 Summit in 2010) is one manifestation of this role, the comparative advantage of the G20 (its focus on strong, sustainable and balanced growth) suggests a need to broaden its development work to explicitly cover the economic implications of G20 core actions in fiscal, financial, trade, exchange rate, and environmental policies for non-G20 countries. For example, the coordinated stimulus packages of 2008-9 helped developing country growth. This also suggests that accountability and compliance assessments of the G20 in the area of development need to include but go beyond the MYAP, to gain a better understanding of how the full range of G20 actions is being perceived in non-G20 countries.

There have been longstanding discussions on the effectiveness and accountability of the G20. Initial optimism on the G20's crisis response has given way to scepticism on its role as a steering committee, although many useful discussions have taken place that might otherwise not have. On accountability, there have been attempts to work with poor and vulnerable countries and to invite them to discussions or meet them informally, and a number of outreach meetings with business, civil society organisations (CSOs) and think-tanks. Nonetheless, the G20 needs to increase the legitimacy and credibility of its actions if it is to be more effective, especially in the area of development; after all, the G20's aims include support to non-G20 countries.

While there is a distinctive role for the G20 in promoting growth and development in poor and vulnerable economies, there has not been a systematic assessment of the G20's current role in development. Moreover, the current approach of the G20 in development is neither fully accountable to those it aims to help nor broad enough to focus on areas in which it has a clear, comparative advantage (e.g. improving the development dimension of G20 core policies themselves).

The G20 aims to support poor and vulnerable economies, but these are currently not directly involved systematically in decision making. In order to improve the accountability and effectiveness of the G20's role in development, the following options need to be considered:

1. The G20 needs a careful **independent assessment of the MYAP,** producing a set of score cards (or evidence maps) on the compliance and effectiveness of the each of the pillars. This will help non-G20 countries understand 1) what the G20 does; 2) how they can shape the G20's thinking; and 3) how they can help the G20 implement its development agenda.
2. The G20 needs a **broader assessment** of its functions in development: identifying governance gaps, providing policy direction, putting a spotlight on issues, knowledge sharing, trust building and developing standards.
3. The G20 is currently not fully accountable for its core policies to non-G20 countries, so it needs to make explicit its role on **improving policy coherence in development (PCD),** to undertake **impact assessments** of (proposed) G20 actions on different types of small, poor and vulnerable economies, to provide a space where these can be **discussed** and to design mechanisms so that G20 core decisions explicitly consider development implications. A **development pillar/column in the mutual assessment framework** is a first step.
4. The G20 needs to **coordinate the growth plans of G20 and non-G20 countries and to assess how G20 actions can support these**. This could lead to more effective and accountable mechanisms than the present plans.

1. Introduction

Decisions taken by the G20 (collectively and individually) and their follow-up affect development in low-income countries (LICs) in many ways. The G20 Summit in London in April 2009, for example, injected $1.1 trillion into the world economy, of which $50 billion was allocated to the poorest, helping them withstand the impact of the global financial crisis. Echoing calls in G20 communiqués, trade protectionism has been kept to a minimum. The forum also helped coordinate a fiscal stimulus that helped global growth. In addition, the G20 Development Working Group (DWG) began its work in 2010 and created the G20 Seoul Consensus on Development, a multi-year action plan (MYAP) to support growth, with commitments and actions ranging from setting-up a high-level panel on infrastructure to lowering costs of remittances and commissioning a paper on food price volatility coordinating 10 agencies.

There have been longstanding discussions on effectiveness and accountability of the G20 (see annotated bibliography in Appendix C). On effectiveness, initial optimism on the G20's crisis response has given way to scepticism on the role of the G20 as a steering committee, although many useful discussions take place that might otherwise not have. The Seoul Consensus Action Plan contains a set of measureable plans. On accountability, there have been attempts to work with LICs and invite them to the discussions or meet them informally (e.g. with the Commonwealth and Francophonie), and a number of outreach meetings with business, civil society organisations (CSOs) and think-tanks.

Yet there has never been a systematic evaluation of the impact of the G20 on development. The Seoul Consensus states, '[l]eading by example, the G20 holds itself accountable for its commitments'. It also wants to '[e]nsure that actions foster strong, responsible, accountable and transparent development partnerships between the G20 and LICs' and '[f]ocus on feasible, practical and accountable measures to address clearly articulated problems that are serious blockages to significantly improving growth prospects for developing countries'. It argues that '[i]mplementation of G20 action on development should be monitored through an adequate accountability framework'.

The Communiqué of the Los Cabos Summit includes references to 'the importance of transparency and accountability in reinforcing credibility and confidence' and states with respect to the finance track that 'we have agreed on the Los Cabos Accountability Assessment Framework that accompanies the Growth and Jobs Action Plan'. With regard to the development work, it 'invite[s] the Development Working Group to explore putting in place a process for ensuring assessment and accountability for G20 development actions by the next Summit'.

This paper serves as an input to the G20's discussions on accountability and effectiveness during the fourth meeting of the DWG on 3 October 2012. The structure is as follows. Section 2 discusses the potential and current role in promoting growth and development in non-G20 countries, focusing on the effects of core G20 policies on Sub-Saharan Africa. Section 3 discusses the accountability of the G20's role in global development, in general terms but also specifically in terms of functions in the area of development. Section 4 proposes four options to improve the accountability and effectiveness of the G20's role in development. Section 5 concludes.

2. G20 and development: pathways, potential and comparative advantage

Since its transition from a meeting of Finance Ministers to a forum that operates at the level of Heads of State (in 2008), the G20 has adopted a much broader agenda and has become the 'premier forum for international economic cooperation' (Toronto Declaration, 27 June 2010). The initial focus of the G20 was on addressing the global economic crisis, but it is now driven by the objective of creating strong, sustainable and balanced global growth. In Toronto, G20 leaders recommitted themselves to narrowing the development gap and established the DWG, tasked with preparing MYAPs. The Seoul Summit of 11-12 November 2010 adopted these MYAPs, which have been termed the Seoul Consensus on Development.

The G20 carved out its role in the global governance system by focusing on economic growth, especially among its member countries. But its Framework for Strong, Sustainable and Balanced Growth is also important for LICs, for various reasons:

1. A more coordinated approach to growth can lead to higher growth in the G20, which will increase LIC growth, with different effects for different LICs depending on transmission mechanisms.
2. A more 'balanced' approach to G20 growth may lead to different growth patterns in the G20, which will have different implications for different LICs.
3. The G20 policy scenarios (in core areas such as exchange rates, fiscal positions, financial policy etc.) will affect the level and pattern of G20 growth and hence the level and pattern of LIC growth.
4. G20 external policies affect LICs. Issues such as duty-free quota-free (DFQF) and more and better aid are important for LIC growth, although they are the domain of the World Trade Organization (WTO) and the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), respectively (and the G8 as a pledging forum).

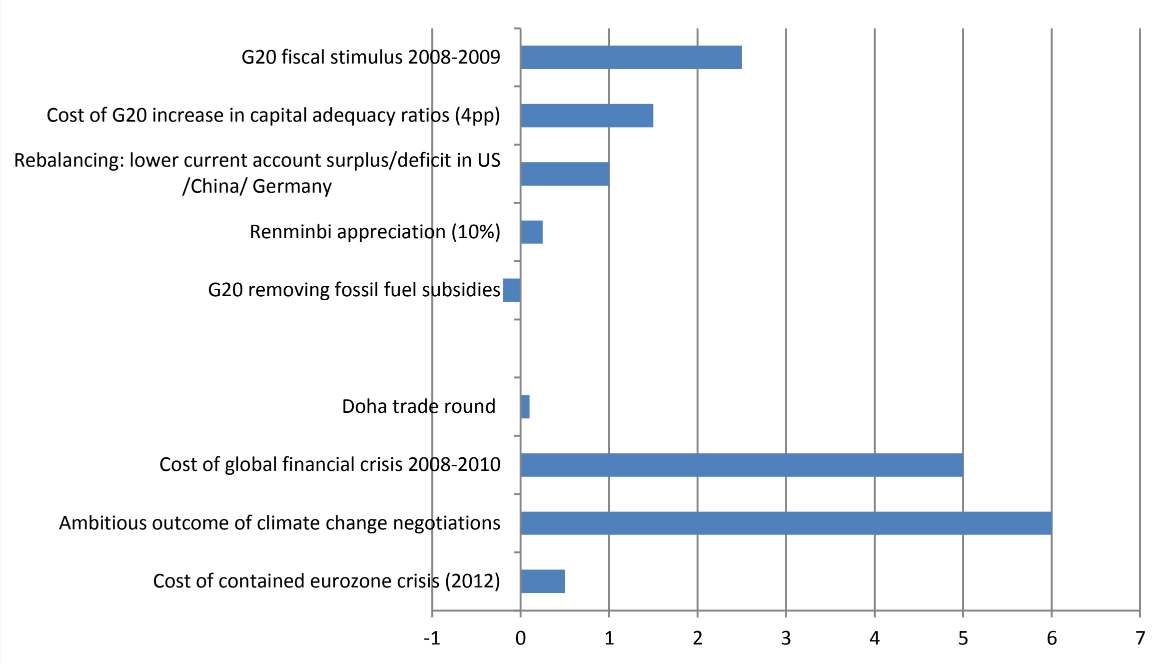
LICs therefore have an interest in discussions on G20 core policies, for example on the basis of an impact assessment of G20 core and external policies on LIC growth. It had also been considered that the G20 framework could become a more inclusive forum for discussing growth in LICs also. In fact, LICs could contribute significantly to the objective of strong, balanced and sustainable growth. But these areas were give less emphasis afterwards.

Te Velde (2010) suggests a G20–LIC charter for crisis-resilient and transformative growth consisting of 20 points (see Appendix F), divided into four blocks:

1. The G20 to recommit to the Framework for Strong, Sustainable and Balanced Growth and follow core policies in order to achieve this;
2. The G20 to consider the effects of its core economic policies on LICs and, where appropriate, make its policies more developmentally friendly;
3. The G20 to consider the policy coherence and effects of its external policies on growth in LICs;
4. LICs to provide plans, and benchmark their efforts, to promote transformative growth.

The effects of Blocks 1-3 on LIC growth can be considerable. Figure 1 shows the impact of G20 and global policies on Sub-Saharan Africa, including areas such as financial regulation, climate change and monetary and fiscal policy. The effects of these core policies on growth in LICs are likely to be greater than those of G20 development projects in LICs.

Figure 1: The impact of G20 and global policies on income levels in Sub-Saharan Africa



Source: Elaborating on Te Velde (2010).

The DWG, established at the Toronto Summit, decided to focus on the MYAP (established at the Seoul Summit). The G20 development agenda (by the Development Working Group) focused mainly on development projects to support growth in LICs (Block 4), rather than on the development impact of G20 core economic policies, which arguably have greater potential to affect LIC growth. While focusing on external development projects might be easier than working on the design of G20 core policies, this complicates the role of the G20, as it would operate more than was perhaps originally envisaged as a development actor in a crowded field of other international organisations (World Bank, International Monetary Fund (IMF), International Labour Organization (ILO), UN Conference on Trade and Development) etc.) and alongside domestic governments in LICs. Rather than generating pressure to improve the accountability of G20 core actions in terms of the development dimension, the MYAP shifted the focus towards the development actions of the G20 (and those it directed to act). This decision has not yet brought sufficient clarity as to the role of the G20 vis-à-vis other development actors (e.g. business or indeed LIC governments). The G20 work in the area of development does not have one specific mandate, although designing one would be consistent with one of the indicators of efficient global governance (Appendix E).

3. Accountability of the G20's role in global development

We first review the literature on the effectiveness and accountability of the G20, then discuss current approaches to monitoring G20 commitments and finally cover G20 accountability in the area of global development, including the specific development-related functions of the G20.

G20 accountability

Two initial questions on G20 accountability are as follows: what is the G20 that we want to hold to account, and who are the 'we' who would like to hold it to account? The G20 is an informal forum that does not consist of elected officials and has no formal rules on decision making. We cannot therefore hold it to account through established routes, for example through the principles of international law (compared with, say, the WTO) (see Appendix E for indicators of global governance). The 'we' is not specified either: it could include business, CSOs, academia, think-tanks etc. in the G20. It could also be groups in non-G20 countries.

Much has been written about the accountability of the G20 generally. Appendix C contains an annotated list of the literature that discusses the various arguments, analyses and suggestions that have been put forward with regard to the G20's commitment, or lack thereof, to becoming a more accountable and effective group. There are several positive aspects on its accountability and effectiveness. Indeed, the G20:

- Has incorporated the views and concerns of **emerging powers** quickly and effectively (improving significantly on the G8);
- Is an effective **crisis manager, portraying leadership and flexibility;**
- Sets the agenda through **policy coordination, consensus building** and task distribution across existing institutions;
- Promotes **mutual understanding** and more personal relationships;
- Links dialogues and provides a platform for **exchange of ideas;**
- Has begun to have **consultations** with business, CSOs and think-tanks;
- Has a modest track record of success on Bretton Woods Institution reform, banking regulation agreements and a coordinated stimulus.

At the same time, according to the literature, the G20:

- Has an unclear **membership criteria:** 173 countries are excluded, there are few African, small or low-income countries and it is characterised by 'plurilateralism of the big';
- Ignores the G24 and the UN and has a weak representational legitimacy, which may undermine the existing system of multilateral cooperation in the international financial institutions (IFIs)/UN;
- Lacks a mechanism for **accountability** to the broader international community;
- **Lacks communication** of results/self-reporting;
- Lack a formal set of decision-making rules;
- Lacks a narrative on **implementation capacity** and clarity on how the agreements of meetings are implemented.

Current approaches towards monitoring the G20[1]

Monitoring the G20, holding it to account, making sure it is effective in its approach and assessing its compliance can be done in a variety of ways. The table in Appendix G covers three parties (academia, businesses and civil society organisations) with which the G20 forum must engage in

[1] Based on a review by Krishma Nayee.

order to enhance its efficiency while allowing it to become more transparent in its application. We describe their monitoring approaches below.

The University of Toronto **G20 Compliance Reports**, issued at every G20 Summit, can help in assessing whether the G20 has complied with the commitments it has made previously. These reports are available at the G20 Information Centre. The G20 2011 Compliance Report analyses compliance by G20 countries with a selection of 16 priority commitments out of 282 commitments made at the Cannes Summit over the period 4 November 2011 to 31 May 2012. The methodology uses a scale going 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. The analysis outlines the extent to which the G20 follows through with its promises.

The International Chamber of Commerce's **G20 Business Scorecard** is a report that compares global business recommendations with G20 commitments. Its aim is to generate scores from the recommendations and categorical responses, which can be used to track performance and monitor progress. It assesses the G20 as a whole, that is, its collective action, commitments and directives. It is based on three criteria: recognition, action and adequacy. The overall score relates to 54 business recommendations in four policy groups: Trade and Investment; Green Growth; Transparency and Anti-corruption; and Financing for Growth and Development.

Finally, **policy papers,** compiled by a G8/G20 Task Force consisting of more than 40 non-governmental organisations (NGOs), offer recommendations on core areas from food security and climate change to anti-corruption efforts. Task Force members represent NGOs, think-tanks and trade unions, all with the same goal of fighting poverty and making governments more accountable and transparent. Each policy paper can have differing goals. This one in particular focuses on US capacity to play a lead role in encouraging the G20 to progress within the following areas: Food Security, Agriculture and Nutrition; Anti-corruption; Climate change; Financial Inclusion; and Accountability. They have also begun to analyse compliance. Appendix E provides further details.

This overview suggests there are mechanisms to monitor compliance with G20 commitments, which could in principle be extended to development. Obviously, compliance does not equate to effectiveness. For example, compliance in marginal areas does little to support development. Nonetheless, monitoring compliance with previous commitments would be useful because it gives outsiders a chance to account the G20, which could lead to enhanced trust which in turn could increase effectiveness.

<u>Accountability of the G20's role in global development</u>

The G20's actions have spillovers to non-G20 countries, and the G20 has initiated a development agenda (the Seoul Consensus for Shared Growth) coordinated by the DWG using a MYAP. To enhance the **credibility, legitimacy and effectiveness** of the G20's actions in relation to development, it needs to be accountable for its actions to countries outside the G20. There are currently two ways in which this is being done. A selection of non-G20 countries are invited to the G20 summits. This is normally related to regions or regional bodies (e.g. the Association of South-East Asian Nations (ASEAN), the New Economic Partnership for Africa's Development (NEPAD), the African Union (AU)) but invitations are on an *ad hoc* basis – although there are now some rules on African participation. Further, the G20 (through the DWG) has been involved in outreach meetings with developing countries, e.g. with Commonwealth and Francophonie countries. These meetings are not institutionalised. The G20 DWG will need support from LICs to improve the effectiveness of its actions, for example in spreading best practices and standards.

The following questions have arisen on the G20's accountability in development:

- How are development issues selected? Are there formal selection criteria? Are LICs included in the selection process?
- How are solutions formed and decisions taken? Can LICs be part of DWG decisions that directly affect their economies, or general G20 decisions that affect their economies indirectly?
- To what extent can the G20 DWG steer international organisations that themselves are accountable to shareholders?

While these questions have not been resolved, they are crucial in that they affect the legitimacy and credibility of the G20 and especially its development agenda. At a very crude level, many developing countries outside the G20 have little information on what the G20 (DWG) does. This is troubling, as the G20 (and especially its development work) is supposed to help LICs; at the same time, LICs could also contribute to the G20's aims and objectives.

<u>Detailed functions of the G20 in development</u>
The G20 it is not a development agency, and is not holding other development agencies to account – development agencies are monitored by the OECD DAC and are held accountable to national constituencies. Nor is the G20 a body that agrees on global trade rules, which is the WTO. The G20 is not replacing the UN either – the UN has placed the Millennium Development Goals (MDGs) high on the agenda and is currently considering a post-2015 framework.

Instead, the G20 is a network focusing on *strong, sustainable and balanced growth*. We suggest there are a number of G20 functions for this (see also the discussion during a workshop in Appendix B):

1. **Identifying gaps** in global economic governance, setting new quantifiable targets and providing policy direction to relevant institutions – for example addressing constraints in financing regional infrastructure projects;
2. **Putting the spotlight** on existing development issues and new innovative solutions – for example inclusive green growth or highlighting the importance of growth in development;
3. **Knowledge sharing** – sharing experiences on a common basis as developed and emerging countries are involved at G20 level in an open and collaborative manner;
4. Trust and **consensus building** among G20 countries on development-related issues – for example on the need to pursue a fiscal or monetary stimulus, or endorsing other processes and outcomes (such as WTO trade talks, the Rio+20 discussions);
5. **Building global norms** and standards – for example promoting discussion on standards on financial inclusion;
6. **Improving policy coherence for development** (PCD) by encouraging development-friendly core policies of the G20 – for example by promoting development-friendly financial or trade regimes.

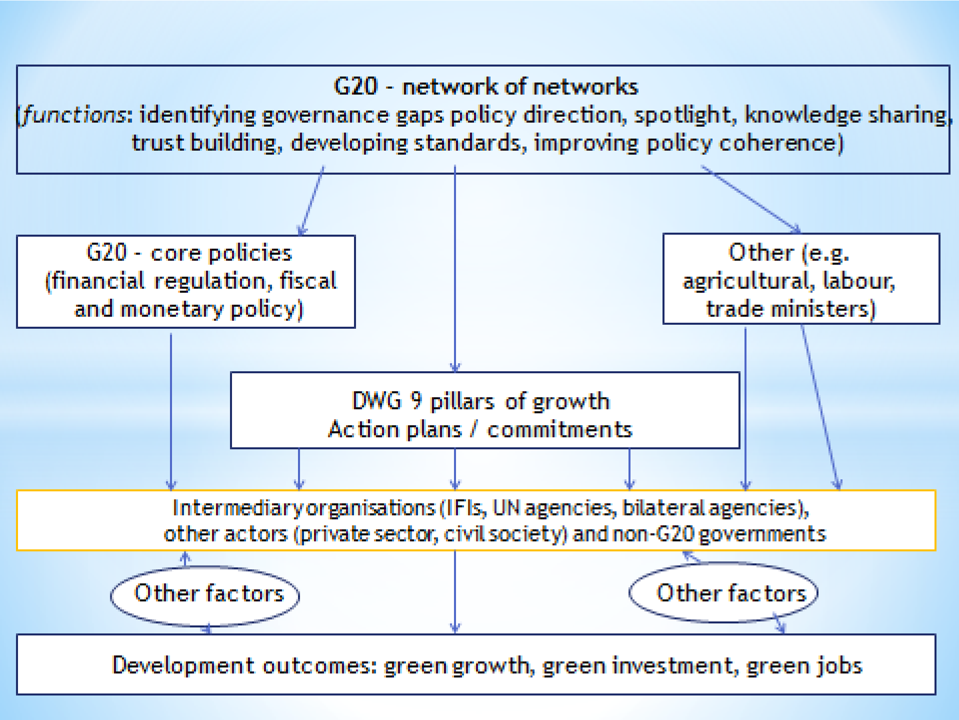
Some of these functions are straightforward to monitor, such as when the G20 sets a target for reducing the costs of remittances or agrees to a change in the voting system in international organisations. But it is less clear for others. It is also not clear how LICs fit into each of these six points, even though their participation is crucial in improving the effectiveness of actions. For example, it would be much better if toolboxes on green growth directly involved LIC experiences and were not something delivered to LICs by the G20. Moreover, with respect to the sixth role, there is at present no formal mechanism at the G20 or in the DWG that can promote the development dimension of G20 core actions.

As the G20 is not an executive agency itself, it works with other organisations and networks to promote strong, sustainable and balanced growth. Understanding the actions of the G20 in the area of development and holding them to account requires us to address a series of questions:

1. What have been the decisions (based on communiqués and action plans for each DWG pillar) and how have these been selected and agreed?
2. Who is involved in implementing this, for example the World Bank or UN agencies, and how do they involve governments and actors in LICs?
3. How have behaviour or actions changed?
4. What has been the result in intermediary/development outcomes?

Figure 2 shows the complex linkages between the G20 and development outcomes, including G20 functions and actions (for which compliance can be measured) but also actions by others that are not under the direct control of the G20.

Figure 2: G20 development commitments causal chain analysis



Source: Te Velde (2012).

4. Options to improve the accountability and effectiveness of the G20's role in development

While some suggest that the G20 itself is not a legitimate body to steer the global economy because it is not representative of all countries (Vestergaard and Wade, 2012), we start from the premise that there is a distinctive role for the G20 in promoting growth and development in LICs but that this role needs to be articulated.

However, there has not been an assessment of the G20's current role in development. Moreover, the current approach of the G20 in development is neither fully accountable to those it aims to help (e.g. LICs) nor broad enough to focus on areas in which it has a clear, comparative advantage (e.g. on improving the development dimension of G20 core policies themselves).

In order to improve the accountability and effectiveness of the G20's role in development, the following options need to be considered:

- The G20 set up the MYAP in 2010, which contained a set of commitments to which it can be held accountable. This raised expectations related to G20 actions with respect to LICs. There is a need for a careful **independent assessment of the MYAP,** producing a set of scorecards on compliance and on the effectiveness (or evidence maps) of the each of the pillars (Figure 2 sets out some of the issues).
- The functions of the G20 in the role of development have been considered more broadly, and include wider identification of governance gaps, policy direction, putting a spotlight on issues, knowledge sharing, trust building and developing standards. We need a **broader assessment** of each of these roles, in addition to an assessment of the specific commitments in the MYAP (although they will be overlapping in some cases).
- The role of the G20 in setting the right conditions for growth in LICs is more important than the development projects contained in the MYAP alone. But the G20 is currently not fully accountable for its core policies to non-G20 countries, so we need a broadening of its accountability and of the remit of the DWG. The G20 needs to make explicit its role on **improving PCD,** to undertake **impact assessments** of (proposed) G20 actions on different types of small, poor and vulnerable economies, to provide a space where these can be **discussed** and to design mechanisms so that G20 core decisions explicitly consider development implications. One way to do this is by considering development implications (not just external development policies) as part of the mutual assessment framework (see Appendix A), to mandate the IFIs, the UN or the OECD to undertake development impact assessments of G20 core policies and to use outreach meetings to discuss these assessments and feed back information to the G20 summits.
- The G20 needs to engage with external groups and countries, including small, poor and vulnerable economies, and discuss growth plans with LICs. For example, least-developed countries (LDCs) have set themselves a target of 7% growth per annum (see, e.g., Istanbul Programme of action) and such plans seem fully consistent with the G20's framework for strong, sustainable and balanced growth. Analysis of past growth paths suggests that growth in LDCs and LICs is related to growth in the G20, hence conditions in the G20 affect LIC growth. It would be useful to **coordinate the growth plans of G20 and non-G20 countries and assess how G20 actions can support these** (such as IPOA). This could lead to more effective and accountable mechanisms than at present.

5. Conclusions

The G20 communiqué at Los Cabos invites the DWG to 'explore putting in place a process for ensuring assessment and accountability for G20 development actions by the next Summit'. This paper includes an analysis, an annotated bibliography, a workshop report and three separate contributions on the topic of accountability and effectiveness of the G20's role in promoting development.

Our analysis has argued that the G20 does have a role in setting the right conditions for growth to take place in small, poor and vulnerable countries. While the MYAP is one manifestation of this role, we argue that the comparative advantage of the G20 means it could actually broaden its development work to explicitly cover the economic implications of G20 core actions on fiscal, financial, trade, exchange rate and environmental policies.

There have been longstanding discussions on the effectiveness and accountability of the G20. Initial optimism on the G20's crisis response has given way to scepticism on the role of the G20 as a steering committee, although many useful discussions take place that might otherwise not have. The Seoul Consensus Action Plan contains a set of measureable plans. On accountability, there have been attempts to work with LICs and invite them to discussions or meet them informally (e.g. with the Commonwealth and Francophonie), and a number of outreach meetings with business, civil society and think-tanks. However, the G20 needs to increase the legitimacy and credibility of its actions to be more effective.

While some suggest that the G20 itself is not a legitimate body to steer the global economy because it is not representative of all countries, we start from the premise that there is a distinctive role for the G20 in promoting growth and development in LICs. However, there has been no assessment of the G20's current role in development. Moreover, the current approach of the G20 in development is neither fully accountable to those it aims to help (e.g. LICs) nor broad enough to focus on areas in which it has a clear, comparative advantage (e.g.improving the development dimension of G20 core policies themselves).

The G20 aims to support poor and vulnerable economies (e.g. LICs), but these are currently not directly included in decision making. In order to improve the accountability and effectiveness of the G20's role in development, the following options need to be considered:

1. The G20 needs a careful **independent assessment of the MYAP,** producing a set of scorecards (or evidence maps) on the compliance and effectiveness of the each of the pillars (Figure 2 sets out some of the issues). This will help LICs (and other groups) to understand 1) what the G20 does; 2) how they can shape the G20's thinking; and 3i) how they can help the G20 implement its development agenda.
2. The G20 needs a **broader assessment** of the functions of the G20 in the role of development (identifying governance gaps, providing policy direction, putting a spotlight on issues, knowledge sharing, trust building and developing standards).
3. The G20 is currently not fully accountable for its core policies to non-G20 countries, so it needs to make explicit its role on **improving PCD**, to undertake **impact assessments** of (proposed) G20 actions on different types of small, poor and vulnerable economies, to provide a space where these can be **discussed** and to design mechanisms so that G20 core discussions explicitly consider development implications.
4. The G20 needs to **coordinate the growth plans of G20 and non-G20 countries and assess how G20 actions can support these.** This could lead to more effective and accountable mechanisms than the present plans offer.

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Appendix A: Development-related indicators in the G20 country templates; examples

G20 countries submit country templates as part of the framework for strong, sustainable and balanced growth. The following areas are included

- Fiscal policy;
- Monetary and exchange rate policy;
- Financial sector policy;
- Structural reforms; and
- External policies.[2]

Each of these areas can be relevant for development. For example, we could examine:

- Data (value) on imports from LICs, remittances, foreign direct investment (FDI) and bank lending to LICs;
- Current account, exchange rate data, government deficits/debt;
- Oil and commodity prices (assumptions; internally consistent prices);
- Spending on global public goods;
- Forecasts on official development assistance (ODA).

Table A1 discusses examples of development-related *policy options* (by key area) that G20 countries can implement to support LICs. The key policy options in the context of the G20 are the ways in which core G20 policies can affect LICs. The secondary policy options include external policies (which tend to be discussed at other development fora).

[2] In 2012, only Brazil filled out this policy box. See http://www.g20.org/images/stories/docs/g20/conclu/Policy_Commitments_By_G20_Members.pdf

Table A1: Information in G20 country growth framework templates relevant for LICs

	What is the issue of **interest to LICs**?	Which **economic indicators** might be useful	What **policy statements** could be important for LICs?
Fiscal framework	• G20 countries with less debt have more room for increasing spending on development • G20 countries with deficit spending provide a temporary boost for global growth • Fiscal policy affects investment in LICs	• Government deficit and debt levels (and as % of GDP) • Tax levels on investment in LICs	• Future fiscal deficits, future tax policy
Monetary framework and exchange rate policy	• Exchange rates are important for balanced intra-G20 trade, which can have implications for LICs • Monetary easing has improved liquidity and supported global growth and hence LIC growth – but this might be winding down • High levels of reserves /assets could be channelled to LICs	• RX- REER (real effective exchange rates, current exchange rates) • Extent and duration of monetary easing	• Statements supporting market exchange rates • Actively seeking to invest reserves in LICs
Financial sector policy	• A stable financial sector (household credit, portfolio flows, international bank lending) avoids booms and busts and the need to increase capital adequacy ratios in the G20 at the expense of financial outlays in LICs	• International bank lending, and portfolio flows in LICs	• Clear implementation of G20 financial sector policies (rules avoiding booms and busts), but accounting for impact on LICs
Structural reform and national development policies	• Mainly internal to G20, own growth policies; BASIC part of G20 may have lessons for LICs • High growth will have spillovers on LICs	• Forecast on growth (and structural change in emerging G20 countries)	• Promote networks of growth policy experts
External development policies	• ODA in LICs directly relevant • Export credits and investment guarantees promotes FDI in LICs • Trade policy generally and import promotion schemes can boost LIC exports • Labour migration schemes and remittances can increase resources in LICs • Support to development finance institutions (DFIs) can leverage more finance in LICs • Support to global public goods (GPGs)	• Level, quality and distribution of ODA in LICs • Imports from LICs; current trade policy (tariffs/subs re. LIC) • Immigration from and remittances to LICs • Size and composition of bilateral DFI • Spending on GPGs • Responsible business	• Increase ODA • Promote imports • Implement DFQF • Widen temporary migration schemes • Increase DFI capital endowments • Begin reporting spending on GPGs (which may include ring fenced development spending) such as climate finance • Promote corporate social responsibility CSR

Sources: building on te Velde (2010) and country templates

Appendix B: G20 and development – accountability and effectiveness. Report of Workshop held at ODI on 21 September 2012

The Overseas Development Institute (ODI) in London hosted a roundtable on 21 September 2012 focused on the G20's accountability framework in relation to its development goals and objectives. The objective was to examine accountability and effectiveness in the area of the G20 and development. The roundtable was attended by some 20 G20 experts, based mainly in London, representing major think-tanks in the UK, the US and South Africa, as well as the UK government.

The discussion aimed to feed into the upcoming meeting of the DWG in Bali on 4-5 October 2012. This meeting will be preceded (on 3 October) by a workshop discussing assessment of the DWG. This is where the first real discussion on accountability will take place. In 2013, Russia will take over the presidency of the G20. Work on accountability in the run-up to St Petersburg is yet to be defined.

The workshop began with remarks from UK government officials. The discussion in October will be based on a concept paper, which it was suggested would likely address the following questions:

1. Why is accountability important?
2. What methodologies can be put in place to assess impacts?
3. Should outreach and objectivity be incorporated into the process?

There are broader questions, such as:

1. Should the focus in Bali be based solely on the work of the DWG?
2. What is a commitment and how does one define it?
3. What is the role of international organisations and how can (or should) they be formally held to account given their own internal governance processes?
4. The G20 is not an implementation forum, so how do you hold them to account?
5. What is the G20 being held accountable for?
6. How do you ensure there is sufficient input from CSOs?

The remainder of this note is structured around three main questions circulated before the meeting:

1. What are the broad ways in which the G20 affects development/ growth in LICs? What needs to be done to ensure maximum impact in future years?
2. Why is accountability important in the area of the G20 and development? How can the G20 become more accountable?
3. How can we measure the G20's effectiveness in promoting development? Which measures and aspirations can be assessed?

1. What are the broad ways in which the G20 affects development/ growth in LICs? What needs to be done to ensure maximum impact in future years?

Several issues were discussed with respect to this question. One was the extent to which developing countries are included in the Framework for Strong, Sustainable and Balanced Growth. Participants suggested there was a need to achieve 'balanced growth' but also debated the meaning of this. Does it mean growth among the wealthier countries or growth among emerging market countries? What about bailing out LICs versus bailing out the richest countries?

It was generally agreed that the G20's core agenda – IFI reform, financial regulation, bailouts, but also other global issues such as climate change – have a major impact on LICs. The DWG itself does not consider these issues in full, but they are still important. The G20 should be interested in the impact it will have globally. At the same time, discussing the development of such core issues should not lead the DWG to become an ineffective talking shop.

The MYAP of the DWG has established nine key pillars of growth. Participants felt there was a need to carry out a critical assessment on how (commitments in) the key pillars affect developing countries, in Africa in particular. The G20 started the formulation of pillars and principles in 2010 and needs to be held accountable for this.

The MYAP contains a large agenda. Is discussing $100 million development projects a good use of the G20's time? Even a country such as China has only three people working on the MYAP. Is it therefore necessary to streamline the agenda? Shouldn't development goals focus on the effects of capital flows and macroeconomic issues, as the G20's *raison d'être* has been based on establishing sustainable economic growth?

This wide-ranging agenda has also led to a question as to whether the DWG should exist at all. Has too much been placed on its plate? An example of the 2008 food crisis was given. Here, a major coordinated effort was put in place, but when the G20 got involved, some argued, the outcome was complicated and the impact appeared to be weak. Waiting for the G20 to make decisions can be time consuming and therefore can protract an ongoing crisis that could be dealt with efficiently and quickly by existing specialised organisations, such as the Food and Agricultural Organization (FAO) in this situation. Some participants also doubted the effectiveness of the UN response.

Establishing what the G20 *should* or *should not* discuss is vital. Its involvement in development issues may render established institutions more (in)effective. While some argued that the G20 may have a weak direct effect on development, and hence that it is important to use it as a political vehicle, others felt it can and does affect development and growth in LICs. In particular, the strength and influence of the G20 can help drive forward the matters most important to the LICs. Key factors that the G20 offers the LICs include its ability to:

1. Direct and influence institutions;
2. Mobilise large-scale global financial resources;
3. Take collective action;
4. Deal with global governance issues;
5. Influence sanctions outside the group.

The LICs expect an explicit financial dimension from the G20. They believe the G20 will talk about growth and will deliver by moderating the orientation of the Bretton Woods institutions. The G20 has the ability to address shocks facing the LICs (e.g. the study by Winters et al (2010) raised the importance of addressing shocks). Climate change and climate finance are also relevant topics for the LICs, which feel that the G20 can deliver concessions across the board for a long period of time, particularly in finance. The real question is how the LICs can get involved in these issues.

Another participant suggested the G20 had an impact in five areas:

1. Providing policy direction to the institutions involved;
2. Building global norms and standards – promoting discussion in these areas;
3. Innovation – the Ag Results mechanism introduced at Los Cabos;
4. Putting markers on development issues – mandating the World Bank and IMF to work on this;
5. Knowledge sharing – experience on a common basis has developed and emerging countries are involved at G20 level in an open and collaborative manner.

Another participant suggested a sixth category about building trust among G20 countries.

2. **Why is accountability important in the area of the G20 and development? How can the G20 become more accountable?**

Before looking at why accountability is important in the area of the G20 and development, participants felt it was pivotal to ask the following: What is accountability for? What is the representational legitimacy of the G20? What is the domain of accountability? How does the G20 work? The G20 is not a formal institution with elected officials, and as such we cannot hold it collectively to account – rather, the individual countries it comprises.

Accountability is important because of the G20's global impact and its lack of global representation. It seems to utilise the World Bank and IMF as operational arms. According to some, executive (non-G20) directors from the World Bank are questioning why they are carrying out the work for the G20 when a majority of its member countries are not part of the G20. The G20 is thus illegitimate and is undercutting the work of the World Bank, and is dictating the agenda of the World Bank and IMF. This raises the need to establish an accountability framework. However, it was also noted that the G20 *does* account for 80% of World Bank votes. It therefore *can* delegate its work to these international organisations. This point was debated extensively.

A further question was: 'Who is the "we" holding the G20 accountable?' As such, is it accountable to the citizens where its decisions are being implemented? If these decisions have a spillover effect in countries that are not part of the G20, does this mean it is also accountable to the latter? Further to the aforementioned questions, to hold the G20 accountable, the process of its decision making needs to be transparent. How are core issues brought to the table for discussion?

Power, mandates and processes that work are necessary to make a body accountable. In some areas, the G20 might be exercising its power without legitimacy. The G20 can establish global norms and offer them to LICs within a framework to enable lesson learning. Knowledge sharing is a key way to build trust. Talking about mutual learning can lead to the consolidation of standards.

Given the lack of legitimacy of the G20, it was noted that introducing a trust-building mechanism between countries – both participant and non-participant – might be important. Without establishing trust, the decisions of the G20 will come across as dictatorial and unfair. Its power may overshadow its intentions. Establishing an accountability framework that is transparent will engender a virtuous circle that can foster trust and legitimacy. Involving CSOs from non-G20 countries will also help achieve the latter.

3. **How can we measure the G20's effectiveness in promoting development? Which measures and aspirations can be assessed?**

Only a few broad points were made with regard to assessing the G20 and development effectiveness. Although the G20 has committed to macroeconomic reform, there is no note of what impact it will have on developing countries and how it will relate to their individual national priorities. This is reflected, for instance, in the absence of any commitments on development within the G20 Framework country fiches, with the result the Mutual Assessment Process that monitors many of the G20's ' core' agenda commitments does not capture development actions (DWG or otherwise) . It was suggested that the DWG could perform an 'audit' of the work on the finance track and track its impact on LICs.

Second, analysing the language the G20 uses in relation to development/accountability, it is apparent that its commitment lacks certainty. As such, aspirations cannot be assessed easily from the G20's communiqués. This can be brought to its attention.

Channels to intervene should be open for the LICs. The first step is to identify, analyse and bring LICS in to the analysis. Establishing a lessons learnt forum is next. What is the G20 stating in terms of legitimacy and credibility? What should it do to achieve the latter? Carrying out policies on a practical basis while placing the onus on those carrying them out to ensure it is done in an effective and accountable manner is another route. There is no sequence to accountability and monitoring; in fact, it is the common thread that should exist at all points of the G20's actions.

Finally, leveraging self-interest may be an avenue that could lead to the focus needed to ensure effective application of G20 commitments.

Conclusion

The workshop provided many useful directions for thinking further on the issue of establishing an accountability framework. Overall, it suggested there were various ways in which the G20 could affect development, but that we need to be clearer when assessing the G20's precise role. There is also a lack of clarity or a divergence of views on several aspects of the G20 and development:

- The G20 has too much on its plate versus the G20 is perfectly capable of directing international organisations;
- The G20 is a political body to build consensus versus the G20 has laid down a technocratic MYAP for which it needs to be held accountable;
- The G20 needs to focus on growth versus the G20 needs to focus on equitable growth, including at home;
- The G20's work was useful in coordinating international organisations in the area of food security versus it stopped useful follow-on conversations on food security taking place;
- The G20 affects development in many areas beyond the DWG agenda, but how can we be sure that operationalising a change in the agenda towards beyond-aid/development impact of core c policies does not lead to an ineffective talking shop;
- There is no positive impact of G20 actions on LICs versus developing countries have been helped considerably by, for example, the coordinated response to the global financial crisis.

List of participants

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Appendix C: The G20 – accountability and effectiveness. Annotated bibliography (Krishma Nayee)

This brief annotated bibliography examines the various arguments, analyses and suggestions that have been put forward with regard to the G20's commitment, or lack thereof, to becoming a more accountable and effective group. Table A2 summarises positive and negative aspects in relation to the accountability and effectiveness of the G20.

Table A2: The G20 – positive and negative aspects in relation to accountability and effectiveness (based on literature review)

Positive aspects	Negative aspects	Suggestions
• Included **emerging powers** quickly and effectively, revealing their interests • Effective **crisis manager** • Focus on activities such as agenda setting, policy, **policy coordination, consensus building** and task distribution across existing institutions • Promoting **mutual understanding** and more personal relationships • **Leadership and effectiveness** • Systematic coordination • Linking dialogues • Flexibility • Platform for **exchange of ideas** • Instances of an accountability framework in relation to financial reporting • Topics of success: Bretton Woods institution reform, banking regulation agreement, coordinated stimulus	• Unclear **membership criteria**, 173 countries excluded, few African, small or low-income countries, 'plurilateralism of the big' • Ignored G24 and UN, weak representational legitimacy • No mechanisms for **accountability** to the broader international community • **Lack of communication** of results/self-reporting • *Ad hoc* nature, non-binding, lack of formal set of rules • Troika does not work • Small initiatives not game changers • Weak narrative on **implementation capacity**; lack of clarity of how agreements of G20 meetings are implemented • DWG agenda too broad, disconnected pillars • **Undermines** existing system of multilateral cooperation in IFIs/UN • Legitimacy cannot be restored by a strategy of 'concessions at the margins' • Lack of continuity • Lack of evidence on mutual assessment system works	• Transform G20 into **global economic council** with formally weighted power • Take steps to recognise that effective leadership involves making **commitments that stick** • Establish an **independent audit mechanism/permanent accountability framework** for commitments including surveillance and peer review • Establish objectives and **measurable criteria for membership** • **Develop outreach** to broader range of countries and develop permanent secretariat to institutionalise outreach • Provide good **demarcation** between the role of the G20 and that of other bodies, such as the G8 and the UN • **Communicate** commitments and implementation paths

Source: Annotated bibliography.

<u>Kharas, H. and Lombardi, D. (2012) 'The Group of Twenty: Origins, Prospects and Challenges for Global Governance'. Washington, DC: The Brookings Institution.</u>

Within months of the G20s first leaders' meeting, held in Washington, DC, in November 2008, the Group managed to expedite an agreement on the Basel III supervisory framework; establish a new organisation – the Financial Stability Board – with a stronger mandate and an enlarged membership than its predecessor, the Financial Stability Forum; expand the membership of the Basel Committee on Banking Supervision; strengthen the governance and finances of the IMF; and, later in 2009, lay down a new foundation for economic policy coordination through the Framework for Strong, Sustainable and Balanced Growth.

This paper argues that, although the G20 was quite effective as a crisis manager, its effectiveness as an enduring facilitating framework for international cooperation has proved mixed at best. Progress on international financial cooperation has been uneven, and the mutual assessment process embedded in the Framework for Strong, Sustainable and Balanced Growth has simply failed to deliver on its promises for many of the same reasons that its intellectual predecessor, the IMF's 2006 multilateral mechanism, also failed.

The G20's greatest strength has been to quickly integrate emerging powers in global governance decision making by serving as a forum and testing ground for these powers' potential expanded role in multilateral bodies, including the IMF and a reformed UN Security Council.

However, the *ad hoc* nature of the G20 and the extent to which an informal and self-selected club of nations can provide a stable framework for facilitating global cooperation has been questioned. The G20 does in fact include many of the world's largest economies; however, not all its members are among the largest in the world, and membership criteria are rather unclear.

The G20 Finance Ministers and Central Bank Governors reiterated that 'G20 was established to provide a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the discussions on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world economic growth that benefits all' (Canada, 1999).

Some question the legitimacy of the G20 because the great majority of countries have no voice and influence. A reasonable claim to legitimacy cannot be made for a body of global economic governance when 173 countries are permanently excluded and hence have no voice or influence on deliberations that shape their future. According to Vestergaard (2011), there are several further reasons why the G20 's claim to representational legitimacy is unconvincing: 1) there is only one African member country, South Africa; 2) no LICs are included; and 3) not one single 'small open economy' is present in the membership.

In Gary Helleiner's opinion, the G20 is severely, if not irretrievably, flawed because its G7 architects ignored the already-existing G24 group of developing countries, did not include representation from the poorest countries and did not 'possess any mechanisms either for reporting or for accountability to the broader international community' (G20, 2008). However, for Angeloni and Pisani-Ferry (2011), the composition of the G20 strikes a difficult compromise between representation and efficiency.

The establishment of the Troika helps ensure that the experience of the chair is passed on to successors so as to enhance continuity in the absence of a permanent secretariat. It also gives the current and upcoming chairs ready access to the experience of the previous year's chair.

G20 members began to pay more attention to the second part of the G20's mandate – 'stable and sustainable world economic growth that benefits all' – with the addition of development and aid to the agenda (G20, 2002). With the Monterrey Consensus on Financing for Development having been reached, at the New Delhi Ministerial Meeting G20 members reaffirmed their commitment to achieving the UN's MDGs and their continuing support to Africa through NEPAD (G20, 2008).

The 2004 report by the UN High-level Panel on Threats, Challenges and Change concluded that one way to achieve greater representation could be to transform the ministerial-level G20 into a forum that would bring together the leaders of key countries collectively accounting for 80% of the world's population and 90% of its economic activity.

Not being a traditional international organisation with conferred powers, the G20 can focus on activities such as agenda setting, policy, policy coordination, consensus building and task distribution across existing institutions (Geraets and Wouters, 2012).

According to Suominen and Dadush (2012), the G20 has in fact succeeded in promoting mutual understanding and more personal relationships between the leaders of the systemically important countries, an achievement that can only enhance its response to the next crisis.

Vestergaard and Wade (2011) focus on the need for 'constitutional' foundations by proposing a global economic council (GEC) with the legitimacy to act as a political body overseeing the work of the Bretton Woods institutions. As distinct from the G20, a GEC would have a constituency structure in line with the representation principles of the Bretton Woods institutions. As a result, it would be able to combine effectiveness – given the relatively small number of chairs, mirroring the size of the executive boards of the IMF and World Bank – and legitimacy, because each member country would be represented in this leader-level body. As in the Bretton Woods institutions, there would be weighted voting based on a country's share of global gross domestic product (GDP).

Ocampo and Stiglitz (2012) share a similar perspective to that of Vestergaard and Wade (2011). First, assessing the G20 on the basis of various criteria, they find that it scores quite high on leadership and effectiveness, on account of its earlier record as a forum for crisis management. It also scores high on its ability to carry out systemic coordination, given that it is well placed to manage spillovers arising either from a country's policies or from those of an international organisation vis-à-vis the rest of the system. However, the G20 does poorly in terms of representational legitimacy.

The G20's approach to development has focused on national growth, global adjustment of imbalances and systemic risk management, the modelling of good practices and a coherent package of aid, trade, investment and finance or development. The G20 has also proposed an over-all MYAP addressing nine key pillars. And, although the G20 focuses on LICs, its development agenda is far broader and is of interest to middle-income countries (MICs) as well. The G20 has also actively promoted the role of regional groupings and tried to give momentum to the reform of the IFIs concerned with development.

There have been concerns that the G20 does not have the mechanisms and instruments to achieve results and that consequently it is viewed as a 'talking shop'. But this is a misreading of the G20's comparative advantage on development: the G20 can try to build a consensus by highlighting issues that are important for the global economy, such as infrastructure and food security. Building a consensus involves an inclusive process that the G20 itself cannot easily provide. Instead, it has chosen to work with other, more inclusive forums and institutions to provide the technical proposals for its consideration. Once agreement is reached on what needs to be done, the G20 can become an effective force for providing the political impetus for implementation.

In implementing the development agenda, which is inevitably long term, the G20 has faced difficulties in communicating results. Unlike crisis management, where actions and impact can readily be traced, the development agenda is by its nature longer term. The G20 is not the arena for mobilising resources, unlike the G8, because it does not have a membership committed to joint coordinated action on development. Nor can it solve infrastructure, food security or job creation problems. G20 actions can appear small relative to the scale of the development challenges it is trying to address; for example, the High-level Panel on Infrastructure had some useful proposals on infrastructure financing and engagement by the private sector, but it fell far short of being a game changer in infrastructure financing. Similarly, the forward momentum on agricultural productivity and food security has come from the G8 rather than the G20.

The development agenda faces other challenges. The DWG of the G20 is typically attended by the Sherpas, but this divorces those discussions from the ones conducted with the major IFIs (in which officials of Ministries of Finance or Treasuries take the lead), or with the UN or OECD DAC (where officials/Ministers of Foreign Affairs or State take the lead). For those G20 members that are emerging economies, which may be both providers and recipients of development cooperation, the institutional split within their own governments makes it difficult to have a coherent position in the DWG. Perhaps as a result, as noted by Schulz (2011), the DWG lacks a compelling narrative and implementation capacity.

In fact, the development agenda is increasingly viewed as too broad, and the nine pillars of the Seoul Consensus are disconnected from each other. This can generate unstructured and unproductive discussions that undercut the very premise of the G20: to provide an informal forum where a focused and sustained conversation can take place in an efficient way.

For the time being, the G20 appears to be the best available option for global economic governance. It is not designed to achieve institutional legitimacy *per se*, and thus it has chosen to work with other bodies that have more inclusive and universal representation. It is not an implementing body, but it encourages others to rise to the challenges of addressing the issues its agenda advances. The G20 receives the greatest media coverage during times of crisis, but the leaders who now participate in it are finding ways to demonstrate to their electorates that they are making a difference in the conduct of global affairs through the stance they take at its summit meetings. This link between global and domestic dialogues, and the building of popular support to address global challenges, may yet become the greatest value the G20 adds.

Vestergaard, J. (2011) 'The G20 and Beyond: Towards Effective Global Economic Governance'. Report 2011/04. Copenhagen: DIIS.

Vestergaard notes that the question of legitimacy, in terms of 'representing' a large share of the global economy, was not really an issue in 1999. The G20 was a club of the 'systemically significant'. It declared itself the 'premier forum of international cooperation', based on its claim to be both representative and effective. This report argues to the contrary, that the G20 is both illegitimate and ineffective compared with the plausible alternatives.

The claim by the G20 that its 'economic weight and broad membership gives it a high degree of legitimacy' is not convincing. It permanently excludes 173 countries. This fact alone undercuts its claim to representational legitimacy. In addition to this fundamental problem, the composition of the membership of the G20 is problematic from a representational perspective because 1) the African region is grossly underrepresented (South Africa being the only member country) and 2) LICs and small, open economies are completely absent.

The G20 is the wrong format for several reasons.

First, the elevation of the G20 to a Leaders Forum continues and reinforces a troubling trend towards 'plurilateralism of the big', whereby the vast majority of nations lose voice and influence on the matters that crucially affect them. Second, the G20 undermines the existing system of multilateral cooperation in institutions such as the IMF, the World Bank and the UN, thereby causing increasing resentment towards the G20 in those institutions in general and among non-G20 countries in particular. Third, what is needed to address the key problems today – such as global imbalances, climate change and rising poverty – is not an informal Leaders Forum but binding deliberations in a multilateral framework.

In responding to criticism, the G20 has invited 'representatives' from underrepresented regions – such as Vietnam for ASEAN and Ethiopia and Malawi for the AU – to participate as *ad hoc* observers in G20 summits. Legitimacy cannot be restored by this strategy of ‘concessions at the margins’, however. Representational legitimacy requires universal participation on equal terms, such as when all countries participate with voting powers in proportion to their GDP.

Vestergaard argues that the way forward is to create a truly multilateral GEC that may function as the premier forum for deliberation and leadership on matters of global governance. Its members would be heads of government and it should be embedded in the existing institutional framework of the Bretton Woods institutions, thus addressing the lack of political weight within these latter.

The GEC must also address the other major deficiency of the Bretton Woods institutions – the discrepancy between the increased economic weight of dynamic emerging market economies and their significant underrepresentation in terms of voting power, and the lack of any mechanism for periodic readjustment.

In the interest of effective global governance, this report therefore proposes that the creation of the GEC be accompanied by a reform of the voting power systems of the Bretton Woods institutions and a reconfiguration of the country constituencies on which they are based. Voting power should reflect countries’ economic weight in the global economy.

A major advantage of a reconfiguration of global economic governance along these lines is that it would embed a much-needed Leaders Forum within the institutional framework of the existing – well-established and recognised as legitimate – Bretton Woods institutions, while at the same time bringing the latter up to date. But, more importantly, it would also provide long-term durability to global economic governance; the system would be responsive to the rise and fall of nations and regions through a transparent, automatically updated system of weighted voting (based on GDP), while at the same time ensuring interregional legitimacy and stability by means of a balanced allocation of seats to all the world’s main regions.

Proponents of the G20 have pointed to two areas of G20 effectiveness and success: reform of the Bretton Woods institutions and the new agreement on international banking regulation, the so-called Basel III Agreement. In each of these two alleged shining examples of G20 effectiveness, closer scrutiny reveals classic cases of the ‘emperor’s new clothes’.

The voice reform process in the World Bank does not exactly testify to G20 effectiveness except perhaps in the sense of speeding up the accomplishment of a poor outcome.

Even if the G20 restricts its conversation to economic matters, its ideological diversity makes it harder to find common ground. Unlike the historical existence of the G7 nations, which have long been political and military allies, there is no background security ‘glue’ binding G20 members that might facilitate multilateral cooperation when specific interests collide (Patrick, 2010).

Given the substantial differences among the world’s major powers, a more binding form of dialogue and deliberation is likely to be more conducive to progress on the substantive matters. It is precisely this much-praised ‘flexibility’ that is the root cause of the ineffectiveness of the G20; the flipside of ‘flexibility’ is the non-binding nature of the deliberations that take place. The way forward is to reform the Bretton Woods institutions so as to allow them to operate effectively as key pillars in a multilateral system of global economic governance, under the stewardship of a GEC.

Kokotsis, E. (2012) ‘The Importance of Improving G20 Accountability’. G20 Research Group.

According to Kokotsis, the criticism levied against the G20's perceived accountability deficit is based on two grounds: one is its lack of formal authority, as it is not governed by a formal set of rules or doctrines; and the second is its lack of an accountability mechanism. The author notes how the G20 is still nascent and therefore its quantity and robustness for compliance are still developing.

It is a number of key international organisations, NGOs and academic institutions that monitor and report publicly on the G20's compliance or lack thereof. Kokotsis recommends that the G20 take steps to recognise that effective leadership involves making commitments that stick. And that this should be done with the assistance of partner organisations including NGOS, private foundations, civil society, academia and the private sector.

Kirton, J. and Shaw, Z. (2010) 'G20 Accountability Report on Domestic Financial Regulation'. G20 Research Group.

The G20 had four summits during 2008-10, where the topic of financial regulation took up 44% of the communiqués.

The degree to which the G20 meets its summit commitments is measured by the G20 Research Group, which ranks its performance on a scale of 0-100%. Average performance was 59%, lower than that of the members of the G7/G8.

There is widespread disagreement on the G20's historical performance, and only recently has there been enough data to 'identify the level and trends of compliance' that will help improve assessment in the future. Meanwhile, given that the G20's own self-reporting lacks 'country-specific reporting' and a key focus is on domestic reform, it is hard to see how any commitments can be measured. The real measure of success would be to track a commitment to implementation, but this is not clear. Neither is the process for turning a commitment into law, regulation or policy.

Cooper, A.F. (2012) 'The G20 as the Global Focus Group', CIGI Worlds of Global Governance blog, 19 June.

Cooper questions the G20's ability to shift its positioning as a crisis committee to that of a steering committee. The collapse of Lehman Brothers and the collective collapse of global stock markets set in motion the G20's positioning as a crisis committee. According to Cooper, the more recent summits have signalled a shift from this position to that of a steering committee. The Seoul Summit in November 2010 saw the inclusion of development, and the Cannes 2011 meeting extended this to areas such as anti-corruption, food security and financial transaction tax.

Issues affecting the broadening agenda are as follows:

- The protracted Eurozone crisis;
- The time needed to operationalise an updated financial regulatory framework such as Basel III.
- The lack of continuity from one summit to the other.

Has the expansion of the agenda led to a credibility question? Los Cabos 2012 projected lowered expectations of the G20's ability.

Positives:

- The G20 is not a substitute for US hegemonic control.
- The European Union (EU) needs to negotiate internally and externally.

- The participation of the BRICS (Brazil, Russia, India, China and South Africa) reveals that it benefits from the international system.

Vestergaard, J, and Wade, R. (2012) 'The Governance Response to the Great Recession: The "Success" of the G20'. *Journal of Economic Issues* 46(2): 481-90.

After upgrading to heads of government in 2008, the G20 claimed positioning as the 'premier forum for our international economic co-operation'. This paper addresses its three big successes:

1. Stronger financial regulation (Basel III Capital Accord);
2. Macroeconomic coordination;
3. Governance reforms of the Bretton Woods institutions – that is, to take into consideration the role and needs of emerging and developing countries.

The objective of the Basel III Accord was to promote 'a better balance between banking sector stability and sustainable credit growth' (Basel Committee on Banking Supervision). The Accord demands higher levels of capital reserves while introducing measures to moderate the credit cycle. The deadline for implementation is set to a decade, 2019, and the capital adequacy requirements are small, thereby calling in to question the impact of its effectiveness. Martin Wolf dryly noted 'while tripling sounds impressive, tripling almost nothing leaves you with almost nothing'.

Basel III Accord was designed to ensure material risks were captured while providing protection against future financial crises. But monitoring financial risk cannot be pre-empted. For example, in the Basel II Accord, sovereign debt was considered risk-free. It was assumed the government would away pay and never default. Greece, Spain, Italy and France are all in the queue to be listed as default candidates. Sovereign debts are still classified as risk-free under Basel III.

Vestergaard and Wade conclude that the G20 lacks political impact. Basel III has proved a simple intensification of Basel II. Lack of considerable progress in international banking regulation leads to scrutiny of those who are in the driving seat. The composition of the Basel Committee, being Finance Ministers and Central Bank Governors of the G20 countries, leaves little room for positivity and more space for cynicism.

Subaachi, S. and S. Pickford (2011) 'Legitimacy Vs. Effectiveness for the G20: A Dynamic Approach to Global Economic Governance'. Briefing Paper. London: Chatham House.

According to Subaachi and Pickford, the G20 can increase its legitimacy by establishing an independent audit mechanism for commitments and leading governance reform of IFIs. The challenge for international policymaking is to manage a world economy with deep interdependencies and high potential for spillovers, and to accommodate the new rising economic powers. Exposure to shocks is increased given the integrated nature of the economy. This calls for the creation of a framework for multilateral policy cooperation.

This paper discusses the steps the G20 needs to undertake to evolve from being the world's crisis committee to being its permanent steering committee. Reforming governance is highlighted as the most important aspect in achieving the aforementioned goal.

Issues:

- Government deficit – how members are selected or co-opted:
    - It is an informal forum with limited outreach and representation.

    - G20 members account for 80% of world GDP.
    - Small countries also generate systemic effects and huge spillovers, for example Greece.
    - Options:
        - Establish objectives and measurable criteria for membership;
        - Develop outreach to a broader range of countries on an issue-by-issue basis; for example development issues should take account of the views of LICs;
        - Member countries can take on responsibilities for representing a 'constituency' of non-members;
        - Develop a permanent secretariat to institutionalise outreach and reduce the discretion of the presidency to set the agenda.
- Efficiency vs. legitimacy:
    - The Governance Review undertaken by the UK government on behalf of the G20 before the Cannes Summit 2011 stressed the need to focus on improving existing processes and institutions rather than reviewing the line-up of countries around the table.
    - The French presidency expanded the agenda, moving it beyond dealing with the global crisis. However, efforts to take climate change forward in Cancun in 2012 came to nothing.
    - There is a need to increase demands for the interests of non-members to be presented.

Promoting public understanding and support, improving credibility and strengthening the IFIs can establish the G20's legitimacy.

To monitor progress, two processes should be used: surveillance and peer review. Peer review is an important process in terms of building ownership of change and allowing countries to develop a better understanding of the nature of external spillovers, while respecting sovereignty. The IMF has become the G20's 'operation' arm and thus carries out both surveillance and peer review. However, is it appropriate for it to spend time and resources on only one segment of its membership?

This paper calls for a fully representative and legitimate structure of international governance by encouraging further reforms to the governance of IFIs.

Gnath, K., Mildner, C. and Shumcker, S.A. (2012) 'G20, IMF, and WTO in Turbulent Times, Legitimacy and Effectiveness Put to the Test'. Research Paper. Berlin: SWP.

This paper states that central to the G20's structure is its exclusive membership. This leads to a question as to its legitimacy. Second as a self-imposed mandate, the G20 has coordinated efforts to combat the financial crisis and establish itself as a new premier forum for global economic governance. But how effective has it been?

According to the authors, if the G20, the IMF and the WTO improved cooperation, they would be able to increase the long-term effectiveness and legitimacy of the entire governance system. As a steering committee, the G20 can help reduce inertia and fragmentation of the global governance system. The more institutionalised organisations like the IMF and the WTO can ensure that rules are formulated, adapted and implemented.

The G20 has no independent organisational structure and none of the characteristics of an independent body. It offers a platform for exchange. The communiqués issued by the G20 are primarily statements of intent and do not establish binding rules like the declarations of the IMF and the WTO. Working groups are established to address issues outside the immediate context of crisis management. One industrialised economy and one emerging economy chair each working group jointly. The paper also suggests taking the working group level to issue-specific meetings.

The G20 abides by a principle of consensus. Therefore, if a country is not willing to support a decision, the topic must be taken off the agenda for the time being. Individual negotiating positions are secret. The G20 has attempted to improve 'outreach' – that is, dialogue with non-members and NGOs – since the summit in Toronto. This was evidenced through the participation of over 100 business leaders who were invited to business summits in Cannes and Los Cabos.

The G7/8 justified its exclusiveness with the argument that it was a group of liberal democracies with established market economies. This criterion does not hold for the G20. The legitimacy of the latter is based on economic weight and the group's broad regional membership. However, if a nominal GDP criterion were adopted, Argentina, South Africa and Saudi Arabia would not qualify as members. To ensure more representativeness, at the Los Cabos Summit, Benin, as chair of the AU, and Ethiopia, as chair of NEPAD, were invited to represent Africa. However, representatives have only special observer status.

Can the G20 achieve its own objectives? Five G20 measures and implementation are investigated:

1. Stimulus measures;
2. Reforming financial sector regulation;
3. Reform and increased financing of financial institutions;
4. Trade reform and measures against protectionism;
5. Monitoring growth and strategies of G20 members and reducing macroeconomic imbalances – (Mutual Assessment Process: first international mechanism for analysing the impact of national economic policies and creates peer pressure to induce national policy changes).

The IMF should implement the governance reforms initiated during the crisis and its monitoring function should be expanded to systemic and financial sector-specific aspects. The WTO's objective should be to foster participation of smaller developing countries in the decision-making process through capacity-building measures and to restructure the decision-making process.

The real test of the G20's effectiveness in terms of issues outside the realm of crisis management is yet to come. The G20 is heavily dependent on other international organisations and implementation on many decisions is still pending. Members of the G20 must now transform the forum from being a crisis management group to being an effective global steering committee and devote time to macroeconomic questions. The agenda should transcend to individual presidencies.

Meyer, H., Barber, S. and Luenen, C. (2011) 'The Open Method of Coordination: A Governance Mechanism for the G20?' Brussels: Bretelsmann Stiftung.

This paper analyses the G20's shortcomings that prevent it from operating effectively while considering the appropriateness of the Open Method of Coordination as a way of improving decision making. The way the G20 evolves as an institution is key to its future role. This paper highlights the need to regulate and channel social, economic, environmental, technological and cultural processes that now transcend the limits of national and regional governance.

According to the authors, the primary challenges facing the G20 are:

1. The shift from being a 'single issue' emergency institution to being one of permanent global governance;
2. Follow-through effectiveness, that is, the lack of clarity on how the agreements of meetings are implemented at a national or regional level. Also questioned is how this policy implementation is monitored and evaluated;

3. Overcoming the 'prisoner's dilemma'. Any framework needs to take into consideration the need for players to be able to act in the global and not simply national interest. A good example is during environmental talks;
4. The problem of 'input legitimacy' given the G20's self-selecting nature.

The paper proposes the adoption of the Open Method of Cooperation that was introduced by the EU in 2000 as part of the Lisbon Agenda. This is based on four procedural principles:

1. Fixing guidelines combined with specific timetables for achieving the goals. These are set in the short, medium and long-term;
2. Establishing qualitative and quantitative indicators that are benchmarked against the best in the world and tailored to the needs of different member states according to each sector;
3. Translating guidelines into national and regional policies;
4. Periodic monitoring, evaluation and peer review organised as mutual learning processes (Zeitlin, 2009).

In implementing a network-based approach to participation, the G20 process can address issues related to geographical imbalances.

InterAction (2012) 'Accountability: It's Time for a G20 Commitment'. Washington, DC: InterAction.

This policy paper argues that the G20 should stop paying lip service to accountability and transparency and establish a permanent G20 accountability framework.

There are already some instances of an accountability framework in relation to financial reporting, but this does not go far enough, or extend to reporting on development issues: 'The G20's consistent efforts to ensure accountability of its Financial Reform and IFI agendas have less frequently been applied to development issues'.

The main argument of the paper is that the G20 should build on past successes and precedents (Action Plan on Food etc.) and create an accountability mechanism across all of its activities. The paper is really aimed at the US, which the authors believe should lead the movement towards creating an accountability framework.

Chanhge (2012) 'Time for a New Version of Globalisation? A View from China'. Shanghai: School of International Relations and Public Affairs, Fundan University.

This article contributes to the discussion on China's role in the world economy. As the world's second largest economy, China is seen to have the capacity and policy instruments to rebalance the world economy. The value of emerging economies should not be underestimated, as they have contributed more than 50% to global economic growth in recent years. Only China will import around $10 trillion and invest $500 billion overseas in the next five years. It is argued that it is important to recognise the reality of the unbalanced growth between emerged and emerging economies and that, in an interdependent world, it is necessary for countries to stand together in order to address critical issues while adjusting to am international environment that is different to that which existed at the end of World War II.

Davies, R. (2012) 'After the Siesta: Whither the G20's Development Agenda?' Development Policy Blog, 5 July.

According to Davies, the gloom of the Eurozone crisis cast a shadow on the G20's acclaimed development agenda. However, an important process commitment was made: leaders called for the development of an accountability mechanism to track commitments on development by the time of the 2013 summit. This is a step in the right direction.

Davies maps the progress the G20 has made since its inception, highlighting the key moments within each summit.

In Washington (2008), there was a ritual reaffirmation of individual aid commitments. In London (2009), the G20 distributed its 'first loaves and fishes' – $50 billion was mobilised in support of mainly multilateral action to reduce the impacts of the financial crisis on developing countries, with an emphasis on food security, social protection, infrastructure and trade finance. In Pittsburgh (2009), leaders called for the establishment of a Framework for Strong, Sustainable and Balanced Growth and a related mutual assessment process, which would take into account the impacts of its policies on LICs. In Toronto (2010), the DWG, which elaborated a structured agenda for several and joint actions in favour of LICs, was created. In Seoul (2010), leaders surveyed the offerings of the DWG, namely, a set of principles for the G20's engagement in development and a nine-pillar MYAP. In Cannes (2011), they set about the business of dealing with various processes and products flowing from the action plan and approved useful actions on food security and infrastructure.

As a result of his analysis, Davies proposes five achievements the G20 should focus on.

1. There should be a clear field and style of action and good demarcation between the role of the G20 and that of other bodies, such as the G8 and the UN. The central concept is growth with resilience, to be promoted through practical, outcome-oriented action on systemically important issues.
2. The work of the High-level Panel on Infrastructure provides a strong basis for reform of the lending policies and instruments of the multilateral development banks. This could lead to an increase in the use of guarantees to leverage private investment, a consolidation of support for project preparation and a reduction in barriers to investment in transformative cross-border projects.
3. The G20 has to consolidate its steps to increase public and private investment in food security and agricultural development through the creation of new funding vehicles, global surveillance and consultation arrangements and measures to improve access to food aid and regional food reserves in times of crisis.
4. The G20's initial steps in support of income security for the poor through its work on financial inclusion, remittances and social protection, including risk insurance mechanisms, should have clear leads, through a streamlined version of coalitions.
5. The G20 should help mobilise additional resources for the IFIs and accelerate the process of increasing merit, equity and transparency in their governance and management arrangements.

Appendix D: G20 Accountability Framework (G8/G20 Advocacy Alliance USA)[3]

The *Los Cabos Accountability Assessment Framework*[4] agreed to assess progress in meeting commitments toward their shared goal of strong, sustainable, and balanced growth. The evolving Framework is based on three pillars: 1) a concrete, consistent country-owned "comply or explain approach;" 2) a peer review process including a review and discussion of members' policies and in-depth assessments from the international organisations; and 3) annual reporting to G20 Leaders summarising the assessments outcomes.

We are encouraged by G20 intentions "to build on an innovative global development partnership that will focus on concrete and sustainable results, deepening our engagement with the private sector and civil society.[5]" However such partnerships can only realise their potential if they are grounded in a transparent inclusive process that relies on evidence-based assessments to measure progress. The Accountability Framework should produce a comprehensive G20 assessment which recognises the linkage between achieving strong, sustainable, and balanced growth and progress on G20 development actions.

The three pillars of the *Framework* will be strengthened by establishing transparent and inclusive G20-related processes at the country-level, within international organisations and in the preparation of annual reports. Our recommendations include:

1. **The G20 Accountability Framework must establish clear processes.** To enhance credibility and ensure effectiveness the framework must ensure that assessments be comparable, inclusive, rigorous, and transparent, encompassing the peer review process. The G20 diversity provides new avenues to incorporate international organizations and governments, as well as civil society and the private sector at both the international and country-levels.

2. **Six months prior to the summit publicize the terms of reference, names and affiliation of members of Expert and Working Groups and peer review mechanisms.** Meeting notices should be released 20 days prior to meetings and include a list of the G20 commitments and outcomes under review. The G20 should disclose expert group and commissioned reports, assessments and recommendations 60 days before each Summit to allow for public comment to the Working Groups.

3. **Require all G20 Working Groups and peer review mechanisms to seek input from international organizations, governments and civil society**. They should also implement on-going transparent consultations to permit government officials, civil society, affected communities, and the private sector to provide timely comment.

4. **Ensure that reporting evaluates results against consistent and specific indicators with timetables and recommendations for future action including resources pledged and delivered**. Non-governmental contributions to the report preparation process should be welcomed and encouraged. Whenever possible on-the ground monitoring of program implementation and outcomes should inform reporting.

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[3] Contacts: ***Chair, G8/G20 Advocacy Alliance USA*,*** John Ruthrauff, Director of International Advocacy, InterAction**jruthrauff@interaction.org +1 202-552-6523 ***; Chair, Accountability Policy Team G8/G20 Advocacy Alliance USA*** Rob Lovelace, Senior Fellow, Trade Union Sustainability Development Unit, RLovelace@TU-SDunit.com, +1 301 762-5692, The G8/G20 Advocacy Alliance USA involved 40 NGOs, unions, think tanks, and coalitions. InterAction is an alliance of 198 US development and humanitarian NGOs.

[4] The Los Cabos Growth and Jobs Action Plan**,** Annex A

[5] 2011 Report of the Development Working Group, §68, http://www.mofa.go.jp/policy/economy/g20_summit/2011/pdfs/annex01.pdf

Appendix E: Indicators on global governance (Daniel D. Bradlow)[6]

The primary challenge in designing indicators that can meaningfully assess the quality of global economic governance is working out how to disaggregate the concept of "global governance" so that it can be measured and assessed. The arrangements for global governance include the structure and functions of individual international organizations and the other forums and mechanisms in which the "rules of the global game" are made and monitored; the relations between these various institutions; and the relations between these various organizations, forums and mechanisms and other state and non-state actors who influence and are influenced by the rules of the global game. Thus, the indicators have to assess the effectiveness with which each individual organization, mechanism and forum is able to produce "good" global governance as well as the performance of these arrangements collectively.

The following five factors and 18 indicators are offered as factors, admittedly all complex, that should be considered in assessing the quality of global economic governance and how it is evolving over time.

Factor 1: What is the goal? Defining a holistic vision of development

The ultimate objective of global governance is to promote "development" for all societies and for all individuals. This, of course begs the question of what do we mean by "development". To some extent, the other 11 development goals amount to a reasonable definition of "development" for these purposes. It is important to note that all states are developing states in the sense that they are striving to create better lives for their citizens. While states may differ in defining this task, they all acknowledge that development is a comprehensive and holistic process in which the economic, social, political, environmental and cultural aspects are integrated into one dynamic process. The ability of global governance institutions to help all states achieve their developmental objectives depends on how effectively they incorporate this holistic vision of development into their operating policies, procedures, and practices.

It should be noted that one consequence of this definition, is that global governance has to be assessed at three levels—the global level, the national level and the local level. This is necessary because if global governance is functioning well, it will be possible to see development opportunities expanding at each of these levels.

Indicators:

1. Does each global governance institution have an official document that articulates its vision of development and how its policies/operations/activities contribute to the promotion of that vision?
2. Are the policies/operations/activities, in fact, contributing to the promotion of the vision of development?

Factor 2: Comprehensive coverage

Comprehensive coverage means that the mechanisms and institutions of international governance should be applicable to and serve the interests of all stakeholders in the international system. Three important corollaries follow from this principle. First, the mechanisms of international governance

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must be flexible and dynamic enough to adapt to the changing needs and activities of their diverse stakeholders.

Second, international governance arrangements must ensure that the international community receives all the services it requires from a well-functioning global system, which means a system that is effectively addressing all aspects of the development process.

Third, is the principle of subsidiarity, which holds that all decisions should be taken at the lowest level in the global governance system compatible with effective decision making both in standard operating conditions and in crisis situations. This means that good global governance requires global, regional, national and even local decision-making structures.

Indicators:

1. Do the sum of the mandates of all the institutions of global governance cover all issues that fall within the scope of the "jurisdiction" of global governance?
2. What at are the gaps and duplications in coverage of the regional and global mechanisms or institutions operating within each sector or subject area of global governance?
3. What mechanisms exist for coordination between the national, regional and global governance arrangement operating within each sector or subject area of global governance?

Factor 3: Respect for applicable international law

The institutional arrangements for international governance should comply with applicable international legal principles. There are at least three sets of such principles.

The first is respect for national sovereignty. While it is inevitable that in an integrated global system states forego some autonomy, the principle of national sovereignty helps them preserve as much independence and policy space as is consistent with effective global governance.

The second is non- discrimination, which ensures both that all similarly-situated states and individuals are treated in the same way and that differently situated states and individuals receive disparate treatment. In the case of states, this requires adapting the principle of special and differential treatment to international governance. This may require, for example, the creation of special communication and accountability mechanism that enable weak and poor states to enjoy a meaningful level of participation in international decision making structures and institutions. It will also require states to accept responsibility for the way in which they treat all natural and legal persons, regardless of their national origins, within their borders.

In the case of natural persons, the relevant principles should also be derived from the Universal Declaration of Human Rights, which many now consider to be part of customary international law. Attention should also be paid to the numerous human rights treaties, conventions, and soft international law standards that are applicable to how states and corporations treat those natural persons who are affected by their activities. In this regard, it is important to note that different states may have different obligations, depending on which human rights treaties they have signed and ratified.

The third set of principles is derived from international environmental law. At a minimum this requires all international governance institutions to fully understand the environmental and social impacts of their operations and practices.

Indicators:

1. How does the foundational instrument and policies and procedures of each institution or arrangement for global governance address the issue of respect for the sovereignty of each member state?
2. Does each institution or arrangement of global governance require both equal treatment for each similarly situated member state and special and differential treatment for weak and poor member states?
3. Does each institution or arrangement of global governance explicitly require that its policies and actions respect the internationally recognized rights of all natural persons affected by its policies or operations?
4. Does each institution or arrangement of global governance explicitly require its member states, based on their international legal obligations, respect the rights of those natural and legal persons subject to their jurisdiction?
5. Does each institution or arrangement of global governance require environmental and social impact assessments of all its significant policies and operations or actions?

Factor 4: Coordinated specialisation

Co-ordinated specialization acknowledges that international governance requires institutions with limited and specialised mandates. It has two requirements. First, the mandate of each of the institutions of international governance must be clearly defined. Second, these institutions must have transparent and predictable mechanisms for co-ordinating with other organisations and arrangements involved in global governance, at whatever level. These mechanisms should also address how to deal with disputes that can arise between these organizations and arrangements.

Indicators:

1. Does the foundational document or another appropriate document clearly delineate the mandate of each institution or arrangement for global governance?
2. What mechanisms exist for facilitating coordination between all global and regional institutions or arrangements that are active within or relevant to a particular sector or topic area related to global governance?
3. Do the relevant global and regional governance institutions and arrangements, in fact, use the available coordination mechanisms?
4. Do they, in fact, comply with the guidance/decisions/recommendations of the coordination mechanism?
5. Do these coordination mechanisms offer a grievance process for stakeholders who are not satisfied with the decisions of the coordination mechanism?

Factor 5: Good administrative practice

The arrangements for global governance should be guided by the same principles-- transparency, predictability, participation, reasoned and timely decision making, and accountability-- as are applicable to any public institution. Thus, they must conduct their operations pursuant to transparent procedures that provide all stakeholders with opportunities for participation and which produce results that are predictable and understandable. Finally, the stakeholders should be able to hold the institutions accountable for their decisions and actions.

Indicators:

1. Does each arrangement for global governance have a transparent and participatory rule-making procedure?

2. Does each arrangement for global governance have a decision-making process that is transparent, easy to understand, and that offers all stakeholders a meaningful opportunity to participate?
3. Does each arrangement for global governance offer each of its stakeholders access to an appropriate independent mechanism through which it can be held directly accountable for its own decisions and/or actions, as opposed to those of its member states?

Conclusion

Assessing global governance is difficult because it is a complex aggregated concept. This complicates the effort to identify clear, easily measured, objective indicators of the quality of global governance. Nevertheless, the five factors and associated indicators discussed above, although requiring a considerable degree of judgment and likely to be the object of intense debate, offer a means for assessing how well global governance is serving our ultimate goal of promoting sustainable and equitable development.

Appendix F: A G20–LIC 20-point charter for crisis-resilient and transformative growth (te Velde, 2010)

The G20 to recommit to the framework of strong, sustainable and balanced growth and follow core policies in order to achieve this, including:

- Deficit countries to increase savings (US);
- Europe to consolidate its budgets and engage in structural reforms to boost growth;
- Emerging economies to revalue the exchange rate (e.g. China);
- Emerging economies to boost domestic demand by raising social safety nets ensuring that households save less; and
- Germany and Japan to provide greater incentives for their companies to invest.

LICs to provide plans, and benchmark their efforts, to promote transformative growth by:

- Building productive capacities and fostering productivity change;
- Promoting economic diversification and competitiveness;
- Promoting private sector development;
- Providing energy and power infrastructure, and responding to the challenges of development in a carbon-constrained world;
- Investing in good quality and appropriate human capital to improve labour productivity;
- Ensuring and improving technological capacity to adopt new and implement old technologies;
- Streamlining governance and bureaucracy.

The G20 to consider the effects of its core economic policies on LICs and, where appropriate, make its policies more developmentally friendly in areas such as:

- Exiting fiscal and monetary stimuli in a developmentally friendly way;
- Appropriate financial regulation taking into account the capital needs of poor countries; and
- Rebalancing the global economy, using reserves for global growth and promoting flexible exchange rates.

The G20 to consider the policy coherence and effects of their external policies on growth in LICs in areas such as:

- Aid to address global challenges and transformative growth (AfT, e.g. supporting technical change and infrastructure, or filling the skills capabilities gap);
- Provision of global financial liquidity, stimulating financial inclusion and investing international reserves for global growth;
- Providing incentives for outward FDI to LDCs and support for SEZs drawing on local capabilities;
- Promoting open trading rules; and
- Removal of fossil fuel subsidies

Appendix G: G20 compliance reporting, three examples (Krishma Nayee)

	Academia	Business	CSOs
Type of Report	"2011 Cannes G20 Summit Final Compliance Report", The G20 Research Group (2012) These reports are carried out after every summit. The reports are available at the G20 Information Centre. Kirton,J(2012) "Academics, Accountability: Contributions to G20 Governance", G20 Research Group - presented at the international conference on "Gobal Goverenance for the Next Generation: Building on the Los Cabos Summit 2012".	"G20 Business Scorecard" International Chamber of Commerce (2012). It is carried out during every Summit declaration since Washington	"Recommendations for Los Cabos, Mexico Summit" Interaction, G20 Policy Paper (2012) "Accountability: Its time for a G0 Commitment", Interaction G20 Background Policy Brief (2012)
Method	The G20 2011 Compliance Report analyses compliance bythe G20 countries with a selection of 16 priority commitments out of 282 commitments made at the Cannes Summit over the period 4 November 2011 to 31 May 2012. 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 are then converted to percentages, where -1 equals 0% and +1 equals 100%.	The report compares global business recommendations with G20 commitments. The aim of the ICC Business Scorecard is to generate scores from the recommendations and the categorical responses, which will provide an effective way to track performance and monitor progress. It assesses the G20 as a whole, that is their collective action, commitments and directives. It is based on three criteria: recognition, action and adequacy. This approach is said to serve three main purposes: 1. Government authorities will be able to view of their actions are understood by the business community. This will allow them to gauge their progress, honour commitments, establish priorities and identify deficiencies. 2. Business leaders with information on whether the G20 has implemented any business recommendations will be able to tailor forthcoming recommendations and engagement with the G20. 3. With tangible results, governments and businesses can chart a roadmap and its next steps that will allow it to deploy its resources and efforts more effectively.	The policy paper, compiled by a G8/G20 Task Force consisting of more than 40 non-governmental organizations, offers recommendations on core areas from food security and climate change to anti-corruption efforts. Task force members represent NGOs, think tanks and trade unions, all with the same goal of fighting poverty and making governments more accountable and transparent. A broad assessment of the G20's stated intentions to 'build on an innovative global development partnership that will focus on concrete and sustainable results, deepening (our) engagement in private sector and civil society'. The paper establishes a summary of recommendations that the G20 should implement in order to establish a permanent Accountability Framework.

	Academia	Business	CSOs
Coverage	Most commitments fall in the realms of economics: 91 commitments (32%), deal with finance; 37 commitments (13%), focus on food and agriculture; 34 commitments (12%), address IFI reform; 22 commitments (9%), focus on energy and development; 18 commitments (6%), and cover trade; 15 commitments (5%).	The overall score is across 54 business recommendations in four policy groups: Trade and Investment, Green Growth, Transparency and Anti-Corruption and finally Financing for Growth and Development.	The United States should play a lead role in encouraging the G20 in the following areas: 1. Food Security, Agriculture and Nutrition 2. Anti-Corruption 3. Climate Change 4. Financial Inclusion and 5. Accountability. Recommendations: 1. Establish a permanent G20 Accountability Framework. To enhance credibility and ensure effectiveness the framework must be rigorous, transparent and inclusive. 2. Publicise the terms of reference, names and affiliation of all members of Expert and Working Groups six months prior to each Summit, release meeting notices in advance, and list G20 commitments and outcomes under review. 3. Require all G20 Working Groups to seek input from international organizations, governments and civil society on a regular basis and develop on-going consultations with civil society. 4. Ensure reporting evaluates results against consistent and specific indicators with timetables and recommendations for future action. Where possible to conduct on-the-ground monitoring of programme implementation where outcomes inform reporting.
Other comments	The gaps in compliance between G8 and non-G8 members have been narrowing steadily. The BRICS average of 0.56 (78%) for Cannes is lower than that of the G8 and higher than the average of G20 non-G8 members. It has continued to increase compared to the 0.44 performance for Seoul, 0.07 for Toronto, 0.03 for Pittsburgh and 0.04 for London. In the macroeconomic policies area, advanced economies' compliance performance is substantially lower than the emerging and developing markets' performance on enhancing the resilience of their economies. **International Cooperation:** At the Seoul summit the G20 leaders for the first time explicitly recognized "the necessity to consult with the wider international community" and pledged to "increase […] efforts to conduct G20 consultation activities in a more systematic way, building on constructive partnerships with international organizations, in particular the UN, regional bodies, civil society, trade unions and academia." The G20 also specified two principles for non-members invitations to summits: there will be no more than five non-member invitees and two of them should be African countries. The Compliance Report goes on analyse each G20 county's commitment to international co-operation, 13 of which scored 0. Most countries have partially complied with their commitments by engaging with three or less international organisations, CSOs, trade unions, regional	The G20 score given to each policy area was:**<u>Trade and Investment – Incomplete.</u>** The central theme of businesses' recommendations is the urgent need to advance the multilateral trade agenda. The current Doha Round stalemate—now in its 11th year—constrains the effectiveness of the WTO and its ability to advance multilateral trade liberalisation.**<u>Green Growth – Incomplete</u>**. Calls on the G20 to focus on energy efficiency and market-based carbon pricing are particularly recurrent. Recommendations for G20 leaders to phase out fossil fuel subsidies and promote free trade in environmental goods and services are also repeated topics, indicating the importance attributed to these issues by the business community. But they still remain unaddressed. **<u>Transparency and Ant-Corruption – Incomplete.</u>** The G20 first addressed corruption at the Pittsburgh Summit, committing to "maintain the momentum in dealing with tax havens, money laundering, proceeds of corruption,	Within the 5 areas mentioned above, the paper calls for the involvement and participation of CSOs and International Organisations. Specific to development, the paper's discussion around Food Security and Financial Inclusion is key. **Food Security:** 1.Scale up investment in social protection and safety net programs to blunt shocks from food crises and prioritize investments that improve nutrition and reach small-scale producers. 2. Integrate civil society partnerships with a gender analysis and resilience to climate change into food security plans. 3. Abandon biofuel mandates and subsidies in order to help reduce food price volatility. 4. Adopt rules that would, like the Dodd-Frank legislation, institute position limits1 and requirements for transparency on commodity speculation, especially those labeled "over the counter." 5. Support efforts to create a comprehensive code of conduct for food reserves to determine the viability and potential benefits of strategic buffer food reserves in countries vulnerable to food price volatility. The Financial Stability Board and the Global Partnership for **Financial Inclusion** target the following priorities in their work: 1. Promote collaboration among a diverse group of stakeholders when creating national financial inclusion strategies. 2. Ensure national financial inclusion targets set by policymakers include a full range of financial services

	Academia	Business	CSOs
	bodies and academia. After analysing 55 compliance reports, the results suggest that the G20 summits have an impact: 1. Compliance from the first five summits has averaged 60%. 2. Compliance got off to a strong start, so the G20 works as both a crisis-response and a post-crisis global management group. 3. Compliance by issue area has varied, led by macroeconomic policy at 82%, trade, energy and climate change at 71% each, financial regulation and supervision at 70%, reform of international financial institutions and development at about 66% each, and crime and corruption at 59%. The G20 has thus performed strongly on its core issue of macroeconomic policy management but has also done well across a broad range, extending into the social and even political sphere. 4. Compliance by member has also varied, by a much wider degree, even if only one member receives a failing grade. 5. There are good grounds to suggest that Mexico's compliance performance will rise. The average compliance scores of members that have hosted G20 summits is 83% and all such hosts have scores of at least 77%.	terrorist financing, and prudential standards." More recently at the 2011 Cannes Summit, G20 leaders endorsed the G20 Anti-Corruption Working Group's first Monitoring Report on individual and collective progress made by G20 countries in the implementation of the Seoul Action Plan. The fight against corruption requires that countries have effective legal and institutional frameworks in place to ensure a level playing field. The UN Convention Against Corruption is particularly important for business because it has the potential for a truly global scope in curbing corruption and creating a level playing field for all participants in the global economy. **Financing for Growth and Development – Progress.** Access to finance is key for development. Work carried out by the GPFI to raise awareness and attract financing from SMEs has been notable. Leaders have continuously supported measures to increase the availability of trade finance in developing countries, particularly in low-income countries (LICs), and encouraged international agencies, including multilateral development banks (MDBs), to increase their capacity for trade facilitation. Its assessment was carried out on: the Basel III's impact on trade finance and SME's on LICs, the policy environment, SME finance, promoting IP and creating an enabling legal framework to favour SME's. For progress the G20 leadership should break the stalemate in WTO negotiations or build a multilateral framework for investment.	and involve marginalised groups. 3. Promote a focus on addressing client needs within financial inclusion policies. 4. Establish comprehensive national identification documentation and credit bureaus that can provide coverage for all citizens. 5. Support and incorporate lessons from the microfinance industry's efforts on client protection rates of child malnutrition. The G20 have the World Bank as its principal adviser on development and poverty reduction. The OECD's reporting capabilities must also be used. Some elements of a reporting framework have already been established - financial reporting. As far as development reporting goes, a 'Framework for Strong, Sustainable and Balanced Growth' was adopted in Pittsburgh 2009. The World Bank advises on progress in promoting development and poverty reduction while the IMF provides analysis on how national or regional policy frameworks fit together. Although the G20 has made considerable effort to ensure accountability of its Financial Reforms and IFI agenda takes place, their commitment towards development issues is weak. There is a show of willingness through stated intentions. For example, in 2011 the DWG's Busan Declaration stressed the importance of civil society engagement to ensure aid effectiveness and development cooperation. The Cannes Declaration explicitly recognises the usefulness of contributions from international organisations and institutions while encouraging civil society engagement. It can be concluded that the paper highlights the need for CSO participation that will allow for good governance and transparency through the application of the G20's agenda .