



NOVEMBER / DECEMBER 2018  
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**Bridging the gap**  
Infrastructure as an  
asset class will catalyse  
unprecedented investment

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**Towards a sustainable  
food future**  
Key actors unite to cultivate  
food security for all

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Lifelong learning as  
a way to ensure  
economic prosperity

# Argentina

## The Buenos Aires Summit



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# G20

## Argentina

### The Buenos Aires Summit

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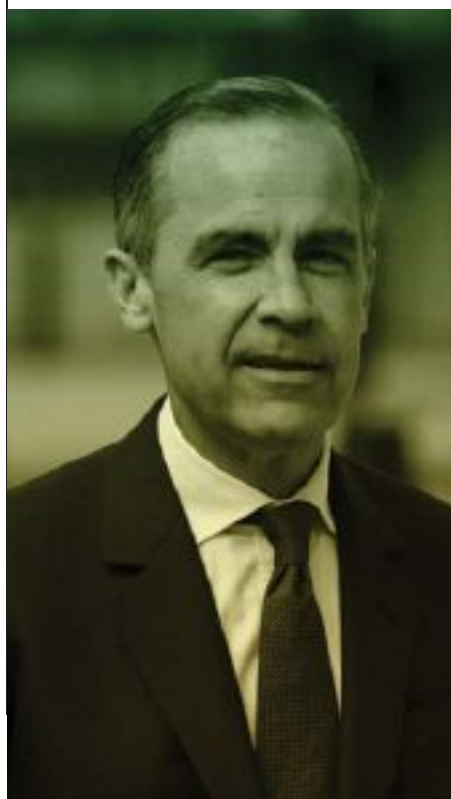
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WELCOME

**Building  
consensus  
for fair and  
sustainable  
development**

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# Mauricio Macri

## President, Argentina



Argentina is proud to be the first South American country to host the G20 summit. This role comes with a responsibility that we do not take lightly. We are honoured to lead this global forum and we seek to embody the expression not only of the people of Argentina, but also of our neighbours in the region and the developing world. At the summit in Buenos Aires, we hope to be a voice for future generations around the world eager to be part of the global dialogue. Our goal is to build consensus and drive action on fair and sustainable development, with an agenda focused on the future of work, infrastructure for development and a sustainable food future.

Throughout our presidency, Argentina has sought to be an honest broker, initiating balanced discussions with input from member countries, civil society, key international organisations and guest countries. We are aware that it is no easy task running the G20. Consensus is not always assured, but that is what the G20 is for – to bring together the views of a diverse set of players to find common ground and commit to action for a shared and prosperous future. In years past, this global forum has proven its value by fostering constructive dialogue and fortifying the global economy in times of need.

When we meet in Buenos Aires, 10 years will have passed since the first summit, which challenges us to reflect on the impact of the G20 so far. In recent years, the group has averted economic crises and experienced rapid globalisation and technological advancement across economies and societies. And yet, the prospects for fair development in numerous communities around the world continues to be weakened by exclusion, inequality and a growing distrust of globalisation.

The Buenos Aires Summit gives us a chance to sustain and improve the effectiveness of the G20 in our evolving world. As evidenced in the meetings, dialogues and events facilitated by the Argentine presidency in the past year, and in the joint declarations and commitments by G20 ministers, we are building on common ground that exists in the G20 to cultivate fair, equal and inclusive growth for the next 10 years and beyond.

### ENSURING WOMEN'S EMPOWERMENT

Argentina will seek to build on the legacy of past presidencies, chief among them the empowerment of women and girls across the globe. We know that the only way to achieve truly fair and sustainable development is to ensure that women and men benefit equally from the actions and commitments taken at this and future summits. As part of a gender mainstreaming strategy across the whole G20 agenda, our presidency is taking active steps to boost women's empowerment, eliminate gender disparities in employment, science, technology and education, and promote robust protection from all forms of gender-based violence.

Laying a foundation for inclusive growth will require us to look at the challenges posed by the future of work.

While technology has been able to unleash potential among workforces, we must ensure that its continued adoption and evolution will not engender exclusion or social disintegration, but rather create more and better employment opportunities going forward. Today we have to prepare our children for jobs that do not even exist yet, and all of us need to continue developing skills throughout our lives. Education systems in every country need to expand, to innovate, to be ready for change. To drive such outcomes, we have placed education and skills for life and work at the forefront of our agenda, as prerequisites for fair and sustainable development.

### CLOSING THE INFRASTRUCTURE GAP TOGETHER

Infrastructure is one of the most important steps for development: it provides the physical and digital access necessary for us to seize the opportunities of the future global economy. While there is a pressing need for infrastructure in many countries, not just in the developing world, institutional investors today have unprecedented pools of savings in search of yield. Developing the financial instruments that can catalyse investment in infrastructure at scale has huge potential to help close the growing global infrastructure gap; this is why we have made important steps over the course of our presidency towards developing infrastructure into an asset class that is attractive to investors.

### FOSTERING A SUSTAINABLE FOOD FUTURE

Enhancing a sustainable food future allows us to address growing food security challenges, which are under increased stress as we head towards a global population of nine billion by 2050. Harnessing our experience as a global agricultural leader, we are encouraging commitments to sustainable soil management through strengthened public-private collaboration among industries, governments, international agencies, farmers' associations and civil society. In doing so, we will increase crop productivity, food security and sustainability while improving health and nutrition globally.

We are confident in our ability to build consensus and drive action for future generations. As a multicultural, developing country, Argentina is uniquely positioned to serve as a bridge between the developed and developing world. We are working hard to solidify the foundations upon which a reliable and productive country is built, through macroeconomic stability, a clear set of rules for investment and trade, the most ambitious infrastructure and energy plans in our history, important initiatives in education and social policies, and institutional reforms that allow us to strengthen our democratic culture in a transparent, open fashion.

We strongly believe that a promising future lies in growing integration and partnership across the globe.

¡Bienvenidos a la Argentina! 🇦🇷



“

“If we are going to make globalisation work for more people, first we need to get everyone in the same room”

# Justin Trudeau

## Prime Minister, Canada



As the 2018 G7 president, Canada put forward an ambitious vision of a more equal and more secure world – a vision that we will continue to advance at the G20 summit in Argentina.

In June, Canada welcomed the world to the beautiful Charlevoix region of Quebec for the G7 summit, where leaders discussed how to invest in economic growth that benefits everyone and prepare people for the jobs of the future. We made progress on advancing gender equality, building a more peaceful and prosperous world, fighting climate change, protecting our oceans and investing in clean energy.

These themes were inspired by the simple but powerful idea that growth must benefit everyone. Today, many people feel that automation, technological change and global trade have left them behind. They are worried about their prospects, and their children's futures, too.

As world leaders, we can and must do more to help people adapt to changing economic realities, and make real, meaningful investments in their future. Canada believes creating new opportunities for the middle class, and for people working hard to join it, is the single best way to restore people's confidence in the future, and stem the spread of polarisation and division.

We recognise that no country can solve these challenges alone. If we are going to make globalisation work for more people, first we need to get everyone in the same room. Canada invited a number of outreach countries and international organisations to the G7 summit to make sure we took a wide-lens approach on issues that impact us all. One of

# Working together to create growth that benefits all our citizens


these countries was Argentina, which has put forward a G20 agenda that will complement the G7 accomplishments.

The G20 summit – like the G7 summit was in Charlevoix – is a key opportunity to make progress towards a world where everyone can benefit from the increasingly global and digital economy. Global economic growth is at its strongest since 2011. Now is the time to secure our prosperity, invest in quality education and training, clean energy, infrastructure and new technologies that will improve the lives of all citizens and build stronger, healthier communities, economies and democracies.

Canada will continue to advocate for quality education for women and girls around the world. During the G7 summit, Canada and partners announced nearly CA\$3.8 billion in education for women and girls in crisis and conflict situations. This historic investment is the largest of its kind, and will make an enormous difference in the lives of millions of people in the most vulnerable situations on Earth. Canada is pleased to see the continuing momentum at this year's United

Nations General Assembly, where Canada welcomed an additional CA\$527 million from partners to help developing countries give every child access to quality education and modern skills training.

Argentina's President Mauricio Macri and I have spoken several times about our respective G7 and G20 presidencies, and I am confident we will build on the progress made at the G7 to promote gender equality and girls' education. Just as Canada put gender equality at the centre of its presidency, Argentina has integrated the empowerment of women and girls throughout its G20 agenda.

People understand more than ever that gender equality is a global responsibility, and one we need to work on together to achieve. In addition to achieving gender equality, we face other challenges such as climate change, growing income inequality, and escalating numbers of displaced populations and migrants around the world. I look forward to joining leaders in Buenos Aires to continue these vital conversations, and find new ways to collaborate to create a better world. 

## Angela Merkel

Chancellor, Germany



# A united approach to solve current challenges

The first G20 summit at the level of heads of state and government took place in 2008. At that time, the task was to find joint answers to the international financial crisis in order to stabilise the financial markets and the global economy. Today, we can say that the G20 has proven its worth as a crisis-management instrument. We have met 12 times during the 10 years since the first summit. In 2017, I had the honour of welcoming my colleagues from the leading industrialised and emerging-market countries to the G20 summit in Hamburg.

From the outset, the G20 has demonstrated that it has a crucial role to play in global economic and financial governance. It has long since established itself as the most important forum for international economic cooperation. This is illustrated not least by the development of effective financial market regulation and our commitment to refrain from raising new barriers to investment or trade, specifically the standstill agreement. These two elements were key prerequisites for ensuring that the global economy got back on the growth track following the turbulence on the markets triggered by the financial crisis.

However, there is no guarantee that the global economic recovery will continue. New risks arise not least due to the tensions and conflicts in international trade relations and unilateral measures taken without prior consultation. The desire for isolation reflects the doubts many people have about the benefits of globalisation. They wonder whether the opportunities for growth and prosperity are fairly distributed.

In addition, there is a wide range of global challenges which may bring about considerable economic upheaval. Geopolitical conflicts and international terrorism, climate change and pandemics, displacement and migration, as well as the profound impact of advances in digital technology on employment and labour markets – we dedicated significant energy to these and other issues during Germany's G20 presidency last year. Argentina's G20 presidency has carried on from there and has focused on the future of work, infrastructure for development and a sustainable food future.


All of these are complex issues to which there are no easy answers. What is more, they are global issues that can only be resolved through international cooperation. The world's economies are interconnected in many different ways, which is why unilateral approaches are unlikely to result in durable success. It was therefore very important to me that last year's G20 summit in Hamburg sent a clear message: we can achieve more together than by acting alone.

This commitment to multilateral cooperation is reflected in many of the results we achieved in Hamburg. We expressed our support for a rules-based international trading system with a strong and effective World Trade Organization (WTO). We spoke out against protectionism and in favour of open markets and advocated the elimination of excess capacity, which distorts competition, particularly in the steel sector. With the exception of the United States, the G20 members reaffirmed the irreversibility of the Paris Agreement and its implementation. The G20 stood united behind the 2030 Agenda to promote global sustainable development, established a G20 partnership with Africa and launched a global research initiative in the fight against antimicrobial resistance. Not least, the G20 committed to improving women's economic empowerment.

The fact that the range of issues has grown clearly shows that the G20 has evolved over the past 10 years. However, it is also clear that the decisions taken by the G20 are not enough. The global challenges are still there, and in some cases they have grown in the past few years.

At the Buenos Aires Summit, therefore, the G20's continued task is to show the world that we can find solutions to the current challenges of our time by working together for the benefit of all. This is the key benchmark if the G20 is to carry on living up to its role as the premier forum for international economic cooperation.

In Buenos Aires, I will thus advocate that we keep working on the results achieved during the German G20 presidency and call for their implementation – from health to the digital transformation agenda. This also applies to issues on which I am expecting difficult discussions, for example on the fight against climate change and the commitment to the ambitious implementation of the Paris Agreement. In addition, we should pay particular attention this year to ensuring that the international trading system is not eroded. We want to strengthen the WTO and make possible its further development. The G20 can provide crucial political momentum for this and develop a positive agenda.

Ten years after the first summit of the G20 leaders, the G20 can again make a key contribution towards stabilising the global economy, avoiding future crises as well as shaping globalisation in a way that benefits everyone by actively supporting this process. 





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The desire for isolation reflects the doubts many people have about the benefits of globalisation”



Global business development is a core tenet of the ICC

# Championing business gateways around the world

*Hamad Buamim, deputy chair of the World Chambers Federation, and president and CEO of the Dubai Chamber of Commerce, calls on the G20 to foster a global business environment that works for all*

Our work, and the work of the G20 summit, is global in nature: while we have a global outlook, the G20 agenda influences business around the world.

One of the G20's key themes for 2018 is the "future of work: unleashing people's potential" – a focus area closely aligned to the mission of the World Chambers Federation (WCF) and the International Chamber of Commerce (ICC). We need to create the conditions for more and better jobs, and provide tools and skills to those seeking employment. To this end, we champion the mobility of people and fair globalisation, which drive prosperity, growth and global sustainable development.

Migration across borders continues to be a subject at the fore of many countries' dialogues, as migrant flows increase. It is also the subject of controversy, following the economic downturn of the past decade. But the movement of people is no new phenomenon, and nor does skilled migration negatively impact economies. In fact, it contributes enormously to sustainable growth, and skilled migrants are increasingly among those crossing borders in search of better economic opportunities. The World Bank reports that around 28 million high-skilled migrants lived in Organisation for Economic Development and Co-operation (OECD) countries in 2010 – an increase of almost 130% over 1990.

By encouraging global mobility, we can bridge opportunities and connect people, goods and ideas, providing easier access to markets, knowledge and innovation. Crucially, global mobility makes a significant contribution to sustainable economic growth around the world.

This idea is a core tenet of Dubai Expo 2020 – the first World Expo to take place in the Middle East, Africa and South Asia. Key themes driving Dubai Expo 2020 are mobility, sustainability and opportunity, which tie closely to the benefits of skilled migration. Through the expo alone, we expect to create over 275,000 jobs in the United Arab Emirates.

Global business development is central to the expo, which will see the business community play a crucial role in delivering our commitment of a legacy that lasts for generations. It is an unparalleled opportunity to access a region of more than two billion people. We believe in connecting people and ideas for progress, and in integrating small and medium-sized enterprises (SMEs) into the wider world of business.

This is an exciting juncture for global business development. There are major shifts taking place in the world economy, from banking innovations to internet governance. The ICC-WCF is steadfast in its mission of protecting the free market, free trade, and sustainable economic growth and stability, and firm in its belief that globalisation, international cooperation and technology contribute immensely to this growth.

#### **BENEFITS BEYOND BORDERS**

In an evolving business landscape, the ICC provides voluntary rules, guidelines and codes designed to better facilitate cross-border transactions and support governments in managing global developments in a collaborative manner. This work, much like the collaborative work of the G20, benefits the world economy as a whole.

The ICC also acts as the voice of business in major international organisations and negotiations. We partake in high-level policy discussions with the aim of facilitating global business.

The results of this work are evident around the world. In the United Arab Emirates, the business community benefits from a system based on the principles of free and fair competition among enterprises. Having a voice in the

“ We believe in connecting people and ideas for progress ”



The ICC-WCF protects free trade

international business space to reflect local interests is essential to growth.

#### **STRATEGIC AMBITIONS**

Such growth is a strategic objective of the Dubai Chamber, which seeks to expand Dubai business overseas. To further this work, we launched the Global Business Forum series – a platform to engage key business and government leaders in developing trade and exploring new



Hamad Buamim


investment opportunities in emerging markets, and position Dubai as the gateway to the world. To date, we have hosted forums in Africa, the Commonwealth of Independent States and Latin America. These events have welcomed 5,400 CEOs, as well as heads of states, ministers, dignitaries and other high-ranking delegates from 65 countries.

#### **A GLOBAL POSITION**

We now have 10 international offices all over the world: in Panama City, Panama; Mumbai, India; São Paulo, Brazil; Baku, Azerbaijan; Addis Ababa, Ethiopia; Erbil, Iraq; Accra, Ghana; Maputo, Mozambique; Nairobi, Kenya; and Shanghai, China.

By positioning ourselves globally, we can help our members expand into emerging markets. To assist with decisions pertaining to expansion and growth, we also encourage use of the Dubai Innovation Index. The index captures several facets of innovation and serves as a tool to assist decision-makers in enhancing policies to promote sustainable economic growth, improved productivity and job growth.

All of this work converges to cultivate a global business environment that thrives off innovation, talent and growth. It is part of a global discourse, and one which the G20 is a close party to.

I therefore call on the G20 to support international expansion; facilitate talent migration; and continue connecting economies – not just those of its members, but of each and every economy around the world, to spur and create opportunity for business growth worldwide. 



“

Implementing the Paris Agreement is key to reversing the deadly health trend of our environment”

## Giuseppe Conte

Prime Minister, Italy



# Frameworks for global good

The Buenos Aires Summit will provide a valuable opportunity to forge a shared vision and take effective action on the most relevant global issues of our time. This year, 2018, marks the 10th anniversary of the first G20 summit, which was held in Washington DC. At that time, the G20's concerted action proved to be successful in responding to the worst financial crisis in decades and increasing the resilience of the global financial system.

Ten years after, we continue to be confronted with a number of global challenges that require shared solutions. In Buenos Aires we will be called again to renew our commitment to take responsibility and cooperate to move the global agenda forward. In today's interconnected and globalised world, no country can go it alone. Italy believes that fair and truly effective multilateralism is indeed the most appropriate way to protect the interests of the whole international community in many sectors. It is also the right answer to our citizens' request for more prosperous, equal and fair societies.

As the "premier forum for international economic cooperation", gathering the world's largest economies, the G20 provides an ideal framework to work on solutions to spur global growth. The world economy continues to show momentum, accompanied by satisfactory labour market outcomes in several countries where unemployment is at historic lows. At the international level, cooperation and fair competition must remain cornerstones of our action, notably in the areas of trade, taxation and financial regulation.

As globalisation has triggered widespread economic growth, it has caused some drawbacks as well, such as the growing inequalities in our societies that have provoked sentiments of fear and dissatisfaction. The disruptive change brought about by the technological innovation has created a worrisome mismatch between the demands of the labour market and the skills offered by jobseekers.

One of our main tasks is, therefore, to level out this damaging gap, by investing in the future of work. This means that we have to invest in education, so that the next generations are well prepared and have

the competencies needed by the labour markets of today and of the future. We need to further our current commitment and invest more resources and tackle inequality and the gender gap in the labour market. As G20 leaders, we have the responsibility to be long-sighted and coordinated among ourselves, and strive to extend our policies' lifespans to future generations. In this perspective, Italy fully supports the efforts carried out by the G20 to tackle the changes triggered by the Next Production Revolution.

Free trade has been an extraordinary engine of growth. Our citizens now have access to a wider and less expensive choice of goods and services. Our companies have reached foreign markets and boosted jobs at home. Ideas and cultures have flown across the borders. We cannot let our economies prosper through unilateral measures and protectionism. Italy supports free and fair trade and the rules-based international trading system with the World Trade Organization at its core. We have to work together to modernise this system, to make it more adequate to new standards and parameters of international commerce.

The summit in Buenos Aires will also offer the opportunity to discuss one of the most pressing issues we are facing: the fight against climate change. We have to act in synergy and lead the international community towards the adoption of commitments that are adequate to the scale and urgency of this devastating challenge. Implementing the Paris Agreement is key to reversing the deadly health trend of our environment. Saving our planet is one of the highest priorities of my country, as it should be for any nation.

Among the Italian government's priorities, migration flows play a central role. The migration phenomena we are facing require a structured, multilevel, and short-medium and long-term response from the international community as a whole. On this basis, we support the United Nations Global Compact on migration and refugees. Human mobility is a challenge that can and must be met through a 'shared responsibility' approach, in a logical partnership among the countries of origin, transit and destination. Within this approach our priorities should be both the protection of individual human dignity and the firm determination to fight those who trample on this dignity and on life itself through human trafficking.

Global challenges require global responses. International forums are the natural frameworks to work together to find effective solutions to common problems. The Buenos Aires Summit gives us the opportunity to discuss these critical issues in a constructive and cooperative manner and Italy will do its part. 

## Michel Temer

*President, Brazil*



# Cooperation, growth and prosperity in the 21st century

As we prepare for the G20 summit in Buenos Aires, Brazilians have just elected a new president. We have shown once again how vibrant our democracy is, how solid our institutions are.

In January, I will leave office with a sense of accomplishment. Much has been achieved in a short period. We overcame the worst recession in Brazilian history. With government finances now on a sounder track, confidence in our economy has been restored, laying the groundwork for more growth and more prosperity for all. We have overhauled a more than seven-decade-old labour law in order to keep it abreast of changing social and economic practices. We have modernised our middle and high school systems. We have brought the need for pension reform to the centre of public debate. In brief, we have advanced a transformational agenda that was long overdue.

Outside our borders, though, the environment is one of worrisome tendencies. Threats to the global order we have built over the past decades are numerous. Isolationism, intolerance and unilateralism risk undermining the very fundamentals of this order. An order that – imperfect though it is – has proven capable of delivering results in areas that range from trade to nuclear nonproliferation.

To these threats, Brazil responds with further openness, solidarity and diplomacy. It is a Brazilian conviction that our shared future depends on an increasingly freer flow of goods, investment, technology and ideas.


Brazil stands strong in its determination to uphold a rules-based multilateral trading system. This system, today with the World Trade Organization at its centre, has served us well. The virtually universal support it enjoys bears witness to this. It would surely benefit from enhancement, as a result of a broad and inclusive debate, but its accomplishments cannot be wasted.

At this critical juncture, the G20 should not hesitate before the major challenges affecting development and growth. The G20's core mandate, as Brazil sees it, is to seek consensus on the pressing issues on the international agenda, with a view to paving the way for them to be effectively addressed.

The priorities chosen by Argentina's presidency of the G20 for Buenos Aires are fully in line with Brazil's view and have received our full support throughout the year. The new economy, brought about by constant innovation, not least in technology, has upended the labour market globally and governments are struggling to cope with the fast pace of change. Taking into account the linkages between education, training and work, the G20 has been able to put together a roadmap of policies that can guide us as we navigate uncharted waters.

Another key issue facing the international community, especially developing countries, is the deficit in infrastructure. Overcoming this insufficiency is paramount to ensuring social, economic and environmental gains for our people. In the G20, our ministries of finance and central banks have been working hard to identify and address financing gaps. Consensus has been achieved on the need to mobilise further private investment for infrastructure projects. Brazil has understood this and, by improving its regulatory framework, has involved the private sector even more in such vital projects.

We have also welcomed the importance attached by Argentina to the sustainable food future. By expanding its production and exports of agricultural products, Brazil has helped feed the millions of people throughout the world who have been lifted out of poverty in the last decades. To ensure the widely recognised productivity and sustainability of Brazilian agriculture, we will continue to focus on innovation, bio-economy and agroecology.

Argentina's leadership in its presidency of the G20 has rekindled the spirit of understanding and cooperation that gave rise to the group. As we convene in Buenos Aires, I reaffirm Brazil's unwavering commitment to that spirit, as well as our decided engagement in the shaping of a world where openness, solidarity and diplomacy are more and more the rule, not the exception. 



# Cyril Ramaphosa

## President, South Africa



This is a significant and historic year for South Africa. Our country is celebrating the centenary of the birth of Nelson Mandela, our iconic leader, a global humanist and the founding president of our country.

At the international level, this year marks the 10th anniversary of the global financial crisis that brought together the leaders of the G20 members at the summit level. This is also the 10th anniversary of the BRICS group of countries, which South Africa is currently privileged to chair.

The outcomes of the BRICS summit held in Johannesburg in July 2018 provided an important contribution to efforts to address several of the issues that will be on the agenda of the G20 summit. The overlap in the BRICS and G20 agendas should come as no surprise, as both formations seek to address the global challenges facing the international community.

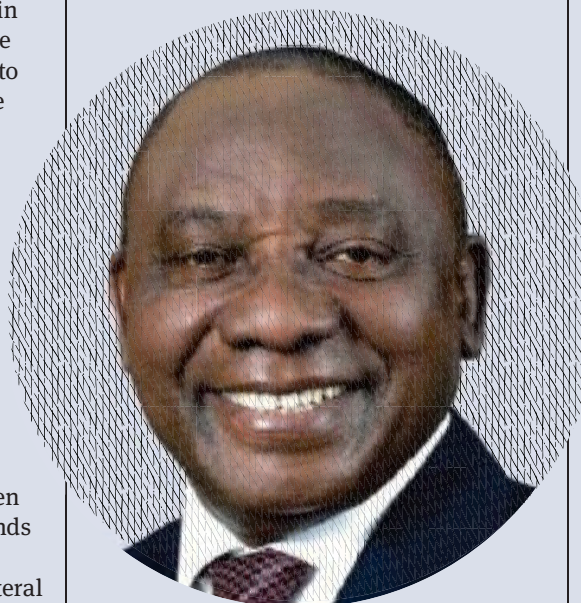
In the same way that the G20 of 2008 enjoined leaders to collectively defeat one of the most severe financial crises in our recent history, 2018 demands that we direct our collective efforts to warding off the looming crisis in trade and unilateralism.

### SAFEGUARDING MULTILATERALISM

BRICS leaders are unanimous in their commitment to safeguard and strengthen multilateralism. This commitment extends to our support for the centrality of the United Nations as the universal multilateral organisation entrusted with maintaining international peace and security, advancing global development and promoting and protecting human rights. This commitment was endorsed by the core BRICS members as well as the leaders from the 22 other states who participated in the BRICS Outreach Programme.

In the face of unilateralism and the advent of trade tensions, the BRICS leaders further committed to the strengthening of multilateral institutions of global governance and reaffirmed their commitment to the World Trade Organization. We can only advance our individual and shared prospects for a better future and a better world economy by participating constructively in a rules-based, transparent, non-

## The G20 must demonstrate leadership and build consensus



discriminatory, open and inclusive multilateral trading system.

Such an unequivocal commitment on the part of the G20 will be essential to instil confidence and demonstrate unity. It will demonstrate the ability of the G20 to maintain its leadership role and status as the premier forum to deliberate on issues of global economic and financial concern.

The BRICS commitment to multilateralism also found expression in the call by leaders for the implementation of the 2030 Agenda and its 17 Sustainable Development Goals, which are able to give effect to equitable, inclusive, innovation-driven and sustainable development.

The BRICS summit emphasised that the three dimensions of sustainable development – economic, social and environmental – should be addressed in a balanced and integrated manner. Leaders reiterated the importance of strengthening cooperation to deal with the challenges brought about by climate change and of adherence to the Paris Agreement.

### BRICS-G20 OVERLAP

The overlap in the agenda of BRICS and the G20 under Argentina's presidency is mutually reinforcing. This overlap finds expression in the ongoing discussion in both forums on health, the Fourth Industrial Revolution, and peace and security.


Aware of the potential benefits of the Fourth Industrial Revolution, but alive to the potential negative impact of this development on employment and dislocation within society, the BRICS summit endorsed the establishment of the BRICS Working Group on the Fourth Industrial Revolution.

On health, a significant achievement was the establishment of a BRICS Vaccine Research Centre in South Africa, recognising the need for innovation in the health sector and the need to effectively combat critical health challenges.

The Argentinian G20 presidency directed specific focus on infrastructure development. I am therefore pleased that the BRICS Development Bank will open its second regional office, in Brazil, at the end of this year.

The mutually reinforcing agendas of BRICS and the G20 are a welcome and encouraging illustration of our shared interests and shared desire – across geography and different levels of development – to address the vexing global challenges that face us collectively.

As with the 2008 crisis, we need collective action and unity of purpose in 2018 that will change the course of history by improving the lives of the more than four billion people who live in the countries we represent, and the lives of the three billion more with whom we all share this planet.

This is the essence of the fairness and sustainable development on which the Buenos Aires Summit has been conceptualised, and that we, as South Africa, wholeheartedly embrace. 

## Enrique Peña Nieto

*President, Mexico*



# On the way to a more inclusive and sustainable globalised world

The G20 summit is back in Latin America, a dynamic region that plays a significant role in the global economy. On this note, I would first like to highlight the leadership of President Mauricio Macri and the government of Argentina, as the country presides over the G20 this year.

A decade ago, the leaders of 20 developed and emerging economies showed determination to address the global financial crisis through key policies to restore sustainable economic growth and financial stability. Averting what could have become a devastating global depression, they showed that global challenges are best overcome with collective action.

We must now renew this commitment to global well-being and a sustainable and inclusive future for all, as voices that call for nationalist policies and unilateral actions gain strength.

The priorities set by Argentina's G20 presidency address this objective. We know, for example, that new technologies are reshaping labour markets, posing challenges, but also giving us new prospects for more inclusive, fair and sustainable development. Nonetheless, technologies alone will not bring about growth and

welfare: the G20 members must implement policies to provide their societies with the tools needed to seize these opportunities.

In this regard, Mexico endorses Argentina's initiative to place education at the core of the G20 agenda. We agree that education, a stand-alone goal, is the cornerstone for more prosperous societies.

This is indeed the principle under which my country undertook an ambitious reform to guarantee quality education for all Mexicans. It focuses on seven areas: strengthening the autonomy of each education centre, enhancing school infrastructure and equipment, enriching teachers' professional development, improving the elementary and higher education curricula, promoting equity and inclusion in the educational system, fostering the link between schools and the labour markets and undergoing an administrative reform.


Our students have started receiving an education based on this new model. The ultimate goal is to provide each pupil with an education that focuses on developing skills so that they can continue to learn throughout their lifetime, adjusting to the ever-changing technological advances.

The G20 has also provided leadership towards building more resilient economies. It has been an effective platform for coordinating macroeconomic policies and guaranteeing the strength of the world economy and the financial sector.

However, this is not enough. We must reinforce the G20's legitimacy and accountability, while guaranteeing that the commitments reached in the G20 summits benefit all of our citizens.


One clear and well-tested road is free trade and investment. The G20 must reassert its commitment to a strong, transparent, non-discriminatory and rules-based multilateral trading system. Mexico will work alongside its partners at the Buenos Aires Summit to ensure that free and open trade remains a pillar of the global economy and a catalyst for inclusive development.

### THE FUTURE OF THE G20

In these challenging times, the G20 must continue to be a leading force in promoting sound economic governance, sustainable development and inclusive growth. To do so, we must, first, remain committed to dialogue and, second, we must put people's needs at the centre of our joint actions. When we meet in Buenos Aires, our core objective must be to show our societies that we acknowledge their demands and that we are working together to meet them. This is our obligation, and also a moral imperative. 







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“Our planet belongs to every citizen living on it, not just the biggest and strongest, or those most able to impose their wishes on others”

**Jean-Claude Juncker**  
*President, European Commission*



# Advocating for openness, a rules-based system and multilateralism

In Buenos Aires this year, we will mark the 10th anniversary of the G20 summit. The European Union has an obligation to take on its responsibilities in the world, and to be able to shape the global agenda. We may be a geographically small continent, but the European Union is the second biggest economic power at the G20 table, representing 21.4% of total global gross domestic product, and only the leaders of China and India represent more citizens at the G20. But however powerful we are individually, our planet belongs to every citizen living on it, not just the biggest and strongest, or those most able to impose their wishes on others. This is why the multilateral approach is the fairest and most democratic way of governing and acting at a global level, and why the European Union will remain the leading global advocate of multilateralism.

Our world must be an open and rules-based world, sharing common principles and values. It is only in this way that we can reduce inequalities, develop fair trade, eliminate poverty and create jobs and opportunities for everyone. Multilateralism is also the only way to preserve our planet.

Our commitment to multilateralism includes a strong commitment to the G20. In the aftermath of 2008, the concerted actions of the G20 members to stimulate their economies and refrain from protectionist measures were crucial to avoid another Great Depression. This shows that only through working together can we solve the challenges of our fast-changing world, and ensure stability and continuity in global governance and the economic and financial systems we have come to depend on for our security and prosperity.

In recent years, the multilateral system has been put into question by growing economic and geopolitical tensions. The time has therefore come for Europe to play its full role internationally, and I will continue to work tirelessly to strengthen Europe's role on the global stage. This applies to


our work on climate change, on security, on the technological revolution of artificial intelligence and robotisation, and, perhaps most importantly, on reforming the global trading system. European sovereignty means that we harness our combined weight to shape the international order; it does not mean that we turn our backs on the world.

For the European Union, trade means jobs. For each €1 billion of EU exports to the rest of the world, we support 14,000 jobs. The European Union will continue to set a positive agenda on trade, harnessing the power of global markets to improve standards of living for all Europeans. Where others hesitate on global trade, we will step forward. But we also acknowledge that the global system needs updating, and that means reforming and modernising the World Trade Organization (WTO). There is momentum building, and we will work constructively with all our international partners to deliver these reforms.

At its Charlevoix Summit in June, the G7 reached consensus on the need to modernise the WTO and make it fairer as soon as possible, and the European Commission has received a mandate from national leaders to work on these reform proposals. We want to develop new rules in the field of industrial subsidies, intellectual property and technology transfers, and we will look to create a more effective and transparent dispute settlement process and body within the WTO. This, and other reforms, will help to strengthen the WTO as an institution, and ensure its place as a credible guarantor of our international trading system.

We must now build on the European and G7 consensus and work together through the G20 to implement these reforms swiftly. The G20 Buenos Aires Summit is an important moment to address the deficiencies of the WTO system. It will be a crucial stepping stone towards the work of Japan's G20 presidency in 2019, where we are optimistic about the adoption of a roadmap on WTO modernisation.

Instability in our global trading system is not good for anybody. It is bad for business, workers, consumers and the entire economy. It hits Europe and other developed economies hard, but it hits other markets even harder. Fragile developing economies feel the shocks even more than we do, because often they do not have the capacity to cope with them. The economic and social impacts from external challenges are a big threat to these countries and their governments, however comprehensive the reforms they are putting in place to stabilise their economies. We owe a duty of care and support to our partners and our neighbours, whether near or far. This is why the European Commission continues to stand for free, fair and reformed trading rules for us all.

I firmly believe that commonly agreed rules do not tie us down. On the contrary, they set us free. They free us from the 'winner takes it all' system, and the law of the jungle, where only the biggest and strongest can prosper. There is no such thing as good unilateralism. There is no protection in protectionism. 

# A united approach

*Nicolás Dujovne, minister of the treasury, Argentina, discusses how international cooperation on common goals can increase the effectiveness of individual G20 members' policy efforts*

As the G20 heads into the Buenos Aires Summit, it is timely to reflect on the achievements of Argentina's G20 presidency in the finance track. The role of the G20 is more important than ever. Ten years after the global financial crisis, it is pleasing to see that global growth is robust and unemployment is at a decade low. Risks, however, still exist and heightened trade tensions, financial vulnerabilities, geopolitical risks and inequality are placing pressure on governments around the world. Moreover, rapid changes brought by technological change are giving rise to opportunities and also challenges. The G20 plays a key role in bringing together all members to discuss these pressing international issues. The objective of our presidency has been to steer discussions in order to reach common ground among members' different perspectives and positions. This approach reflects our theme of "building consensus for fair and sustainable development".

In the finance track, we have been keen to pursue a forward-looking agenda that is people-centred and recognises the current state of the global economy. We have placed our efforts on tangible actions that support global growth, and reinforce the preparedness of members to deal with current global events and capitalise on the trends taking place. We therefore chose to focus on two key priorities: the future of work and infrastructure for development.

We have also continued working in the areas of international taxation, financial regulation, international financial architecture, financial inclusion and sustainable finance.

## THE FUTURE OF WORK

The extraordinary advances in technology are reshaping the global economy. These advances provide an opportunity to boost economic growth and improve living standards. Yet the transition can produce a range of challenges.

Our focus on the future of work is designed to build an understanding of the current and potential impacts of technological advancements on productivity, growth, jobs and inequality, and to explore possible

policy responses. Our ambition was to take this discussion to the global stage because those impacts are not necessarily inevitable and policymakers can shape the outcomes. By taking this forward-looking, strategic approach we can promote inclusion and ensure we are well prepared to reap the benefits of the transformational trends. This year, we developed the *G20 Menu of Policy Options for the Future of Work*, which highlights key policy actions countries could consider to harness technology to strengthen growth and productivity, support people during transitions and address distributional challenges, secure sustainable tax systems and ensure that the best possible evidence informs our decision making.

## INFRASTRUCTURE FOR DEVELOPMENT

Infrastructure investment is critical to lifting productivity and growth and supporting the connectivity of our citizens. There has been considerable focus on infrastructure financing, but many countries have suffered declining infrastructure investment since the global financial crisis. Large infrastructure financing gaps persist, yet the pool of private savings in search of yield is unprecedented.

Argentina's presidency therefore focuses on mechanisms to catalyse private-sector investment into infrastructure by creating the environment for infrastructure to further develop as an asset class. To achieve this, a multi-year roadmap puts forward key actions to increase the number of bankable projects, promote standardisation and improve the investment environment. We have already started advancing this work: we delivered principles for the infrastructure project preparation phase, and made progress on key areas such as financial engineering, risk allocation and mitigation, data availability, and contractual and financial standardisation.


## OTHER WORKSTREAMS

We have also continued to discuss the outlook for the global economy and how we can further support global growth. We have considered financial sector developments such as the emergence of crypto-assets, and their potential benefits and risks. Discussions have also continued on taxation of the digital economy. We have continued efforts to strengthen the resilience of the international financial architecture. We have also made progress in the areas of financial inclusion and sustainable finance.

It has been a privilege for Argentina to hold the G20 presidency this year. It has been an opportunity to pursue an ambitious international engagement strategy. We want to build mature and pragmatic relations with the countries in our region, the key regional blocs and global economic institutions. Our presidency has been an excellent way to demonstrate Argentina's commitment to international cooperation, multilateralism and global governance. The summit will be the culmination of this journey that we began almost one year ago.

#### TOWARDS THE SUMMIT

We strongly believe that although G20 members all face different challenges and motivations, what binds us is the need to address global issues through a cooperative and consensus-based approach. Individually we cannot do this and outcomes would likely be suboptimal. International cooperation on common issues can increase the effectiveness of members' individual policy efforts. At the summit in Buenos Aires, our intention is to build constructive discussions, bridge our differences and ensure we make progress on the issues that affect the lives of our citizens.

We are also very conscious that our efforts do not stop there. We very much look forward to continue working hand in hand with every member of the G20 and the presidencies in the years to come. 

“We strongly believe that although G20 members all face different challenges and motivations, what binds us is the need to address global issues through a cooperative and consensus-based approach”

### Nicolás Dujovne *Minister of the treasury*

Nicolás Dujovne is minister of the treasury. He has also served as chief of advisers to the secretary of Argentina's Treasury and as the representative of the Ministry of Finance at the Board of Directors of the Argentine Central Bank. He has been a consultant for the offices of the World Bank in Washington DC and in Buenos Aires and director of Papel Prensa S.A., as well as chief economist at Banco Galicia, the largest domestically owned bank in the country.



# Working for dialogue and consensus

*With all eyes on Argentina, Jorge Marcelo Faurie, minister of foreign affairs and worship, explains how the country is seeking common ground to balance the interests of all nations, ensuring that no one is left behind*

Ever since taking office in December 2015, President Mauricio Macri's administration has had a clear foreign policy objective: to put Argentina back on the global map, renewing our ties of trust with the world and pursuing a policy of smart insertion, focused on well-defined, non-ideological interests, but based on values such as democracy, human rights and multilateralism.

The Argentine G20 presidency this year is the most definite sign – but not the only one – that we are on the right path to achieve that objective. This is allowing Argentina to show the world the profound commitment of Argentinians to the change we are undergoing. By the end of this year, Argentina will have hosted 50 high-level

**Jorge Marcelo Faurie**  
*Minister of foreign affairs and worship*

Jorge Marcelo Faurie has served Argentina as its ambassador to France and to Portugal and in its missions in Chile, Brazil, Romania, Trinidad and Tobago, Jamaica and Venezuela. He has served as deputy foreign minister as well as the national director of protocol and director of Mercosur, among many other positions in the Ministry of Foreign Affairs and Worship.

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[www.cancilleria.gob.ar](http://www.cancilleria.gob.ar)



meetings, ending with the Buenos Aires Summit – the first one to be held by the G20 in South America. Thus, more than 20,000 people will visit Argentina, including government officials from more than 30 countries, experts and members of international organisations.

Throughout its presidency, Argentina has been developing a broad, constructive approach to achieve concrete results based on a three-pronged agenda: the future of work (the education system needs to train people for life and work in the 21st century); infrastructure for development (countries need roads, bridges, public transport and sanitation facilities in order to grow); and a sustainable food future (the world needs a more inclusive, efficient food supply system).

## **BUILDING BRIDGES, NOT WALLS**

Argentina knows from its own experience that none of this can be achieved without collective efforts. This is why we seek to build bridges, not walls. We also know that presiding over the G20 is no easy task. We must work hard and with a broad vision to make progress and reach consensus. We are convinced that therein lies the great asset of the G20: it brings different visions together and takes firm steps to obtain shared benefits.

A noteworthy example of this singular challenge is the G20 foreign ministers' meeting, which I hosted in Buenos Aires in May. There, during a day of intensive work, we agreed on the advantages of maintaining multilateralism in the face of the pressures of adverse positions and of a changing world with significant challenges, including the technological revolution, cybersecurity, migration currents and new trade paradigms. This is why we believe it is so important for the G20, which is much more than a leaders' summit, to provide new answers.

I stress this because the G20 remains the most important global forum for economic and political cooperation, in which the world's top leaders participate. Thus, Argentina proposes a gradual but firm path of dialogue and global negotiation, with the great responsibility of leading discussions and finding common ground.

## **A LATIN AMERICAN PERSPECTIVE**

I would also like to underscore the fact that Argentina, as leader of the group this year, presents the perspective of Latin American countries, with their interests and concerns, highlighting the great potential of our peoples and nations. Our priorities reflect the identity of a multicultural country, with roots growing from immigration and with a vision for the future that, drawing on the historical continuity of our essence, lies in greater integration with the world.

As G20 chair in 2018, Argentina must guarantee the follow-up of previous initiatives and of the work that has already been done, but it can also develop the mechanisms best suited to balancing the interests of countries, seeking common ground and finding points of understanding, leaving no one behind. Thus, Argentina aims at 'a presidency of consensus'. We undertake this enormous task to the best of our ability and with the highest expectations, to continue working towards a fairer world that has a place for everyone.

In this spirit, we welcome each of the delegations that come to Argentina for the various meetings, and we look forward to welcoming the leaders of the G20 and their guests. They will also be able to experience a country whose singularities make it a unique land of opportunities: its people, its natural beauty, its cuisine and its cultural expressions synthesise, in great vastness, the identity of a country with its arms open to the world. 🌐

The G20 meeting of agriculture ministers in Buenos Aires in July this year brought together agriculture ministers from countries that account for around 60% of all agricultural land and almost 80% of trade in food and agricultural commodities.

Soil health is a principle focus for Argentina, and an issue long recognised by the G20 as crucial to satisfying the nutritional needs of future generations. The Argentine G20 presidency has taken this recognition a step further by making “a sustainable food future: improving soils and boosting productivity” one of our three presidency priorities. It is the first time since 2011 that agriculture has such prominence in the G20.

### SOIL AS A STRATEGIC RESOURCE

We are encouraging G20 members to put in place responsible land management techniques that treat soil as a strategic resource for sustainable agriculture and food production. Healthy, fertile and productive soil will help meet the dietary needs of future populations. Its preservation and care are paramount to our general development and well-being.

In Argentina, we believe we can make a considerable contribution to meeting the dietary needs of future populations. As the eighth largest country in the world, with a relatively small population of 44 million, Argentina currently produces food for nine times its population, making it the seventh top food producer and the 13th top food exporter in the world. By 2030, we expect to produce food for 600 million people –

15 times our population. Agribusiness is therefore a crucial component of our economy. It represents 18% of gross domestic product and more than 60% of all exports. Our agricultural practices work with innovative technology: 90% of our agribusiness uses direct seeding and satellite-controlled irrigation systems. Agtech, the application of technology to the global food system, is therefore key. Agtech has the potential to transform economies and meet the demands of a global population growing by a quarter of a million people every day.

We in Argentina have been sharing our expertise at the G20 this year. In March, senior officials from G20 members and international organisations observed high-tech agricultural machinery in action at Expoagro, a renowned agricultural fair specialising in phytosanitary treatments. In May, we welcomed G20 agricultural scientists to the northern Argentine province of Jujuy to meet with experts from the National Institute of Agricultural Technology (INTA). There, they discussed how to take advantage of genetic diversity to drive the productivity and resilience of agricultural systems. And, in July, ministers visited Argentina’s most celebrated annual trade fair, the Rural Expo, in Buenos Aires.



## Luis Miguel Etchevehere Head of the Agro-industry Secretariat

Luis Miguel Etchevehere is a farmer in Entre Ríos. He served as chair of the Sociedad Rural Argentina from 2012 to 2017. He also served as Argentina’s chair in the Federation of Rural Associations of Mercosur from 2014 to 2015 and director and later vice president of the World Farmers’ Organization until his election as agriculture minister in 2017 and head of the Agro-Industry Secretariat in September 2018.

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At each of these opportunities, international officials were able to experience what binds our agribusiness sector together today and makes it so effective: close collaboration among farmers and ranchers, businesses and producers, agricultural organisations and the state.

### PUBLIC-PRIVATE COLLABORATION

At the G20 meeting of agriculture ministers, we explored how the G20 can provide the international coordination necessary to foster public-private collaboration among industries, governments, international agencies, farmers’ associations and civil society to sustainably increase food production, transform our economies with innovation and technology and meet the dietary needs of future populations. We showcased our domestic policies, considered the different challenges we all face in meeting national and global demands, and looked at the opportunities provided by agriculture and food production in our respective countries.

The meeting’s final declaration was issued after two days of working sessions. It acknowledges the crucial role of G20 members in the global food system and our great responsibility to contribute actively in order to enhance global food security and improve nutrition by increasing agricultural productivity and incomes, while fostering the sustainable management of natural resources. Importantly, it stresses the commitment taken by G20 members to put an end to hunger across the world. In underscoring members’ consensus on the global agri-food agenda, the declaration clearly demonstrates that the G20 continues to be the most relevant forum for international coordination on issues of global importance.

# Contributing to a sustainable food future

*Argentina’s G20 agenda calls for coordinated international action to sustainably increase food production through innovation and technology. Luis Miguel Etchevehere, Argentina’s minister of agroindustry, shares the progress being made*

# Education for sustainable development

*The G20 has crystallised its education ambitions in the first G20 Education Ministers' Declaration, writes Alejandro Finocchiaro, minister of education, culture, science and technology*

It is a great honour and responsibility for the Ministry of Education, Culture, Science and Technology of the Argentine Republic to have promoted, under Argentina's G20 presidency and for the first time in the history of the forum, an education agenda that continues building the consensus necessary for global development.

Education is, undoubtedly, the main driver for the sustainable development of our nations. What is more, education is a fundamental human right that gives access to other rights and a powerful tool that spurs economic, social and environmental development. A prosperous and inclusive society can only be possible through a sustainable development agenda that considers education to be a central instrument that allows children and youth to follow the path of knowledge.

Today, we are facing an ever-changing world in which new technologies are increasingly transforming the ways we socialise, study and work. In this context, a reorientation of goals, strategies and priorities for what and how we should prepare our children, youth and adults is vitally important so that they can reap the benefits brought by scientific and technological progress. We are responsible for the most powerful tool that can foster opportunities, unleash people's full potential and help build an active citizenship.

## **A NEW DECLARATION**

The G20 Education Working Group has held various meetings that prioritised the promotion of education and skills policies, with a lifelong learning approach; the financing of education, which must be both sufficient and efficient to ensure not only system sustainability, but also the building of an international architecture for financing education

that leaves no one behind; and the strengthening of international cooperation. After a year of very fruitful meetings, G20 members and invited countries have reached a consensus, which is why these topics have been crystallised in the first *G20 Education Ministers' Declaration*.

In addition, we have met throughout the year, through the G20 Employment Working Group, and also agreed upon the first *G20 Joint Education, Labour and Employment Ministers' Declaration*. This commitment highlights the importance of creating coordinated education and employment policies so as to face the challenges posed by the future of work, one of the priorities established by Argentina's G20 presidency. The declaration contains an annex on guidelines on skills for an inclusive future, which deals with promoting "21st-century skills", including critical thinking, creativity, problem-solving, communication, flexibility, collaboration, entrepreneurial skills, and digital skills such as programming, big data analysis, coding and robotics in all levels of education and work environments.

In both declarations, we have emphasised the need to prioritise skills development among vulnerable and underrepresented groups, and our commitment to address inequality through policies that ensure inclusive and equitable opportunities for all.

## **EMPOWERING GIRLS AND WOMEN**

Moreover, within the framework of the vision pursued by Argentina's G20 presidency of placing gender equality and women's empowerment at the centre of the agenda, we have reinforced our commitment to continue encouraging equal access to inclusive, equitable and quality education within safe learning environments at all educational levels for girls and women, and fostering their participation in the fields of science, technology, engineering and mathematics.

Therefore, G20 leaders must affirm how important it is to ensure that present and future generations






**Alejandro Finocchiaro**  
*Minister of education, culture,  
science and technology*

Alejandro Finocchiaro is president of Argentina's National Commission to UNESCO and ambassador to the International Holocaust Remembrance Alliance in addition to the minister of education. He previously served as undersecretary of education at the Ministry of Education of the City of Buenos Aires and education minister for the province of Buenos Aires. He is also a professor at the University of Buenos Aires and at the University of La Matanza, where he was appointed dean of law and political science.

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learn and understand our globally shared values. Education is not merely the transfer of knowledge from teacher to student. Education is much more than the knowledge acquired.

Education is evolution: it is about “doing” and being able to share with the community and the world what you have to contribute and improve every day.

We are thrilled to have placed education as a priority on the global development agenda and to have created a unique worldwide learning community. However, we know that this is just the beginning and that we have a long way to go. We hope to develop this agenda in the years to come, by learning from each other's experiences, sharing knowledge and best practices, and developing joint initiatives to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 



# Building opportunities for a fair and reliable future of work

*The jobs of tomorrow hold significant potential for greater inclusion in the workforce, but only if we foster the skills needed and create a favourable employment climate, writes Jorge Triaca, secretary of labour, employment and social security*

Argentina's G20 presidency has made the future of work a priority for achieving fair and sustainable development for all. Accordingly, in the Employment Working Group, the future of work provided the framework for three topics that posed key challenges: the formalisation of work and promotion of decent work, the advancement of skills and lifelong learning for inclusive growth and decent work, and the need to strengthen and adapt social protection systems.

The future of work provides great opportunities for job creation: technological advances will bring ever-increasing labour productivity, which can be leveraged to reach higher levels of inclusion to improve well-being.

However, the future of work poses diverse challenges for decent work. In that sense, one question is whether there will be enough jobs and what kind of jobs they will be. We must focus on the quality of those jobs and the eventual risk of increasing labour informality. And we should also promote the development of new and diverse skills from a lifelong-learning perspective.

This future should leave no one behind. We need to foster an inclusive agenda with two specific objectives: to continue working to reduce gender gaps and to facilitate increased inclusion of people with disabilities in the labour market.

#### PROGRESS AND KEY ACHIEVEMENTS

As a result of the intense work at our meeting of labour ministers in Mendoza, we agreed on a declaration that fosters opportunities for an inclusive, fair and sustainable future of work. We also worked side by side with the ministers of education throughout this process. We agreed a joint declaration and a set of guidelines for skills development.

We agreed to work to ensure broad access to quality training to address skills mismatches and skills gaps and support our people through reskilling and upskilling strategies to increase their employability. To this end, we will foster a whole-of-government approach

**Jorge Triaca**  
*Secretary of  
labour, employment  
and social security*

Jorge Triaca has worked as a consultant for the United Nations Development Programme and the Inter-American Development Bank on issues related to labour, production and disability. He has previously served as investment and public consultant for the chief of cabinet of ministers of the Argentine Republic. From 2005 to 2009 he served as executive director of Fundación Pensar. He was first elected to parliament in 2009.

 @JorgeTriaca

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“

We need to foster an inclusive agenda, continuing working to reduce gender gaps and to facilitate increased inclusion of people with disabilities in the labour market”

and promote a multi-stakeholder dialogue. Special attention should be paid to improving the employment situation of young people in order to achieve the G20 goal of reducing by 15% by 2025 the share of young people who are most at risk of being permanently left behind in the labour market.

To promote labour formalisation and decent work, we endorsed the policy principles for promoting labour formalisation and decent work in the future of work and in the platform economy. It is essential to address any decent work deficits and to adapt – where necessary – labour legislation to cover all workers. Building on previous commitments, we also agreed on the G20 strategy to eradicate child labour, forced labour, human trafficking and modern slavery in the world of work.


We also agreed on guidelines and principles for developing comprehensive social protection strategies, recognising the need to build inclusive social protection systems and to develop targeted actions to keep the right balance between the sustainability of the systems, universal coverage, adequate levels of protection and the portability of social security entitlements.

We focused on identifying gender gaps as a cross-cutting issue in the three priorities on the future of work. We analysed to what extent our policies were responding to reduce the gender participation gap. G20 members are implementing more integrated policies on this matter, but we still have a long way to go to reach the goal agreed in Brisbane in 2014.

Last but not least, we endorsed the G20 principles for the labour market integration of persons with disabilities aimed at promoting access to the labour market on an equal basis with others, as well as the availability of quality jobs for people with disabilities.

#### FORWARD-LOOKING AGENDA

One key accomplishment for all G20 members was the construction of a forward-looking, multilateral agenda, working together to build a common base for addressing the critical challenge of the future of work that we all face. For Argentina, the decision to raise this topic required significant coordination. As an overarching priority, the future of work was treated in both the finance track and the sherpa track, which in turn required coordinated efforts between the Ministry of the Treasury and Finance and the Ministry of Labour, Employment and Social Security. While the focal points were different, they sought to complement each other. Within the sherpa track, the Employment Working Group proposed collaborating with the Education Working Group as well as the Digital Economy Task Force and the Development Working Group. All this coordination was highly valued by the G20 members and opened a door for more synergies in the future.

This coordination and the consensus achieved during this year of fruitful work constitutes an informed and fundamental contribution for our leaders at the G20 Buenos Aires Summit to address the challenges of the future of work and to create opportunities for all. 

# Guidance on health policies

*Adolfo Rubinstein, minister of health, shares the G20's progress in tackling prevalent health issues and moving towards universal health coverage*

It was my great pleasure and honour to host the second G20 health ministerial meeting in October.

The G20 agreed on the creation of the health working group in China in 2016, and the group first debated last year under the German presidency. Next year, Japan will host the third G20 health ministerial meeting.

It has been a very intense journey since our teams first met in Buenos Aires last March for the initial health working group, followed by the second meeting in May at the World Health Organization headquarters in Geneva, and the third informal meeting in June at the Organisation for Economic Co-operation and Development (OECD) in Paris. We reached the final meeting of discussions in Mar del Plata on 4 October.

We are proud to have had this opportunity to show our commitment to international cooperation, multilateralism and global governance. "Building consensus for fair and sustainable development" has been the theme of all the G20 working groups during the Argentinian presidency.

In our G20 health ministerial meeting we agreed on a joint declaration, in which we have recalled the commitments made in the 2017 *Berlin Declaration of the G20 Health Ministers*, and reaffirmed our continued role in strengthening political support to take forward this work. The G20 countries have renewed the commitments towards the health-related policies and goals agreed at the international level in the advancement of the 2030 Agenda for Sustainable Development.

## ON THE HEALTH AGENDA

This year, we have introduced childhood overweight and obesity in the G20 health agenda, understanding that this issue constitutes a major public health problem

worldwide that is compromising the future of our children and adolescents. But there was also consensus on the fact that childhood overweight and obesity is relevant for not only health, but also for the social and economic consequences of non-communicable diseases (NCDs) on the development of countries. Each G20 country has developed different strategies to curb the obesity epidemic and agreed to continue exchanging good practices and working in collaboration with international organisations to counter its adverse impact on human capital and social development.

We support the strengthening of health systems to achieve better access to safe, quality healthcare and bring us closer to Universal Health Coverage (UHC) and reduction of poverty by 2030.

## PEOPLE-FOCUSED

We have agreed that primary healthcare has to be the basis of a people-centred model, which requires a trained and committed health workforce, as well as the use of innovative technology to improve access and quality of healthcare services. We have also recognised the importance of empowering people and health teams, establishing policies so that women can have the same working conditions as men to achieve equal participation in decision-making positions.

Regarding antimicrobial resistance (AMR), although the agreements reached in Germany were very positive, there is still much to be done. The G20 should lead the way in tackling AMR. To do so, we have to work together with key partners through multisectoral agreements and in collaboration with

international organisations. Most countries are making progress in the process of implementing the national action plans in the framework of the One Health strategy. There was a strong agreement in the promotion of measures to raise awareness of the AMR problem among the population and health workers, as well as the need to encourage investment in technology and access to new diagnostic technologies.

Health emergencies pose serious risks to global health, as well as the economy, social stability and development, which cannot be addressed by one country – they require a coordinated global response. These threats could test our health systems. Past experiences have shown that global health challenges cannot be addressed by a single country or by the health sector alone. Instead, they require a comprehensive commitment to respond promptly and effectively. However, the health sector must show leadership and guide the required activities, as well as raise awareness of the risks and possible consequences.

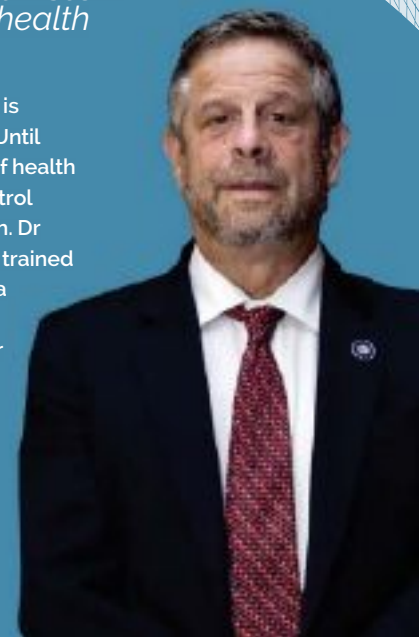
## FEMALE EMPOWERMENT

Throughout all G20 groups, we have had a cross-cutting gender approach. Gender-responsive health systems and improving the health, rights and well-being of women and girls contributes to gender equality and to the empowerment of women as an effective way to reduce extreme poverty and build a more peaceful, inclusive and prosperous world.


The G20 health ministerial meeting gave us an excellent opportunity to continue guiding global health policies. We look forward to continuing working together in Japan during 2019. 

## Adolfo Rubinstein Minister of health

Professor Dr Adolfo Rubinstein is Argentina's minister of health. Until March 2017, he was secretary of health promotion, prevention and control of Argentina's ministry of health. Dr Rubinstein is a physician and is trained as a primary care doctor. He is a professor of public health and family medicine, and is director of the master's programme in clinical effectiveness at the school of medicine of the University of Buenos Aires.



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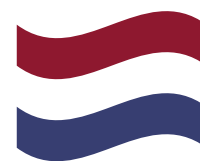
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**Mark Rutte**  
*Prime Minister, Netherlands*



## Eyes forward: what the world wants (and needs)

This year marks the 10th anniversary of the G20's elevation to a leaders' forum. Since its first meeting, held against the backdrop of a financial crisis that shook the world's economy to its foundations, the forum has gained in stature as an efficient mechanism to handle the financial and economic challenges we face. The G20 was instrumental in stabilising the world economy. Since then, its agenda has expanded to cover issues ranging from trade to climate and energy. Today, the G20 stands strong as a forum for international cooperation within the architecture of global governance. G20 host Argentine president Mauricio Macri's invitation to the Buenos Aires Summit provides an opportunity to strengthen that role. And that is exactly what we must do, because the case for global cooperation and a multilateral approach has perhaps never been more urgent.

Today's world is more prosperous and developed than it has ever been, but that progress is at risk. We share a responsibility to create sustainable economic growth that benefits everyone. We share a responsibility to combat climate change by implementing the Paris Agreement, especially with the 24th Conference of the Parties in December fast approaching. We share a responsibility to promote innovation and the dissemination of knowledge and digital skills in the face of rapid technological advances. And we share a responsibility to enhance security by combatting terrorism. No country can solve these problems alone. So these challenges demand a common approach – at a time when international cooperation is under pressure.


Over the years, the Netherlands has been actively involved in the G20, and we are honoured to be present in Buenos Aires. Since we are one of the world's most globalised and internationally oriented countries, the G20 is of great interest to us. We are eager to share our experience as an open economy and a relatively equal society, and to share our world-class expertise in areas such as financial inclusion, climate adaptation and innovation in agriculture.

We live in times of disruption and change. Today's technological progress is extraordinary in its pervasiveness and speed. While some people see

robotisation, globalisation and innovation as opportunities, others fear for their jobs and feel a growing discomfort and alienation. For many, it is hard to keep up with the pace of change. To me, this is one of the main risks for the short-term future. Social divisions can turn into social tensions. If too many people are left behind, society will suffer. So now is the time to renew our commitments, with the broader goal of leaving no one behind. President Macri's theme for the summit, "Building consensus for fair and sustainable development", will help ensure that we stay focused on this goal.

The Netherlands is a strong proponent of active trade and investment policies aimed at economic growth and prosperity for all. We will stand up for a global economy that is open and fair, sustainable, inclusive and governed by clear rules. Trade is an engine of growth, but fair trade is an engine of development. Protectionist measures are not the solution to the challenges we face. Protectionism involves trying to hold on to what we had, while we should be looking ahead to what we want. G20 members, like all the other countries of the world, need well-functioning multilateral structures to promote and defend the interests of their people.

We believe the G20 should lead by example. Through dialogue and the search for consensus, this forum can build confidence and help guide other international political processes. And it can assume even greater legitimacy if it includes non-state actors and civil society. I therefore applaud Argentina for enriching G20 policymaking by involving groups of young people, women, non-governmental organisations and the academic community.

The bottom line is that we all share a responsibility to defend the achievements of multilateralism, and to continually improve the institutions and mechanisms we have developed over the years. Let us not withdraw to some imaginary island that offers the illusion of security. Let us not avoid change by shutting out the world. History has shown that progress comes through change and movement, not stagnation. The Netherlands stands ready to work with others and make the G20 summit in Buenos Aires a success for the world. 



## Pedro Sánchez

### Prime Minister, Spain



The G20 Buenos Aires Summit will take place 10 years after leaders first met in Washington back in November 2008 in the midst of the worst financial crisis since 1929. There is little doubt that, without the multilateral action led by the G20, the consequences of the crisis would have been significantly worse. Ten years later, most observers agree that the global economy is finally recovering.

But years of crisis have left behind fractures and wounds in our societies that are still in need of repair. Inequalities in income, wealth and opportunities have become more acute in many G20 countries and broad segments of our populations have yet to experience the impact of the global recovery. Gender gaps are having a negative impact not only on the well-being of women and girls but also on economic growth and productivity. Unprecedented technological change has immense potential to improve our daily existence, but also raises the question of the impacts of disruption on workers and industries. Meanwhile, populists and extremists use migration as a scapegoat, ignoring the potential benefits of migrants' integration in host communities. And all this happens in a context where the very existence of our planet depends on our ability to fundamentally transform our economies and our societies and lay the foundations for a low-carbon future.

#### THE ROLE OF GOVERNMENTS

National governments play a major role in addressing some of these challenges. My government, which I have often described as progressive, feminist and pro-European, has displayed an ambitious agenda since we took office last June. Spain is now experiencing robust economic growth and creating jobs. Our current focus is on improving the quality of those jobs and fostering social cohesion, while making our economy more competitive through structural reforms and delivering on our commitment to fiscal responsibility. We are actively working with our EU partners on a much-needed common migration policy based on the principles of responsibility and solidarity. We have recovered the universal nature of our public health system as a basic pillar of our welfare state. And we are developing



comprehensive legislative proposals to address climate change by making sure we deliver on our ambitious greenhouse gas emission targets, and to counter all forms of discrimination against women in the labour market, starting with the gender pay gap.


But let's face it: our domestic policies are not enough. Climate change, migration, technological change, international taxation, women's economic and political empowerment, sustainable development and financial regulation are all areas where national policies will simply fall short unless they are accompanied by global collective action. Global challenges call for global solutions.

## The repairs required by our modern societies

And that is where the G20 can – and, I would add, should – play a leading role. The Buenos Aires Summit offers us an opportunity to reaffirm the core values that inspired the creation of the G20 10 years ago and that underpin some of its most notable achievements since then: cooperation, partnership and solidarity.

Our citizens expect from us concrete answers to their concerns. In this regard, developing the necessary policy frameworks for a sustainable and inclusive future of work and modernising our tax systems to catch up with the digital revolution so that everybody contributes their fair share are important steps towards renewing the social contract that binds our societies together. We can and should do more to address all gender gaps and empower women and girls to realise their full potential, for instance by delivering on the G20 commitment to reduce the gap in labour force participation between men and women by 2025. We must also leverage the 2030 Agenda as a powerful instrument for sustainable development at home and abroad. And we need to step up our commitment to fight corruption and promote integrity in order to strengthen citizen trust in government institutions.

Buenos Aires is also an opportunity for G20 leaders to send a clear message about the value of multilateral solutions in areas such as trade, climate or migration. Spain is strongly committed to free, fair and rules-based trade as an engine of growth and prosperity across countries and regions. We need to work together to avoid trade tensions and modernise global trade rules to ensure they work for all. Spain is also firmly committed to the full implementation of the Paris Agreement, which we view as a key milestone in an irreversible effort to save our planet. Finally, we think the G20 should continue its conversation on migration and displacement by embracing a comprehensive approach to this phenomenon and promoting policies and partnerships to maximise the positive impact of migration flows and address the root causes of displacement.

Since 2008, Spain has been an active participant in G20 efforts to develop common approaches to the world's most pressing challenges. As I travel to Buenos Aires for my first G20 summit, I look forward to continuing working together for a fairer, more inclusive and more sustainable future for all. 

# Andrew Holness

*Prime Minister, Jamaica*



## Considerations and the special interests of the CARICOM states

The Caribbean Community's (CARICOM's) participation in the world economy and its internal economic management and structural adjustments are critical to the region's sustainable development. CARICOM will bring to the G20 summit discussion a better appreciation of its existential reality as a group of small developing states in an interconnected but ever-changing international environment. Forging strategic alliances is important so that the gains to be had can be shared for the benefit of all. Notwithstanding their size, small developing states have a tremendous capacity to add value to the deliberations on finding effective solutions to the world's greatest challenges.

The G20's Buenos Aires Summit is also an opportunity to highlight issues of specific concern to CARICOM and to better sensitise the G20 members and international development partners to the unique vulnerabilities faced by small states, particularly the island developing states.

Given our geographical location and the associated climatic events, countries within CARICOM have had to develop expertise in dealing with natural disasters and the effects of climate change – rising sea levels, droughts, severe flooding, coastal erosion, storm surges and hurricanes – which continue to severely affect the region. We therefore bring to the table both an understanding of and experience in building resilience

to climatic conditions through supporting climate adaptation and mitigation and, by extension, promoting environmental sustainability from which others can learn.

At the Buenos Aires Summit, Jamaica and other CARICOM countries intend to further work on our priority areas. CARICOM countries face constant vulnerabilities to variables such as the severe effects of climate-related weather phenomena and have economies that are not adequately diversified to withstand the impacts of external shocks. For some members, the reliance on narrow resource bases and international trade as well as heavy reliance on service industries, such as tourism, leaves them open to significant impacts arising from turmoil in other economies.



To secure growth and a better future, we have been prioritising issues such as climate resilience, energy resilience, sustainable finance, quality infrastructure development, trade and investment and the future of work, emphasising education and training that will equip our workforce to operate in a digital economy.

Jamaica welcomed and accepted the invitation to represent CARICOM at the G20. We believe that our participation affords both CARICOM, comprising largely small island developing states, and the G20, representing the world's 20 largest economies, the opportunity to take a renewed look at the state


of the global economic and financial architecture, in collaboration with major international development partners. CARICOM fully recognises the need for transformation and innovation to drive economic growth and development.

CARICOM also fully recognises the value of partnerships across the world in efforts to put the well-being of people first, in keeping with the theme of “building consensus for fair and sustainable development” selected by Argentina's presidency. CARICOM anticipates having a voice in formulating the future international agenda with regards to each of the critical issues on the G20 agenda.

Our presence at the table with the G20 will enable us to highlight critical issues that impinge on the global commitment to the attainment of the 2030 Agenda and the 17 Sustainable Development Goals, to ensure that no one is left behind. We look forward to playing an active role

in deliberations on issues of importance, not only to our region but also those that have global impacts.

CARICOM countries, with the exception of Haiti, have been designated highly indebted middle-income countries by virtue of their gross domestic product only. That criterion ignores the multiple other realities that have an impact on fiscal space, growth and the achievement of development targets.

We believe, therefore, that with a better appreciation of the special interests and concerns of CARICOM, comprising 15 full member states and five observer states, 90% of them small island states, the G20 can better formulate policies, programmes and positions on global issues, with special considerations of the well-being of countries like ours. 





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*Food and nutrition are global concerns, and we must take into account the intricacies of food systems and differences in culture when making recommendations for sustainable consumption, writes Fokko Wientjes, vice president, nutrition in emerging markets and food systems transformation, Royal DSM*

# The right of all to a healthy diet

Almost monthly, news publications report on studies about the health benefits of coffee, dark chocolate, red wine or other things that many people eat or drink every day. These reports are often followed within weeks by headlines stating the exact opposite.

I am concerned. Not about coffee, chocolate and wine, but about science and reporting. Conflicting reports destroy public confidence in science. Many people are starting to tune out or dismiss the headlines. This won't do. People deserve to know about nutrition and what impact it has on their health.

Let's not take public interest in nutrition and health for granted. Today's food and health issues are too important. And tomorrow's issues, well, they might call for a total overhaul of the way we do just about everything related to food production and consumption. We can't hide from the fact that what we eat has a significant impact on the environment and, as a result, on our society. It could make or break our future. Industry, academia and policymakers should work together to restore public confidence in nutrition and deliver more sustainable food systems.

### TIPPING THE SCALE

The global population is growing. With an estimated nine billion people on the planet by 2050, demand for nutritious food will soar and put unprecedented strain on natural resources. We already use enormous amounts of raw materials, land, energy and water to produce, distribute and (quite frankly) waste food. Current food systems both cause and are affected by issues such as pollution, climate change, wealth disparity, conflict and migration. And yet, these same systems fail to deliver enough nutrition for people on our planet today.

This is a crisis. Good nutrition is the foundation of human and socio-economic health. From the moment we are conceived – in fact, even before conception – nutrition influences so much about us. What we eat during the first 1,000 days of life is critical for physical and mental development. Proper nutrition has a positive effect on lifelong productivity.

All people, no matter where they live or what their socio-economic status, should have the right to a healthy diet. That means we need to upgrade our food systems now, and further stimulate local production of nutritious, affordable and aspirational food. We must find a way to have healthy diets for all within planetary boundaries.

### FIXING OUR FOOD SYSTEMS

To help reach a scientific consensus, the EAT-Lancet Commission on Food, Planet, Health has brought together leading scientists who are looking at these dilemmas. In 2019 they will issue a report with recommended dietary guidelines that will offer insight into these issues and could help policymakers and the private sector reimagine food and agriculture for greater productivity, quality, less waste and less environmental impact.



## FOKKO WIENTJES

Vice president, nutrition in emerging markets, Royal DSM

Fokko Wientjes is vice president of nutrition in emerging markets at Royal DSM NV. He is also a member of the Sustainability Advisory Board, SNS Reaal; Advisory Board, Business and Economics School, University Maastricht; and Steering Board, World Economic Forum New Vision on Agriculture. Fokko has been with DSM since 1988 and has broad experience in human resource management, logistics, marketing and sales, and change programme management; and business development in South America.

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The report is a good step towards improving nutrition and health while addressing environmental concerns.

However, there are some issues that may not be addressed by the commission's report. Food is often personal and cultural. It can even be aspirational. From taste and experience to price and convenience, there are many factors that affect what people eat. These can be drastically different from one place to another. For example, the average person in Asia eats 150kg of white rice a year while the average American consumes about 12kg. If food recommendations and new products fail to consider cultural differences such as this, sustainability and availability hardly matter.

The private sector can work on solutions that fit well with regional preferences. For example, in Asia people may want

to try fortified rice which looks, cooks and tastes the same as white rice but has more micronutrients.

Change is not easy, for individuals or at scale. Science should be our North Star. It can guide us towards better personal decisions and better business decisions. But we must work together across sectors and we need to acknowledge the reality of cultural differences. Yes, business has become more global and, as a society, we are trying to fix global problems. But cultural differences are not only a reality – they are the spice of life, so let's create new regional food systems that work for everyone. 🌐



**Paul Kagame**  
*President, Rwanda*



## Cooperative solutions and inclusivity beyond G20 borders

The world needs more multilateralism, not less. The challenges that command our attention today require cooperative solutions. The purpose of bodies such as the G20 is to build consensus on rules that enhance global economic prosperity and stability. The same principle applies to the management of security, climate change and trade.

However, as emphasised by the priorities of Argentina's G20 presidency, to be effective, the consensus-making process has to be fair and sustainable. That means being inclusive.

### DEEPER LINKS

The G20's important stabilising role after the 2008 global financial crisis is indisputable. But the risks of today's global economy cannot be managed without forging deeper links between this group and other entities, such as the African Union. Since our shared goal is to accelerate economic convergence, Africa and other developing economies cannot merely be 'rule takers', but full participants.

The G20 Compact with Africa from last year's summit in Hamburg is an important step in the right direction, but we can and must be even more ambitious. Take the issue of migration. It would be a mistake to define this as a humanitarian challenge, to be addressed with more or better forms of aid. A more productive approach is partnership with mutual benefit for all involved. Two priorities are clear: the quality of public institutions and the quality of jobs.

We need manufacturing and industrial partnerships, especially those that incorporate the latest technology and focus on production,


in addition to training. Africa needs to be part of the global supply chain. 'Trade not aid' can only work if we have high-value products to trade with one another.

Yet too often, openness on trade, knowledge and finance is accompanied by protectionism when it comes to expanding access to good jobs. If access to high-value work remains siloed in certain regions, the fairness of economic rule-making may increasingly be called into question by those left behind. We cannot allow inequality (and the associated security risks) to become entrenched in an implicitly two-track global economy. The consequences would simply be too big to handle.

The best way to strengthen G20 engagement with

Africa is via the African Union. Thanks to major financial and institutional reform in recent years, the African Union is more effective and fit for purpose than ever before. We are better able to cooperate with partners on security matters thanks to the Peace Fund.

With the entry into force of the new African Continental Free Trade Area and the Protocol on the Free Movement of Persons, our continent will engage with the world economy as a single bloc for the first time. These developments mean that Africa's ability to contribute to addressing global challenges will continue to grow stronger.

Consensus has to involve and benefit everyone if it is to work for anyone, and the G20 is an increasingly relevant platform in this regard. We look forward to working together to further enhance coordination mechanisms in the years ahead, building on the outcomes of the Buenos Aires Summit, for which we wish our host, Argentina, every success. 



## Anton Siluanov

*First Deputy Prime Minister & Finance Minister, Russia*



The G20 in its current format, with the participation of the countries' leaders, marks its 10th anniversary in 2018. In this relatively short period, G20 members have demonstrated their ability to respond promptly and effectively to the challenges of global governance.

The group's breakthrough decisions were taken during the response to the global financial crisis of 2007–08. Coordinated measures brought stability to the international monetary and financial system, and laid the groundwork for the recovery in world trade and cross-border capital flows – two key factors underlying growth and development. It would not be an exaggeration to assert that without multilateral accords, the reform of national financial and banking regulations and combatting tax base erosion and profit shifting would hardly be possible.

However, there is no correlation between the increasingly frequent use of economic knowledge and organisational resources and the deepening and expansion of multilateral cooperation. Even with comprehensive conclusions drawn by the most sound international organisations and experts regarding the negative socio-economic effects of restrictive measures in international trade and capital movements, the G20 is falling into the trap of escalating confrontation and intensification of inward-looking policies. There is a growing appetite to use the existing system of international settlements – which has proven effective – and its financial infrastructure for political purposes. Artificial barriers that are well known as sanctions or tariff restrictions are being raised for trade and cross-border capital flows.

### ERODED FOUNDATIONS

The G20 also does not seem to notice the expansion of the extraterritorial application of national legislation, primarily in the very sensitive areas of banking and cross-border capital flows. Such a policy, especially the so-called secondary sanctions, erode the foundations of entrepreneurship and fair competition. Extraterritoriality infringes upon the interest of almost all G20 members. However, the G20's rotating presidencies and constantly changing agenda do not react to this issue. Since the Eminent



# Rethinking the G20

Persons Group and its proposals and recommendations have highlighted the use of cross-border capital flows in the interests of all the economies, I hope that the issue of the extraterritoriality of national legislation will become a subject for research and discussion.


Multilateral financial institutions, particularly development banks, are also suffering from the impact of such destructive policies. They are forced to participate – to the detriment of their own economic interests and contrary to their mandates – in political games.

The G20 distances itself from 'uncomfortable' discussions. This can be witnessed on sensitive topics as, for example, the responsibility of countries that issue reserve currencies to maintain the stability of the international monetary and financial system. The G20, with enviable ease, recommends that least-developed economies curb their public debt. Yet the G20 pretends not to notice the immense debt overhangs in the advanced economies, including the United States, Japan and several western European countries. A debt crisis in any of these countries would be a major setback for the global economy.

### TWO-DIMENSIONAL SOLUTIONS

The international rules that have been carved out of stone over several decades, including those developed at the G20, are being ignored. The exploration of solutions is shifting to a two-dimensional system of coordinates. Under the influence of these factors, the international financial architecture is unsurprisingly deviating from established standards to regionalisation and fragmentation. This past year has been marked by a surge of interest – in many cases forced – in the settlement of payments in national currencies for international trade and finance. If we continue to test the strength of the international monetary and financial system, over the medium term the trends mentioned above will strengthen, with consequences that will be hard to predict. I am not sure that this is the optimal scenario.

Globally, the solution to the problems of the G20 cannot be found in engineering new technical tools, which are already in place. Rather, the G20 needs to work with a consciousness and recognition of the common challenges. No problem can be solved at the same level of consciousness that created it. This is the core challenge for the G20 as a high-level strategic forum – to reach a new level of understanding of the problems and the awareness of the interdependence of our economies. I expect the discussion at the G20 leaders' Buenos Aires Summit to follow this scenario.

What our children's future will look like depends on us, on our willingness to seek compromises and ways to reach agreements and implement win-win strategies. Maintaining an inward-looking approach will only contribute to new disagreements and the aggravation of existing ones. For our part, we will continue to take advantage of every opportunity in multilateral and bilateral formats to seek solutions in order to contribute to strong, sustainable, balanced and inclusive growth. 

# Wang Yi

*State Councillor and Foreign Minister, China*



## Set sail on a new voyage of G20 cooperation

This year marks the 10th anniversary of the global financial crisis.

Ten years ago, the financial meltdown that started from Wall Street plunged global markets and the international community into deep panic. At that critical juncture, leaders of the 20 largest economies representing more than 80% of global output came together. Through equal dialogue and coordinated actions, they brought the world economy – which was rapidly sliding to the brink – back to the track of stability and growth, and that represented the start of the G20 summit.

Over the past decade, G20 leaders have been meeting regularly to steer the world economy. From stabilising the market and restoring confidence to promoting reforms and addressing future challenges, the G20 has played a leading role in many different aspects of global economic governance. Nevertheless, as we gradually put the global financial crisis behind us, some people seem to get the impression that G20 cooperation is no longer urgent. Some even question the relevance and future of the mechanism.

Is it true that the G20 has accomplished its historical mission and become less important? The answer is no. The world is suffering from economic shocks brought about by rising unilateralism and protectionism, and developing countries are increasingly affected by the negative spillovers of shifting monetary policies of the developed economies. Fundamental challenges facing the global economy, including insufficient drivers of growth, inadequate global economic governance and unbalanced development, are yet to be effectively resolved. Moreover, economic and trade tensions are spreading rapidly to the political and security fields, which is not good news for world peace and stability.

A new decade calls for new leadership from the G20.

### NECESSARY REFORMS


The G20 must demonstrate leadership in upholding multilateralism. Multilateralism has proven to be an effective means for improving global governance, tackling common challenges and achieving collective development. The multilateral trading regime with the World Trade Organization (WTO) at its core, a key

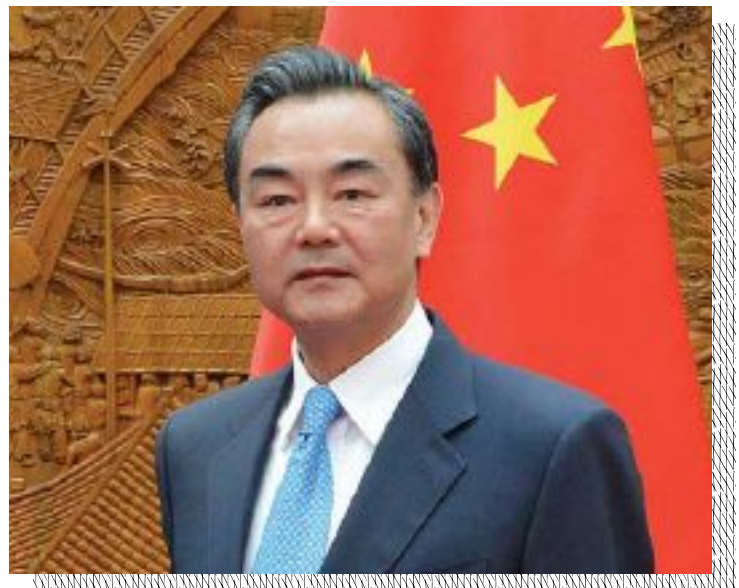
component of multilateralism, should be strengthened rather than weakened. Reform of the WTO is an important part of the G20 agenda. China agrees with necessary reforms of the WTO. Meanwhile, we hold that the core values and basic principles of the WTO should be upheld, and the development space of developing countries must be respected and preserved.

The G20 must demonstrate leadership in advancing reform. It has introduced a host of reforms aiming at improving global economic governance. We must continue our efforts to implement the roadmap for reforming the international financial system and increase the representation and voice of developing countries, thus creating a new international financial order that is equitable, fair, inclusive and rules-based.

The G20 must demonstrate leadership in supporting innovation. It is time for the G20 to seize the opportunities of the new scientific and technological revolution, and advance cooperation to apply new technologies, harness the digital economy and promote jobs for the future. At the same time, the G20 needs to be mindful of the side effects and negative impacts of new technologies on the economy, society and people's lives, and help the world economy achieve growth of higher quality.

The G20 must demonstrate leadership in promoting development. It needs to actively implement the 2030 Agenda for Sustainable Development, strengthen infrastructure connectivity, help developing countries accelerate progress and protect their legitimate rights and policy space so that no one is left behind.

Such leadership requires a spirit of partnership among G20 members. The G20 summit in Buenos Aires will be closely watched worldwide as it explores new ways to advance international economic cooperation under new circumstances. China is celebrating the 40th anniversary of its reform this year. We will remain a staunch supporter, defender and contributor to multilateralism and to an open world economy. We are ready to step up cooperation with all parties to boost confidence in the world economy and contribute our share to common development. 



# A summit of solid success: prospects for the G20's Buenos Aires Summit

**John Kirton**  
Director, G20 Research Group

The 13th G20 summit, taking place in Buenos Aires, Argentina, on 30 November–1 December 2018, will be highly significant. The 10th anniversary of the first G20 summit held in Washington DC in November 2008, it will be the first hosted by Argentina and the first by a G20 member outside the smaller G7, the BRICS of Brazil, Russia, India, China and South Africa, or the MIKTA of Mexico, Indonesia, Korea, Turkey and Australia. It will be the first hosted in South America, a rapidly growing, reforming region. It will be hosted by Argentinian president Mauricio Macri, who was first elected in 2015. It will take place after Argentina's Latin American neighbours of Brazil and Mexico have elected new leaders and after the mid-term elections in the United States on 6 November.

Assembling in Argentina will be the G20 veterans of Germany's Angela Merkel, who hosted the summit in 2017, Japan's Shinzo Abe, who will host in 2019, China's Xi Jinping, Canada's Justin Trudeau, India's Narendra Modi, Turkey's Recep Tayyip Erdogan, Indonesia's Joko Widodo, Saudi Arabia's Prince Mohammad Bin Salman, the European Commission's Jean-Claude Juncker and the European Council's Donald Tusk. The newer arrivals are Australia's Scott Morrison, Korea's Moon Jae-in, the United Kingdom's Theresa May, France's Emmanuel Macron, South Africa's Cyril Ramaphosa and Italy's Prime Minister Giuseppe Conte, for whom it is their first or second G20 summit. Also attending as guests will be the leaders of Spain, the Netherlands, Rwanda, Jamaica, Senegal, Chile, Singapore and the heads of the International Monetary Fund, World Bank, Financial Stability Board, Organisation for Economic Co-operation and Development, International Labour Organization, World Trade Organization and United Nations.


Under the summit theme of "Building Consensus for Fair and Sustainable Development," these leaders will tackle a broad range of global challenges, starting with the three priority themes set a year ago by the Argentinian host. The first is the future of work in a digital age, as new technologies reshape employment and the educational systems must adapt. The second is infrastructure for development, including in transportation and health, through creative public-private partnerships that make infrastructure finance a new global asset class. The third is food security, from more inclusive and efficient distribution of basic food stuffs and sustainable agricultural productivity. The agenda will embrace Argentina's other priorities of strengthening financial governance, a strong sustainable financial system, a fair global tax system, climate change and environmental sustainability, clean energy, the empowerment of women, trade and investment cooperation, the fight against corruption and the traditional G20 agenda of macroeconomic policy, health, migration, Africa, terrorism and other security concerns.

To produce agreement at the summit, Argentina has relied heavily on a bottom-up strategy, under which leaders will largely endorse the work and many commitments of the G20's ministerial meetings for finance, foreign affairs, energy, agriculture, the digital economy,

education and employment, trade and investment and health. They will be enriched by input from the seven core civil society engagement groups: the Business 20, Labour 20, Think 20, Youth 20, Civil 20, Women 20 and Science 20.



Together, this should produce a summit of solid success, advancing G20 conversations, consensus and commitments across many of the important medium-term priorities set by Argentina. These advances will be spurred by the significant success of the previous G20 summit in Hamburg in July 2017, and the high compliance of G20 members with the historically high number of commitments made there.

## TRANSCEND DIVISIONS

Yet it remains to be seen how well the Buenos Aires Summit will deal with the severe crises that have recently arisen. The first is the growing fear of a new financial crisis, which has already afflicted Argentina and Turkey and is worrying other BRICS and G7 members of the G20. The second is the urgent threat of climate change, as confirmed by the October report of the Intergovernmental Panel on Climate Change and the many deadly and destructive extreme weather events assaulting most G20 members during 2018. The third is the related issue of immediate famine in Yemen and elsewhere. The fourth is the trade conflict initiated by the United States and a Britain still determined to exit the European Union. The fifth is the rise of geopolitical tensions now fuelled in many key G20 members by populist pressures and assaults on the multilateral organisations and progressive liberal world order so carefully constructed since 1944. As the leaders of the world's most capable, connected and systemically significant states, the Buenos Aires summitters have the power and the personal responsibility to transcend their many divisions to meet these challenges, before they erode and even eliminate the many historic accomplishments G20 summits have made since their start. 



John Kirton is director of the G20 Research Group, G7 Research Group and the Global Health Diplomacy Program and co-director of the BRICS Research Group, all based at Trinity College at the Munk School of Global Affairs and Public Policy in the University of Toronto, where he is a professor of political science. He is also a visiting professor of the School of International Relations and Public Affairs of the Shanghai International Studies University and co-author, with Ella Kokotsis, of *The Global Governance of Climate Change G7, G20 and UN Leadership*.

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# 1

## INFRASTRUCTURE FOR DEVELOPMENT

# G20 performance on **infrastructure development**

*Argentina has rejuvenated G20 progress on infrastructure projects, but further collaboration is required to find the best approaches to finance them, says Julia Tops, researcher, G20 Research Group*



The ambitious Paseo Del Bajo project is set to transform Buenos Aires with a new highway to facilitate trade



The issue of infrastructure for development has been revitalised by Argentina's G20 presidency, which named it one of the priorities for the Buenos Aires Summit. Argentine president Mauricio Macri emphasised the mobilisation of private resources to reduce the infrastructure deficit. Directly connected to the priority of the future of work, infrastructure provides physical and digital access to citizens so they can capitalise on such economic opportunities. However, investment in infrastructure is lacking, especially with regards to vigorous growth and inclusivity. Thus, Argentina's presidency emphasises the mobilisation of private investment to close the global infrastructure gap.

Funding infrastructure is not a new initiative of the G20. At the 2014 Brisbane Summit, leaders made 28 commitments on the topic.

#### HIGH-QUALITY PROJECTS

Leaders made eight commitments on infrastructure at the 2016 Hangzhou Summit, reaffirming their intention to promote investment in infrastructure in both quantity and quality. They also endorsed the Global Infrastructure Connectivity Alliance and the guidance produced by the G20 and the Organisation for Economic Co-operation and Development on diversifying financial instruments for infrastructure and small and medium-sized enterprises. They supported the quest of the multilateral development banks for high-quality infrastructure projects, too.

At the 2017 Hamburg Summit there were six commitments, which addressed the global infrastructure gap, sustainable, high-quality, resilient infrastructure development and improved financing.

The first infrastructure funding commitment tracked by the G20 Research Group was made at the 2014 Brisbane Summit on mobilising long-term financing for infrastructure. It incorporated qualifying features that, in order to receive full compliance from G20 members, required long-term financing from both private and public sources. Compliance averaged 97.5%, with all members fully complying except France, which partially complied.

However, Argentina's emphasis on private-sector infrastructure funding is necessary to bridge the gap in infrastructure. The presidency's



### JULIA TOPS

Researcher, G20 Research Group

Julia Tops is a researcher with the G20 Research Group and the co-chair of summit studies with the G7 Research Group. She joined the G7 and G20 Research Groups in her first year of studies at the University of Toronto. Her research interests focus on gender and employment issues, in addition to her other interests in development and international law.

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suggestions to improve project preparation, address data gaps in financial performance, improve the instruments for funding infrastructure projects and seek greater homogeneity among them are promising for inclusive and expansive growth. Argentina is seeking \$26.5 billion in private-public partnerships (PPPs) for infrastructure investment by 2022, as it must engage in austere measures while also needing further infrastructure for competitiveness. Infrastructure investment is suggested to rise by about

60% year-over-year, reaching around 3.5% of gross domestic product. The launch of the PPP programme in November 2017 set a precedent and serves as a model and starting point for discussion at the G20's Buenos Aires Summit, including the use of private-sector funding to lessen the burden of public resources.

#### CAPITAL SUPPLY

Private-sector investment, however, faces some challenges, especially regarding its capacity to be a natural supplier of capital. But the G20 has been successful in addressing infrastructure financing, so concerns about capital supply in this regard are exaggerated. The private sector is vital for continuous expansion, making infrastructure an asset class that channels capital into public infrastructure. For Buenos Aires to be a truly successful summit, it must also address public funding to prevent overreliance on the private sector. Sustainable funding is important, especially within high-risk, low-income states. The G20 should ensure that infrastructure proposals are financed in line with the Sustainable Development Goals, which seek to leave no one behind. G20 members in Argentina should promote PPPs alongside the investigation of the best sources and approaches to financing individual infrastructure projects and criteria for sustainable infrastructure that improves the standard of living. 🌐

#### Funding infrastructure commitments in past summits

8  
2016 Hangzhou Summit

28  
2014 Brisbane Summit

6  
2017 Hamburg Summit

# Human capital: the economic priority of our time

*There is a critical urgency for world leaders to invest in their people. Failure to do so will have negative ramifications for the entire global economy, says Jim Yong Kim, president, World Bank Group*

Each year, when the G20 convenes the countries representing the 20 largest economies in the world, the discussion focuses on issues that are too large and complex – and where the cost of failure is too high – for any single country, region, or organisation to tackle on its own.

Argentina's focus on the future of work in its G20 presidency comes at a critical moment. Technology and innovation are rapidly changing the nature of work. Estimates for the number of jobs that will be lost to automation vary widely, but we know for certain that technology is replacing scores of tasks, changing the scope of existing jobs, creating new occupations and launching career fields that didn't exist just a few years ago.

These profound shifts are creating a sense of urgency for all countries, at all income levels, to prepare their people for the emerging, complex future. The good news is we know how to help countries prepare for that future. The key is making the right investments in people – ensuring that they accumulate the health, knowledge, and skills they will need to compete in tomorrow's economy.

This year, the World Bank Group launched the Human Capital Project, an accelerated effort to help countries invest more – and more effectively – in their people to improve outcomes in the nutrition, health, quality education and skills that are the building blocks of human capital.

The project emphasises not only the role of governments, but also of the private sector and civil society in developing human capital.



**JIM YONG KIM**  
President, World Bank Group

Jim Yong Kim is the 12th president of the World Bank Group. Under his leadership, the organisation established twin goals: ending extreme poverty by 2030 and boosting shared prosperity for the poorest 40% of the population in developing countries. Kim previously served as president of Dartmouth College and held professorships at the Harvard Medical School and the Harvard School of Public Health. He also served as the director of the World Health Organization's HIV/AIDS Department from 2003 to 2005, and he co-founded Partners In Health, a non-profit medical organisation.

[@JimYongKim](https://twitter.com/JimYongKim) [www.worldbank.org](http://www.worldbank.org)

**FINDING CORRELATIONS**

The Human Capital Index, which we launched in October in Indonesia, is part of the project. The Index ranks countries on how effectively they are preparing their people for the future and demonstrates to leaders how much more productive their citizens could be if they enter the workforce with full health and complete, high-quality education. It draws a direct line between better health and education outcomes and future economic growth.

The Index focuses on productivity-related outcomes in three key areas:

**Survival:** What is the probability that a child born today will survive to age five?

**School:** How much school will they complete and, most importantly, how much will they learn?

**Health:** Will children be stunted before age five? And will they be healthy into adulthood, ready for work, with a foundation for lifelong learning?

Countries have demonstrated that they can rapidly transform these outcomes. For example, Poland enacted education reforms between 1990 and 2015 – including three years of comprehensive secondary school for all students – that led to one of the fastest improvements in Programme for International Student Assessment (PISA) test scores among members of the Organisation for Economic Co-operation and Development (OECD). Vietnam, which has achieved extraordinary success in basic education access and learning outcomes, today outperforms the average OECD country on PISA. Peru cut its stunting rate in half – from 28% to 14% in just seven years.

Even the top-performing countries cannot let up in their efforts to build human capital. Singapore, the country closest to the frontier on the Human Capital Index, is continuing to improve its

**7** years

The short time taken by Peru to cut its stunting rate in half

**29**

countries have signed on as Human Capital Project Countries

**11.2**


expected years of school for boys and girls worldwide, according to the Human Capital Index

education system to teach ‘21st-century competencies’ such as self-awareness and responsible decision making and focus on universal early childhood education.

**ACCELERATED PRIORITIES**

So far, 29 countries have signed on as Human Capital Project Countries, including G20 members Indonesia and Saudi Arabia. These countries have each developed a set of accelerated priorities for human capital development, working across government ministries. Other countries have shown keen interest and are in the process of joining the project.

We have no time to lose – world leaders must urgently invest in their people. As innovation continues to accelerate, it will be harder to catch up. Every day that heads of state and finance ministers don't focus on building human capital, their economies, and their countries, will fall further behind.

The impact of investing in people – or failing to do so – will affect the entire global economy. The G20 can set the global agenda and help countries implement policies that work for them. Building human capital and giving everyone a chance to compete in the future must be the economic priority of our time. The collective leadership of the world's 20 largest economies will be critical to making sure that all countries have the opportunity to thrive and that everyone, everywhere on Earth, has a chance to achieve their highest aspirations. 

# The innovative approach of the Asian Infrastructure Investment Bank

*The world's economic institutions must break out of the box if they are to succeed in a shifting global landscape, writes Jin Liqun, president, Asian Infrastructure Investment Bank*

The world has entered a time of unprecedented change. It is a time when countries and international organisations are looking to the world stage and re-examining their respective roles in its future. The old playbook is no longer reliable, but what will replace it is still unclear.

Globalisation and world economic integration have been driving growth and development but have



The Asian Infrastructure Investment Bank headquarters in Beijing, China

suffered setbacks for two big reasons: lack of shared benefits and polarisation between high-income and lower-income countries.

Developing Asia, led by China and India, is at the forefront of a new economic order. But the question remains of whether they will learn the lessons of the past to create a tomorrow that promotes equal opportunities and shared benefits for all.

The global economic institutions may have to reconfigure themselves to adapt to this changing economic landscape. They can start by rethinking the systems or policies that have led to inequality or a ‘one size fits all’ approach to development. We must also seek to preserve the positive features of those institutions that have lifted millions out of poverty, and at the same time raise the bar on environmental and social governance.

Better representation of developing countries in international organisations is needed to recognise their rising share of the world economy. Their experiences can bring fresh and unique perspectives in shaping policies and strategies based on their individual development journeys. This diversity of thought can strengthen the decision-making bodies of our organisations for the benefit of a globalised world.

**32**

infrastructure projects approved by AIIB

**THE VOICE OF ASIA**

In response to this dynamic world where growth and economic influence has shifted, the governance of the Asian Infrastructure Investment Bank (AIIB) was set up to give developing countries in Asia a bigger voice. Many of the directors on our board also represent our borrowers, and thus play an important role in influencing our policies and strategies from a client perspective. We have greatly benefited from their input and are able to be more customer-centric and pragmatic in our approach to lending.

**6.4<sup>bn</sup>**

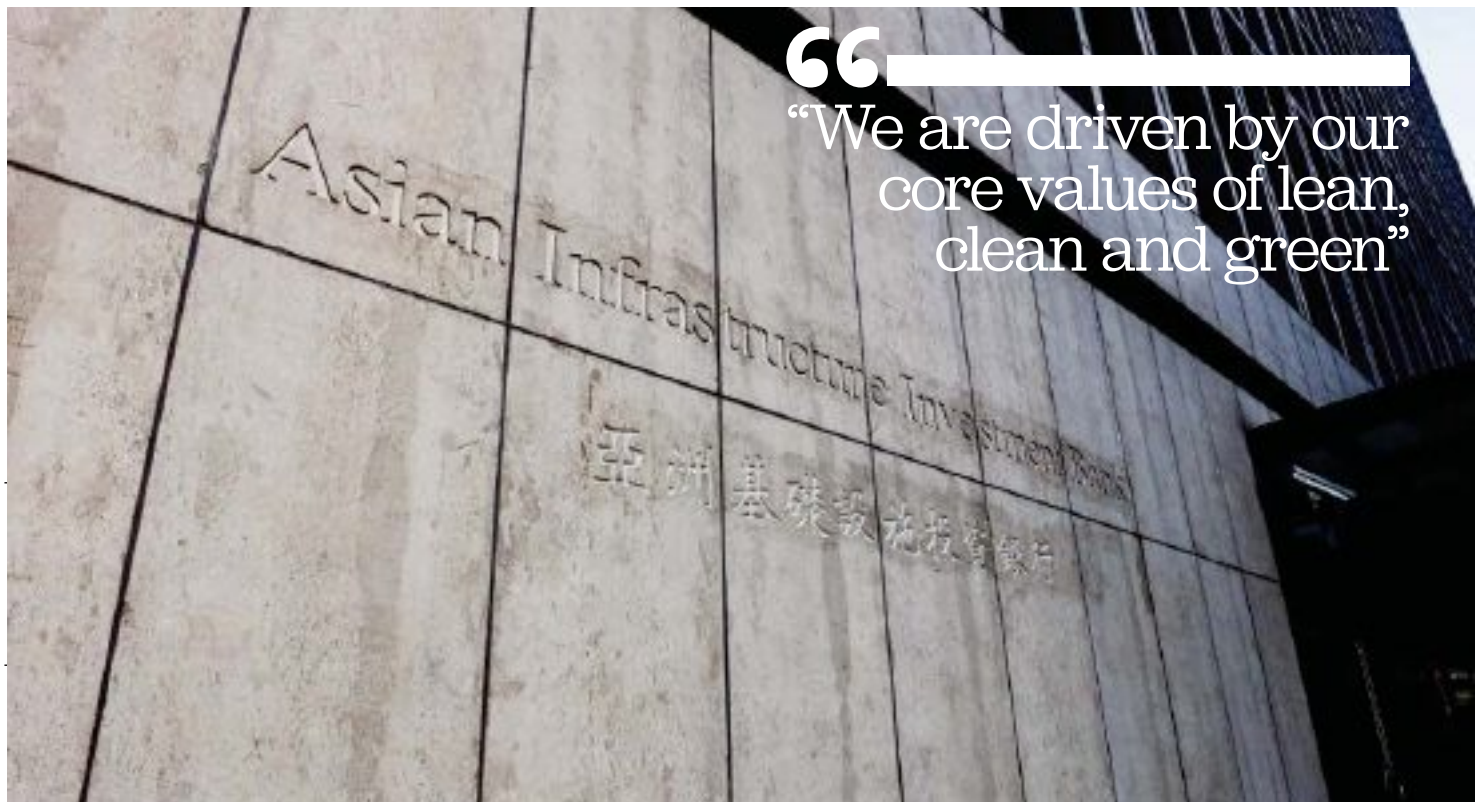
dollars invested in projects for sustainable development

At AIIB, accountability is deeply embedded in our system of management. The board has decided to delegate to the president the authority to approve investment projects on a principle-based approach. With a clear division of responsibility, the board can now focus on its key role of providing oversight and strategic guidance, and holding the president to account. While this approach is the normal

**87**

members, including 19 prospective members

practice for virtually all private companies, it is innovative among multilateral development banks. This will create a culture where management maintains a strong sense of accountability and responsibility and that greatly increases efficiency, responsiveness and speed. With more



“We are driven by our core values of lean, clean and green”

## JIN LIQUN

President, Asian Infrastructure Investment Bank

Jin Liqun was appointed the inaugural president of the Asian Infrastructure Investment Bank (AIIB) in January 2016, having served as president-designate since September 2015. Previously, he was secretary-general of the Multilateral Interim Secretariat, which prepared the legal, policy and administrative frameworks required for establishing the AIIB. Before working on the AIIB, Mr Jin served in top management at the China International Capital Corporation Limited, the China Investment Corporation and the International Forum of Sovereign Wealth Funds, as well as the Asian Development Bank and China's Ministry of Finance.

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decision-making authority comes an enhanced sense of ownership and prudence.

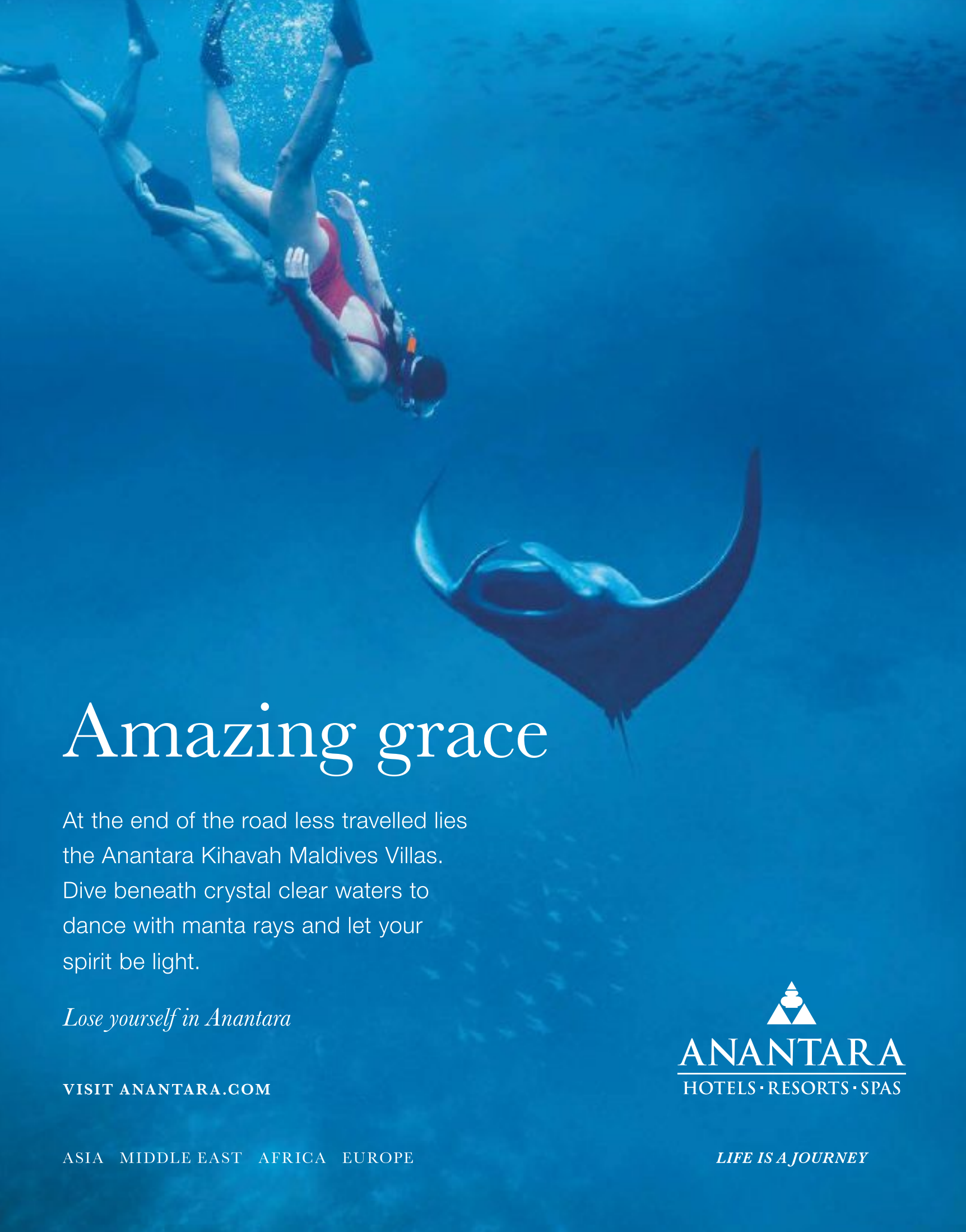
### A MODERN BANK

We believe these types of innovations are critical to building a 21st-century bank with modern governance, an efficient and engaged employee base and a strategic board of directors.

Although we are still a start-up, we aim to be a bank of choice for the sustainable infrastructure investments that will drive Asia's future. We are driven by our core values of lean, clean and green: lean because we have a focused mandate and we strive to be nimble and client-focused; clean because we operate to the highest standards with zero tolerance for corruption; and green because we support our members in meeting their nationally determined commitments under the Paris Agreement.

AIIB is the new kid on the block. We are still building our capacity and we have a lot to learn about development. Yet global shifts, technology and rapid urbanisation create opportunities to redefine development. We will take advantage of these opportunities to explore new ways of creating shared benefits and expanding the role of developing countries in global economic institutions.

As an international organisation, we recognise we must adapt to maintain our relevance in an ever-changing world. It is with this innovative mindset that we stand ready to work with our shareholders, partners and clients to invest in the critical infrastructure that will drive economic opportunities in Asia and beyond. 



# Amazing grace

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*LIFE IS A JOURNEY*

Initiated by the G20 in 2014, the Global Infrastructure (GI) Hub is an independent entity that works with governments and the private sector to improve the delivery of high-quality infrastructure services in both G20 and non-G20 countries.

The GI Hub develops and disseminates pragmatic knowledge products and tools for infrastructure markets. We focus on collaborating with governments, the private sector and our partners to identify, successfully procure and future-proof infrastructure projects that are necessary, resilient and sustainable in a rapidly evolving world.

High-quality economic infrastructure underpins economic activity both within and across national borders. It is one of the most powerful levers available to support businesses – from small

*Mark Moseley, acting  
CEO and COO, Global  
Infrastructure Hub,  
says high-quality  
infrastructure underpins  
economies, but there is  
a gap in infrastructure  
investment that only  
ongoing commitment  
from governments and the  
private sector can close*

and medium-sized enterprises to large multinationals – to make the investments that drive inclusive, sustainable growth across the globe. It promotes development in emerging economies, growth and employment in developed economies and trade among all.

However, economies around the world face significant challenges in meeting current and future demand for infrastructure, driven by growing populations, rapid technological innovation, the increasing integration of the global economy and value chains, the legacy of ageing or poorly managed assets, and public balance sheet and fiscal pressures.

One of our flagship tools, the Global Infrastructure Outlook, forecasts that \$97 trillion will need to be invested in infrastructure by 2040. Based on current



# The foundations of economic activity



trends, we forecast that only \$79 trillion will be invested, leaving a \$18 trillion gap.

Although governments have a crucial role to play in closing the gap, a big part of the solution is greater involvement by the private sector. These investors have the resources and the experience to invest directly in productive infrastructure, and partner with governments to build and manage public investments more effectively.

**A PRIORITY AREA**

Reassuringly, the G20 finance ministers announced in Buenos Aires on 23 March 2018 that infrastructure would remain a priority for at least the next three years – a very welcome announcement for those in the private sector who have long called for greater global coordination of efforts in this area.

In addition, the recent announcement by Canadian prime minister Justin Trudeau regarding funding for the GI Hub to establish an ancillary office in Toronto is also very encouraging.

Most significant for the GI Hub is the re-establishment of the G20's Infrastructure Working Group and the creation and endorsement of the Roadmap to Infrastructure as an Asset Class by the G20 leaders.

This roadmap is the first real, multi-year work plan that the G20 has produced on this issue, and we believe that with continuing support from future G20 presidencies it will lead to the creation of infrastructure as a standalone global investment asset class.

The roadmap presents the G20's version of a vision that has been talked about for close to a decade in the private sector: the creation of an infrastructure asset class that makes private-sector investment easier and more transparent around the world and facilitates the flow of private capital into much-needed public infrastructure projects.

Core elements of the roadmap, such as greater standardisation of documents and contracts for both procurement and financing, and an emphasis on better project preparation, are critical to delivering more bankable projects in which the private sector can feel comfortable investing.

Another key aspect of the roadmap is the ambitious Infrastructure Data Initiative, which will provide potential investors with infrastructure investment performance information that will allow them to make assessments on the relative risks of infrastructure



**MARK MOSELEY**

*Acting CEO, GI Hub*

Mark Moseley was appointed acting CEO of the GI Hub in October 2018 and has been chief operating officer since 2017, having initially joined the organisation in November 2015 pursuant to a secondment agreement with the World Bank. At the World Bank, He held the position of lead lawyer in the Public-Private Partnerships Group, and was the task team leader for the World Bank Public-Private Partnerships Infrastructure Resource Center Website Project and for the Recommended PPP Contractual Provisions Initiative.

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**\$97**trn  
needs to be invested  
in infrastructure  
by 2040

**\$79**trn  
The amount the  
GI Hub forecasts will  
be invested to 2040

**\$18**trn  
The global  
infrastructure  
investment gap

investments. Currently, infrastructure investors have limited data about the long-term financial performance of infrastructure projects, and this knowledge gap has been called out by various private- and public-sector stakeholders for some time.

**PRIVATE CAPITAL UNLOCKED**

Importantly, this means not just financial performance, but also measures of environment and social sustainability, governance and economic performance. Creating and making this type of data available to investors is key to helping unlock private capital flows, not only into G20 member infrastructure projects, but also into those in emerging markets.

The G20 has an opportunity to create an environment that unleashes private investment, and helps governments around the world procure and deliver projects that improve the lives of their citizens – and contribute to sustained and equitable economic growth.

Closing the infrastructure investment gap will require the ongoing commitment of governments and a greater role for the private sector – as both an investor and a delivery partner.

As a G20 initiative, the GI Hub is grateful for the ongoing support expressed by the G20. It is our primary purpose to help the G20 deliver on its infrastructure ambitions, and we have never before seen such an alignment between public- and private-sector objectives, and never been as confident that they can be achieved. 🌐

Technology in Shanghai is transforming the city into a smarter, greener and more sustainable metropolis



# Investments in quality infrastructure

*Technological innovations will have a material impact on how we think about and implement infrastructure, while revolutionising our approach to development, says K.V. Kamath, president, New Development Bank*

Infrastructure requirements for the coming decade are well documented. These requirements multiply when we factor in the investments required to meet the United Nations Sustainable Development Goals (SDGs). Achieving the SDGs will require additional funding, particularly in low-income countries where access to basic infrastructure is lacking. There is also an urgent need to maintain and renovate existing

infrastructure in many of the emerging economies that is resulting in economic and environmental inefficiencies.

The quality of infrastructure is a major determinant of the quality of life for our citizens. If we want to pursue the agenda of shared prosperity for all, it begins with access to decent infrastructure for everyone.

Infrastructure drives economic growth during the investment phase and thereafter. It creates long-term productivity gains and facilitates poverty alleviation and job creation.

#### INDUSTRY 4.0

However, the landscape for projecting future infrastructure is changing quickly. We stand today at the dawn of a new industrial revolution where technology-led disruption is transforming the way we perceive products, services and our physical space. Smart grids, autonomous cars, bike-sharing, green buildings, large-scale off-grid systems and hyperloops have the potential to advance rapidly in conjunction with ongoing innovations in network connectivity and bandwidth.

These developments will have a material impact on how we perceive and think about infrastructure. The infrastructure that we need to build today, for use over the next several decades, is fundamentally different from what we have built in the past. It is also becoming increasingly apparent that the impact of technology will completely revolutionise approaches to economic development and service delivery.

Early signs of this emerging trend are visible in Shanghai, where technology is transforming the city into a smarter, greener and more sustainable metropolis. The pace of change is incredibly rapid and widespread affordability is driving mass accessibility and adoptability.

Since the launch of the New Development Bank (NDB) in July 2016, it has put forth a progressive framework for doing things at speed with due consideration for economic, social, environmental and climate change impacts. The bank has approved 26 projects for about \$6.5 billion. It intends to have a total approval book of about \$15 billion by the end of 2019.

#### REVERSING THE DAMAGE

The NDB's first batch of projects were all in the renewable energy sector. This was more than a symbolic gesture; it conveyed the message of the founders

“ We stand today at the dawn of a new industrial revolution where technology-led disruption is transforming the way we perceive products, services and our space”


that we are committed to a better and more sustainable future for our member countries. We are now focusing not only on renewables, but also on projects that aim at undoing the damage done to the environment during the earlier growth phases of some of our members. These types of projects can be replicated across all countries, driving sustainability and improving system efficiencies. Sustainable infrastructure will make up about two-thirds of the NDB's total projects in the future.

#### AN EFFICIENT APPROACH

In the coming years, the NDB will continue to pursue its objective of facilitating its members' development agenda. It stands ready to partner with

other financial institutions to fund NDB members' infrastructure requirements. We will strive to be the multilateral development bank for the 21st century and we will continue to be quick, efficient and innovative in our approach.


Infrastructure investments are ultimately about investing for the future. The biggest economic opportunity today is that we invest in a new generation of smart, sustainable technologies that meet our infrastructure requirements. We have both the duty and the privilege to deliver on our mandate in a manner that serves our members and ennobles their collective future.

Unlocking finance may be possible, but ensuring every dollar is well spent may be the next challenge. 



**K.V. KAMATH**  
President, New Development Bank

K.V. Kamath is the president of the New Development Bank, established in 2015. He is the former chair of ICICI Bank and Infosys Limited, and previously worked with the Asian Development Bank. He has also served as the president of the Confederation of Indian Industry and as co-chair of the World Economic Forum's annual meeting in Davos.

 [www.ndb.int](http://www.ndb.int)

# G20 performance on **labour and employment**



*Meredith Williams, research associate, G20 Research Group, calls on the G20 leaders to continue development and further their employment plans to overcome the challenges that the future of work might bring*

G20 leaders will discuss the future of work in the age of the digital revolution as one of their top three priorities when they meet for the Buenos Aires Summit. As host, Argentina will focus on unleashing peoples' potential through innovative and coordinated skills development policy and by improving labour conditions and shaping an equitable and inclusive future of work for all.

The global unemployment rate is expected to fall from 5.6% in 2017 to

5.5% in 2018, after three years of rising unemployment. However, there are significant variations in employment outcomes among regions. Ageing populations will inevitably lead to an increased average age in the labour force, challenging global workers' ability to keep up with innovation and structural changes.

With 9% of jobs across the members of the Organisation for Economic Co-operation and Development (OECD) likely to be automated in the next 15 years, G20 leaders will face demographic trends

and technological changes that will transform jobs in the global economy. The G20 has laid a solid foundation to take strong policy action to minimise digital disruption in labour markets.

#### COMMITMENTS

The G20 summit has made 126 commitments on labour and employment – or 5.3% of the total 2,398 commitments made – since 2008. Only one refers to digitalisation. Leaders made no commitments on labour and employment at their first summit in 2008 in Washington DC or at the 2010 summit in Toronto. They made four at the 2009 London Summit, followed by three commitments at the 2009 Pittsburgh Summit. The 2011 Cannes Summit had eight commitments, followed by 18 at Los Cabos in 2012. The 2013 summit in St Petersburg saw a spike to 29, in the wake of the global unemployment crisis – the most made by far. At the summit in Brisbane in 2014 the G20 leaders made 16 commitments, followed by 10 commitments at Antalya in 2015, nine at Hangzhou in 2016 and 25 at Hamburg in 2017.

#### COMPLIANCE

Of the 126 commitments on labour and employment, 16 have been assessed for compliance by the G20 Research Group. They average compliance of 75%. Six commitments made at the 2013 St Petersburg Summit were assessed, and averaged 86%.

Two commitments, one on creating fair labour markets and the other on exploring mechanisms to share work-linked training, had the lowest scores each of 48% from London and 20% from Brisbane. Cannes had two commitments assessed for compliance, on encouraging labour participation, with an average of 74%. Brisbane had two commitments assessed, on implementing social protection systems and committing to reducing youth unemployment, with an average of 82%. Antalya had four commitments assessed on integrating youth into the employment market and monitoring the implementation of the 2015 employment plan, with an average of 67%. One commitment from Los Cabos was assessed, on stimulating job creation. It received 100% compliance.

#### CAUSES AND CONSEQUENCES

The effects of the 2008 global financial crisis and the digital revolution stand out as causes of this commitment and compliance.

# 9%

of jobs in OECD members likely to be automated within 15 years

# 5.5%

Expected global unemployment rate in 2018


# 75%

Average compliance on labour and employment promises

The global financial crisis led to a significant increase in unemployment, especially in the European Union and among youth, resulting in decreased household income and hitting youth the hardest. Consequently, the G20 committed to invest in lifelong learning programmes to provide skills portability and better prospects, facilitate mobility and enhance employability. However, global unemployment is still expected to grow by a 13 million by 2018, as global trends such as the digitalisation and automation of jobs take their toll.

Structural sectoral shifts towards services will create further complex pressures on global job equality, as many jobs will be automated. A large portion of the population will see their employability shrinking. According to the International Labour Organization (ILO), internal and external employment forces such as technological progress, digitalisation and labour force demographics will likely continue to reallocate employment across production sectors. It will therefore be challenging for G20 members to achieve higher compliance if the labour sector globally continues to worsen.

#### CORRECTIONS

The G20 has a solid understanding of the causes and effects of labour and unemployment issues, especially since the 2013 global unemployment crisis. At Buenos Aires, leaders should focus on developing collaborative solutions to encourage more opportunities for inclusive, fair, sustainable employment opportunities. They should continue to develop and implement their G20 employment plans. They should focus on supporting the ILO and OECD agendas to overcome the changes the future of work might bring, with the growth of the digital economy, to prepare for the effects on the labour market. They should encourage the active involvement of diverse actors, such as trade unions and employers' organisations, in promoting effective collective strategies to achieve inclusive employment. 

#### MEREDITH WILLIAMS

Research associate, G20 Research Group

Meredith Williams is a research associate with the G20 Research Group, focusing on fintech regulation and digital disruption and innovation. She is also a research associate with the Creating Digital Opportunity project of the Innovation Policy Lab at the Munk School of Global Affairs and Public Policy at the University of Toronto, working on blockchain technology innovation and regulation. She is currently studying for her master of law degree in innovation technology at the University of Edinburgh, while pursuing her career in the financial services industry.

 @G20RG  [www.g20.utoronto.ca](http://www.g20.utoronto.ca)



*Interview with Guy Ryder*

# Backing the G20's employment agenda

*The International Labour Organization is a global knowledge centre on work. To deliver decent work for all, it is supporting related G20 targets – particularly in fostering fairer and more inclusive development. Guy Ryder, director general of the International Labour Organization, shares how*

***How has the International Labour Organization (ILO) supported the G20 agenda?***

We're pleased to be among a small number of international organisations invited as observers to the G20. In that role the ILO provides technical inputs, analyses and policy advice on the presidency's priorities in areas that relate to our mandate and the decent work agenda. In recent years we've addressed labour market trends, gender equality, global supply chains, fundamental principles and rights at work, skills development, social protection and a just transition to a carbon-neutral economy.

***Where has such support been most effective in spurring G20 success?***

The role of the decent work agenda in achieving fairer and more inclusive development has gained wide acceptance by G20 members. It has helped shift the debate towards a people-centred approach to coordinating economic policy. We've also been able to point to the labour implications of emerging trends, often in the context of the future of work, such as the platform economy.

***How important has ILO engagement been at the ministerial level?***

The ILO hosted the first-ever Education and Employment Working Group meeting in June 2018. Our technical inputs helped provide the basis for a

meaningful dialogue between those two ministerial departments and the successful joint declaration between labour and employment ministers and education ministers. We hope that such documents can help stimulate policy discussions and debates in the ministers' respective countries.

### **What distinctive resources does the ILO bring to the G20?**

The ILO is a global knowledge centre on work. We're well placed to share relevant data and analysis on the different dimensions of decent work, and to provide technical expertise and policy recommendations. Our tripartite structure gives us the experience and authority to promote social dialogue as an important component of the G20's discussions, as well as in policymaking.

### **How can the ILO assist the G20 in ensuring the timely implementation of its commitments?**

The ILO is called on to summarise progress made on specific targets (for example, reducing the gender gap in labour market participation by 25% by 2025), based on data provided by our members. In addition, presidencies often request reports that document progress over longer periods.

### **How has the ILO been working with the G20 this year?**

For Argentina's presidency, we've provided technical papers on informality and non-standard forms of employment; accelerating action to eliminate child labour, forced labour and modern slavery, with a focus on global supply chains; and women at work in G20 countries. We also contributed joint papers with the Organisation for Economic Co-operation and Development on social protection, labour market inclusion of people with disabilities, global skills trends, training needs and lifelong learning strategies for the future of work, plus skills for the future of work. In the Development Working Group, we contributed a paper on inclusive business and in the Framework Working Group we prepared notes on financing skills needs and social protection.

### **What are the ILO's priorities for the Buenos Aires Summit?**

We hope the leaders' communiqué recognises the importance of policies that shape an inclusive future of work as critical to sustainable growth and development. As before, we look to it to recognise the importance of the decent work agenda, which has gained widespread recognition. Under Argentina's presidency, the finance track has emphasised the need for fiscal space for broad social protection initiatives

## GUY RYDER

Director general of the International Labour Organization

Guy Ryder has been director general of the International Labour Organization since 2012, having held various senior positions in the ILO from 1999 to 2002 and again since 2010. Ryder leads the organisation's action to promote job-rich growth and to make decent work for all a keystone of strategies for sustainable development. He has a background in the trade union movement and is the former general secretary of the International Trade Union Confederation.

🐦 @GuyRyder 🌐 [www.ilo.org](http://www.ilo.org)




“The future of work presents complexities for G20 members that deserve ongoing attention”

as well as for lifelong learning. That whole-of-government approach would be a welcome theme in the communiqué. There has also been broad consensus on the importance of implementing the G20 strategy to eradicate child labour, forced labour, human trafficking and modern slavery, as adopted by the labour and employment ministers in their own declaration, and on promoting labour formalisation. And the G20 guidelines on skills for an inclusive future of work, adopted by the education and labour ministers, also deserve a place in the communiqué.

### **What emerging issues should the G20 address in the next few years?**

The future of work continues to present complexities for G20 members that deserve continued attention, particularly in the context of the 2030 Agenda. The opportunities and challenges presented by new technology for the world of work need to be explored further, particularly regarding closing regulatory, protection, skills and representation gaps. The impact of changing demographics on work is another very important issue. Climate change, resilience and the need for sustainable production and consumption patterns also present both potential and risks for workers and firms.

### **How can the ILO and G20 work more closely together?**

The ILO centenary in 2019 will focus on various issues that resonate with the G20 agenda and the Sustainable Development Goals. Our Centenary Initiatives, including the future of work, end of poverty, women at work and the green economy, are – or can be – reflected in the work of the G20. We look forward to the reflections of the G20 members on the occasion of the ILO centenary as a means of informing the work of the G20 itself. 

25%

Targeted gender gap reduction in labour market participation

# The L20 vision for Argentina's G20 presidency

*The development of skills and competencies needed for the future world of work can only occur if communication lines remain open among education systems, social actors and governments, says Gerardo Martínez, chair, L20 Argentina*





The world of work is changing very rapidly. Changes in organisations, migration, innovation and technology are all part of this transformation. Technological changes pose a challenge to improving people's qualifications through training. To this end, these changes must take place under a 'just transition' framework that enables fair access to scientific and technological developments for workers.

We, the Labour 20 (L20), support public policies based on social dialogue that ensures that companies and those developing technologies transfer that technology to the educational system. It is thus important for the world of work to engage in dialogue with the educational system.

Social actors must engage, along with national and local governments, in discussing, planning, developing, managing and evaluating professional training, and in the acquisition and acknowledgement of skills and competencies.

They must work together to improve average work qualifications by offering lifelong training, for the workplace and in the workplace. That training must be accessible to everyone and be good quality; it must respond to the requirements of the world of work, to the different needs and expectations of workers and, essentially, to the development of society.

#### **PROGRESSIVE TRAINING, LIFELONG LEARNING**

An integral technical and professional educational system is required, one with sufficient lifelong training to match the dynamics of technological change within the frameworks of collective labour agreements. Similarly, it is paramount that different levels and educational modes be articulated, to propose progressive training offers, so that people can learn, complete, reorganise and expand their knowledge.

Training must integrate the following:

- technical aspects typical of each occupation;
- human and labour rights;
- the culture of work;
- civic values;
- the promotion of youth participation in the labour market;
- care for migrants, older workers and independent workers with no social protection;
- reduction in the gender gap;
- the empowerment of workers in the informal economy; and
- the development of productive enterprises.


To attain these objectives, the L20 proposes the following recommendations to G20 leaders:

- Promote effective spaces for dialogue and collective bargaining.
- Improve the quality of democracy and governance in tripartite mechanisms that ensure these actions do not become distorted in favour of economic interests that disregard the social and work needs of the individual.
- Articulate and promote the participation of actors involved in production, education and training in creating policies that promote full, decent, productive and freely chosen employment.
- Promote public policies that help reduce inequality in the region and create a new paradigm of more inclusive and humane sustainable development that protects the dignity of work.
- Develop strategies for a just transition towards a green, digital future of work.
- Create a new culture of work that strengthens the collective and reinforces the ability to interpret and transform reality with social justice.
- Promote actions that defend social control of public resources that have been allocated to professional training.
- Connect young people and adults to learning contexts closely tied to training in line with their interests that expand their point of view, let them understand whole processes, learn how to work with others and interact in socio-productive environments.

All in all, these elements make it possible to face the challenges posed by technological changes and, at the same time, reduce inequality in our societies.

Competencies and lifelong learning, the formalisation of the informal economy, the fight against non-standard forms of employment and the expansion of social protection are among the themes of Argentina's G20 presidency.

They are all necessary components of a just transition that prepares the labour force for the future of work and ensures an economically, socially and environmentally sustainable future.


Saying that a different world is possible is to promote a social contract where social justice is universal. 



**GERARDO MARTÍNEZ**

*Secretary general of UOCRA*

Gerardo Martínez chaired the L20 under Argentina's 2018 G20 presidency. He is the secretary general of UOCRA, Argentina's construction trade union, secretary of international relations of the General Confederation of Labour of the Argentine Republic and a member of the board of directors of the International Labour Organization.

 [www.l20argentina.org](http://www.l20argentina.org)

Cognizant



*Work is the foundation of modern society. Everything that we value, dream of, worry about, is based on work. Without work things fall apart. The fact that work is changing so fast at the moment explains (in part) why the world is so awash with angst*

# The future of work is no longer in the future

Look around, and you can see the radical and rapid change in the nature of work in every corner of the globe. Many mature industries are undergoing, at best, existential shocks – at worst, complete tailspins. Old skills have declining value. Old business models based on those skill sets are being crushed under the weight of economics that no longer make sense. Imbalances between job openings and qualified candidates put huge strains on governments struggling to adjust as public-sector finances become stressed beyond tolerance. In the United Kingdom, as one example, 30,000 media studies students graduate every year into a fast contracting commercial media industry, yet 600,000 technology-related vacancies go unfilled.

All around us, a new world is being created by the collision of four major, macro, long-term trends:

- The ongoing, unstoppable growth of globalisation
- The primacy of the ‘platform’ provided by the internet and new waves of technology
- The rise of millennial and Gen-Z generations
- The ‘virtualisation’ of organisations

This collision sees the world of work as quite different from just a few years ago. Consider the following:

**A massive refresh of technology is happening** – large organisations are racing to retool for a new era of cloud computing, automation, algorithms and artificial intelligence.

“This tension between the past and the future of work is one of the most pressing issues that political, business and civic leaders need to engage with at the G20”

**A battle is raging to secure access to new skills and talents** – the languages of the future are not French or German, Chinese or Spanish, but Python and Java, C++ and Hadoop.

**New jobs are emerging** – a generation ago, being a ‘social media manager’ would have required some explanation when you went home for the holidays. Now, no one would bat an eye. In another few years, telling your family that you’re an ‘algorithm bias auditor’ will simply elicit the response, “Pass the cranberry sauce, please...”

**The look and feel of working is the same as chilling** – the workers of the future sit on couches in hoodies, mind to mind through Slack with Scrum mates on the other side of the world. The cubicles are emptying, the suits are at home in the closet, and the client/server green screens are hardly ever on.


**Platform economics leave little room for runners up** – in a world of Metcalfe’s Law (the greater number of users on a platform,

the more valuable it becomes) being number one means everything. Coming in second? You might as well be last. The commercial consequences of this reality are still being adjusted to by organisations in every industry.

Relatively free trade and relatively frictionless movement of capital and labour have had the unintended consequence of amplifying global volatility and instability, as capital has sought alpha wherever it can and labour has sought its premium wherever it can. Bubbles have gotten bigger and crashes have gotten more severe.

**EMERGENCE OF NEW WORK**

In the midst of all of this churn and uncertainty, new industries are emerging and exploding in the red hot furnace of digitisation. Huge money is being created from work that represents the future. Work requiring completely different skill sets and attitudes and expectations. Work leveraging new faces from new parts of the world. Work that we don’t fully understand yet. Work that is weird and strange and unsettling and trivial and extremely stretching. Work that is not fit for our parents and will seem ridiculous to our kids.

This tension between the past and the future of work is one of the most pressing issues that political, business and civic leaders will need to engage with at this year’s G20 meeting. Seizing the opportunities of the future – and spreading these opportunities as widely as possible – are the surest routes to ensuring economic growth and social harmony. Failing at either of these tasks presages a future that is unsettling to contemplate. 

**BEN PRING**

Co-founder and managing director, Cognizant

Ben Pring co-founded and leads Cognizant’s Center for the Future of Work. He sits on the advisory board of the Labor and Work Life programme at Harvard Law School, and this year has been a Bilderberg Meeting participant. Ben is a co-author of the bestselling and award-winning books *What To Do When Machines Do Everything* (2017) and *Code Halos: How the Digital Lives of People, Things and Organizations Are Changing the Rules of Business* (2014). He holds a degree in philosophy from Manchester University in the United Kingdom.

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*Argentina's youth summit signalled the drive, ingenuity and talent of the world's young people, say Lucía Burtnik, Y20 academic director, and Agustín Alejandro Batto Carol, Y20 chair*

# Young people: shaping the future



A young man is using 3D to print prosthesis for children in Argentina. On the other side of the world, Mihir, aged 17, invented a low-cost, intelligent drone for finding people who are trapped after disasters. And there's Shubham who started Braigo Labs, offering low-cost Braille printers to help the visually impaired. What do these three people have in common? All of them were under 30 years old when they embarked on the adventure of solving challenges and improving the lives of millions. It just takes a few Google searches to find that the list is far longer than that.

Young people are usually seen as 'adults in the making', but do not let the bad press of teenage years deceive you. Neuroscience and developmental psychology show that by the age of 15 people have reached most of the intellectual markers of adulthood.

Moreover, the period of puberty to 25 years has been identified as one of heightened neuroplasticity – a

feature that is connected with great potential for learning, more risk-taking and status quo-challenging attitudes.

With the right environment and support, this breeding ground for creativity can become the guaranteed source for humanity to solve our biggest challenges.

As for challenges, the beginning of the 21st century brought rapid transformations in one realm that affects many others: the world of work.

By 2030, as many as 375 million people worldwide will need to switch occupations and upgrade their skills. This number is especially alarming given that young people's unemployment rates are usually worse than the general workforce in almost every G20 country. This means that the risks of job loss are embedded in a context of a very fragile job situation for young people.

## **OPPORTUNITY FOR DEVELOPMENT**

What can be done to reduce the risk of unemployment while transforming this historic moment into a chance for development? And, if continuous training is needed, what are the skills that can better prepare future workers for a world of uncertainty? How can we train them?



Fortunately, there is plenty of research and evidence on the skills that will be most important in the 21st century. The World Economic Forum's *The Future of Jobs Report 2018* highlights proficiency in new technology, creativity, critical thinking, persuasion, negotiation, emotional intelligence, leadership and social influence as some of the skills increasing in demand.


Certainly, our education systems around the world are ready for this, right? Well, even though countries

The 2018 Y20 summit gathered young social innovators together with official delegates to further meaningful youth projects that have global application

worldwide have made enormous progress in extending schooling, millions of students lack basic literacy and numeracy skills, let alone foundational cognitive, socio-emotional and higher-order thinking skills. The reasons behind this phenomenon are usually complex, including factors such as deprivation and out-of-date teacher training, as well as the difficulties in measuring meaningful skills development.

In a world that changes so fast, effective solutions must make the most of available resources: a broad schooling system, serious research by organisations such as the Organisation for Economic Co-operation and Development and the World Economic Forum on what skills will be needed, and the capacity of youth to question the status quo.

Prior to assuming the presidency of Argentina's Y20, at Eidos we were working on this particular challenge to design meaningful learning experiences for students and employees to develop the skills they need for the future of work, now. When the opportunity arose to gather young people's visions and recommendations for the future, we did not doubt the potential: what if the Y20 2018 could showcase the challenges that matter to young people, and the solutions they are developing while building capacity (and developing crucial skills) among the delegates?

As a result, the Y20 summit gathered young social innovators and official delegates in Córdoba in August, inviting them to participate side by side in the Social Innovation Warehouse, a digital platform to upload youth projects that have been implemented and tested and can be scaled and replicated by governments and civil society worldwide. Through the process, they put into action their empathy, creativity, critical thinking and communication skills. And by the end of it, they were able to show the G20 leaders not only that this generation can create relevant policy recommendations, but also that young people are already implementing solutions to transform reality all over the world. 

## LUCÍA BURTNİK

Academic director, Y20

Lucía Burtnik is the academic director of Y20 and director of innovation for learning and evaluation at Eidos Global. She is also coordinator of the Social Innovation Warehouse, an online platform for young people worldwide to upload scalable and replicable projects on education, employment, sustainability and entrepreneurship.



## AGUSTÍN BATTO

Chair, Y20

Agustín Batto is chair of Argentina's Y20 and delegate to UNESCO's Youth Policy Network for Latin America, and the founder of Eidos Global. With Eidos, Agustín has led projects with the Ministry of Education of Argentina, the Red Vanguardia Iberoamericana, Accenture's Skills to Succeed programme and Minerva University, among others.



 @y20\_summit  [www.youth20.org](http://www.youth20.org)

# Facilitating entrepreneurship

*Bruno Sanguinetti, chair, G20 Young Entrepreneurs Alliance, calls on the G20 to foster and support networks that breed new opportunities for innovative enterprise*

The G20 Young Entrepreneurs Alliance (G20 YEA) is a global network of approximately 500,000 members, composed of young entrepreneurs and organisations that support them.

Immediately after the 2016 G20 summit in Hangzhou, hundreds of young entrepreneurs met in Beijing for the annual G20 YEA summit. That meeting followed on the tradition of collaboration among young entrepreneurs, which began in Italy during its G8 presidency in 2009, and continued in successive G20 presidencies in Canada, France, Mexico, Russia, Australia and Turkey. Each YEA summit released detailed statements intended to engage the G20 leaders and other agencies, deepen our shared understanding of the importance of entrepreneurship, and present ideas to advance its realisation.

The theme of this year's summit, which took place in Buenos Aires, hosted by the Confederación Argentina de la Mediana Empresa (Argentinian Confederation of Medium-Sized Enterprises), was 'Education, Entrepreneurship and the Business of the Future'.

#### **AN UNCERTAIN WORLD**

The current world could be called 'VUCA': volatile, uncertain, complex and ambiguous. Everything that is new

now will be definitively obsolete in a few years, which demands that governments and their citizens must adapt quickly to new challenges. Entrepreneurs are not oblivious to these changes.

The ability to learn, unlearn and relearn is key to the evolution of our society, accompanied by a spirit of collaboration and a sense of community and networking where together we are stronger than when we are separated.

The 2018 G20 YEA Summit focused on boosting activity, offering a proposal that is both fresh and pragmatic, that adds value to its participants. We sought to connect with the public, generate opportunities for direct and transparent business relationships, and show more humane leadership.

#### **ENGINE OF CHANGE**

Entrepreneurship is the great engine of change within societies. It is a spirit inherited from previous generations of entrepreneurs – our parents and grandparents. The entrepreneur is, in the vast majority of cases, someone who creates solutions to problems that people often do not even know they have. It is the person who focuses on making life simpler and more comfortable through apps, products or personalised services.

#### **OPTIMISM FOR THE FUTURE**

Against the backdrop of a pessimistic future in which some predict we will be left without jobs and will be replaced by machines, we should be optimistic. I am convinced that entrepreneurs are the 'creators of solutions' who will bring the answers.


Every year, within the framework of the YEA summit, young entrepreneurs deliberate on what we consider to be the fundamental priorities for the world we want to achieve. During the German presidency in 2017, the G20 YEA community voted for quality education, de-bureaucratized mobility programmes for entrepreneurs and smart tax schemes.

This year at Buenos Aires, we voted for support for entrepreneurial ecosystems, the inclusion

The 2018 G20 YEA Summit sought to boost activity and generate new opportunities for young entrepreneurs



of women in entrepreneurial ecosystems and the creation of business networks.

The role that the state must fulfil is that of a facilitator so that networks can be created and supported and new opportunities fostered. But for that to be accomplished, entrepreneurs must be able to transmit how we need their support, and the G20 YEA communiqué is the best tool for that. 

## BRUNO SANGUINETTI

Chair of the G20 Young Entrepreneurs Alliance

Bruno Sanguinetti is chair of the G20 Young Entrepreneurs Alliance, a global network of 500,000 young entrepreneurs and the organisations that support them in all G20 members. He is also secretary of foreign affairs of CAME JOVEN, the youth branch of the Confederación Argentina de la Mediana Empresa (Argentinian Confederation of Medium-Sized Enterprises) for young entrepreneurs between the ages of 18 and 40.

 @g20\_yea  [www.g20yea.com](http://www.g20yea.com)





# Observational learning in education reform

*What we learn in school no longer lasts a lifetime. To equip young people with the skills needed in modern economies, we must take a coordinated approach, writes Andreas Schleicher, director for education and skills, Organisation for Economic Co-operation and Development*

It is so much easier to educate students for our past than for their future. Schools are inherently conservative social systems: as parents we get nervous when our children learn things we do not understand, and even more nervous when they no longer study things that were so important for us. Teachers are more comfortable teaching how they were taught than how they were taught to teach. And while politicians can lose an election over education issues, they rarely win one over education, because it takes way more than an election cycle to translate intentions into educational outcomes. The biggest risk to education today is that our way of education is losing its purpose and relevance. And when fast gets really fast, being slower to adapt makes education systems really slow and disoriented.

Many of us live in a world where the kind of things that are easy to teach and test have also become easy to digitise and automate. Education has won the race with technology throughout history, but there is no guarantee it will do so in the future. When we could still assume that what we learn in school will last for

a lifetime, teaching content knowledge and routine cognitive skills was appropriately at the centre of education. Today, the world no longer rewards us just for what we know – Google knows everything – but for what we can do with what we know. If all we do is teach our children what we know, they may remember enough to follow in our footsteps. But it is only if we help them build a reliable compass and develop navigation skills that they will be able to find their way through this increasingly complex, volatile and ambiguous world.

#### **FACT VERSUS FICTION**

Our thinking is framed by so many myths. ‘The poor will always do badly in school.’ That’s not true: the 10% most disadvantaged kids in Shanghai do better in math than the 10% most advantaged students in large American cities. ‘Immigrants will lower educational performance.’ That’s not true: there is no relationship between the share of immigrants and the quality of an education system, and the school systems where immigrant students settle matter a





## ANDREAS SCHLEICHER

Director for education and skills, OECD

Andreas Schleicher is director for education and skills and special advisor on education policy to the secretary-general at the Organisation for Economic Co-operation and Development (OECD). In addition to policy and country reviews, the work of the directorate includes the Programme for International Student Assessment, the OECD Survey of Adult Skills, the OECD Teaching and Learning International Survey, and the development and analysis of benchmarks on the performance of education systems. Before joining the OECD, Schleicher was director for analysis at the International Association for Educational Achievement.



🐦 @SchleicherOECD 🌐 [www.oecd.org](http://www.oecd.org)

lot more than the country they came from. 'Smaller classes mean better results.' That's not true: in fact, whenever high-performing education systems have to make a choice between a smaller class and a better teacher, they go for the latter. 'More time spent learning always means better results.' That's not true: study hours in Finland are little more than half of those of students in the United Arab Emirates, but in Finland students learn a lot in little time, while in the UAE they learn very little in a lot of time.

The good news is that our knowledge about what works in education has improved vastly. Still, knowledge is only as valuable as our capacity to act on it. To transform education at scale, we need not just a radical vision of what is possible, but also smart strategies that help make change. The road of educational reform is littered with good ideas that were poorly implemented. And the laws, regulations, structures and institutions on which educational leaders tend to focus are just like the small visible tip of an iceberg.

It is so hard to move school systems because of the much larger part under the waterline. This invisible part is about the interests, beliefs, motivations and fears of the people who are involved in education – parents and teachers included. This is where unexpected collisions occur, because this part of educational reform tends to evade the radar screen

of public policy. That is why educational leaders are rarely successful with reform unless they build a shared understanding and collective ownership for change, and unless they build capacity and create the right policy climate, with accountability measures designed to encourage innovation rather than compliance.

### MAKING THE POSSIBLE ATTAINABLE

In the face of all these challenges we do not need to be passive. Technology and globalisation may have disruptive implications for our economic and social structure, but they do not have predetermined implications. It is the nature of our collective responses to these disruptions that determines what the outcomes are – it is the interplay between the technological frontier and the cultural, social, institutional and economic agents that we mobilise in response. G20 members such as Canada, China or Japan show that universal high-quality education is an attainable goal. So our task is not to make the impossible possible, but to make the possible attainable. This is the only way to deliver a future for millions of learners who currently do not have one. 🌐



# Unlocking human potential... in more than one language

*Qatar Foundation invites the G20 leaders to consider the benefits of multilingual learning in an increasingly interconnected world*

Technology has had a transformative impact on learning opportunities worldwide. As this pattern is expected to continue in the coming years, there are many implications for the future of education that we ask the G20 to consider.

In an increasingly interconnected world, the role of language in facilitating cross-border diplomacy and trade has long been realised. But the prospects of linguistic diversity in education are scarcely researched, and much less actively pursued. At Qatar Foundation (QF), we believe that stakeholders in the field of education have much to learn about the benefits of multilingual education.

**NEW PERSPECTIVES**

There is a significant difference between teaching more than one language and


teaching *in* more than one language. Globally, it is commonplace to educate children in one language. In our experience, such an approach fails to unleash the full potential of every learner. Research has increasingly shown how languages fundamentally shape our thoughts and perspectives; each gives its speakers a different frame of reference with which they extract meaning and understand the world.

To learn a language as a translation of another fails to encapsulate its disparate essence; instead, these ‘second languages’ become truly secondary, and never take form outside of the first language’s structure of thought. These languages may have no life of their own in a learner’s mind, and therefore lose the opportunity to imbue learners with all the perspectives they have to offer.

Succeeding in today’s globalised world, where multilingual speakers are

beginning to outnumber monolingual speakers, requires more than linguistic proficiency in a foreign language. It requires the ability to think in that language and develop interpersonal relations with communities who speak it.

At QF, we are introducing world-class multilingual curricula, and creating multicultural spaces where students and staff from more than 100 nationalities learn from each other’s differences. Such an environment instils different systems of thought in students and enhances their cognitive development.

In light of such insights, we invite the G20 to explore how multilingual learning is enabling students to be informed and engaged interlocutors in an increasingly interconnected world. 



**We debate.**  
**We discover.**  
**We create.**  
**We curate.**  
**We think.**  
**We transform.**

23 years of unlocking human potential.

# Unleashing people's potential

*Education is a human right and global public good, but more funding is needed to bridge the finance gap in delivering education around the world, says Audrey Azoulay, director general, UNESCO*

Education is the challenge of the century. Without education, there will be no freedom or sustainable development. The first-ever G20 education ministers' meeting in Mendoza this year, on "unleashing people's potential", was therefore a powerful signal of high-level political commitment to education. Its declaration recognises the transformative power of education – particularly of girls and women – for poverty reduction and active citizenship, therefore contributing to peaceful, inclusive and prosperous societies. The discussions placed Sustainable Development Goal 4 – with its focus on equity, quality and inclusion at all levels of education, through lifelong learning – at the centre of the development agenda.

Unprecedented rapid change, largely due to the technological revolution, is affecting how we work, learn, teach and

live together. It is disrupting previous models, while opening up tremendous opportunities to expand learning. Education and training systems need to adapt to ensure that children, youth and adults are equipped with the knowledge and skills they need throughout life. It is not only about ensuring that education allows the learner to cope with change. It is also about ensuring that learners drive change and contribute to shaping more inclusive development. UNESCO is working to encourage more holistic and relevant education systems that are geared to 21st-century challenges.

## THE LEARNING CRISIS

As a first priority we need to address the current learning crisis. Worldwide, 617 million children and adolescents – six out of 10 – do not achieve minimum proficiency in reading and mathematics. Two thirds are in school but not learning the basics. Nearly half of these children and adolescents reside in G20 countries. This compels us to seriously review our education policies. More and better qualified teachers are part of the solution. UNESCO estimates that we need to hire 69 million more teachers to achieve quality education for all by 2030, and we need well-trained and motivated teachers. It also means making better use of technology, including open-source platforms that encourage learning, so we are currently developing a Recommendation on Open Educational Resources. We should maximise the full

Education is a powerful tool for poverty reduction

“Worldwide, six out of 10 children and adolescents do not achieve minimum proficiency in reading and mathematics”



## AUDREY AZOULAY

Director general, UNESCO

Audrey Azoulay was elected director general of UNESCO in November 2017 for a four-year term. A graduate of France's École Nationale d'Administration and of the Paris Institut d'Études Politiques, she has worked in the culture sector since the start of her professional career, focusing on the funding of French public broadcasting and on reforming and modernising France's film support system. She has also served the European Commission, providing her expertise on issues concerning culture and communication.

🐦 @AAzoulay 🌐 [www.unesco.org](http://www.unesco.org)

potential of this technology without obscuring the risks. UNESCO is also engaged in reflecting on ethical principles applied to new technologies.

Another priority is to address the mismatch between the skills acquired within education systems and the needs of constantly evolving job markets. Currently, 2.1 billion people around the world are low-skilled.

Public policy needs to reorient education and training to changing demands for skills. This is why UNESCO supports the anticipation of labour market needs and their translation into education and training programmes. It also supports building lifelong learning policies, where qualification systems facilitate education pathways from early childhood to adulthood, between formal and non-formal learning. Education must adequately prepare learners to deal with uncertainty and rapid change – not only for jobs that do not yet exist, but also for the transition to green economies and the digital age. Great emphasis must, therefore, be placed on 'soft skills', such as creativity, critical thinking, teamwork, communication, problem solving and 'learning to learn'. It also means fostering education for global citizenship including values regarding sustainable development, human rights and mutual understanding in a complex world.

### INCREASING FEMALE PARTICIPATION

These skills, plus widespread digital skills, will help to marshal all human talent. We also need to encourage girls' and women's participation in science, technology, engineering and mathematics – currently, they represent only one third of students in higher education in science, technology, engineering



and mathematics. This is an area of particular concern for UNESCO's work on girls' and women's education. Expanded technical and vocational education and training would also open up new opportunities, including in the creative and cultural industries, which employs more young people than any other sector. With the increase in student mobility, we must recognise qualifications and prior learning across borders. UNESCO is preparing the first-ever Global Convention on the Recognition of Higher Education Qualifications.

To meet these educational challenges, we must invest more in education. To cover the costs of basic education alone, we still need to invest an additional \$39 billion per year until 2030. To meet this financing gap, governments must increase public revenues, allocate more of these additional revenues to education and prioritise spending on the most marginalised groups. External aid and new innovative finance mechanisms can also help meet the gap. By sending a clear message that education is a human right and global public good, G20 education ministers have expressed a collective responsibility. This G20 summit and future presidencies have an opportunity to maintain the momentum for international education and truly unleash people's potential. <sup>100</sup>



# G20 Research Group

## G20 Research Group

The G20 Research Group is a global network of scholars, students and professionals in the academic, research, business, non-governmental and other communities who follow the work of the G20 leaders, finance ministers and central bank governors, and other G20 institutions. It is directed from Trinity College, the Munk School of Global Affairs and the Department of Political Science at the University of Toronto, which also host the G7 Research Group and the BRICS Research Group.

Our mission is to serve as the world's leading independent source of information and analysis on the G20. As scholars, we accurately describe, explain and interpret what the G20 and its members do. As teachers and public educators, we present to the global community and G20 governments the results of our research and information about the G20. As citizens, we foster transparency and accountability in G20 governance, through assessments of G20 members' compliance with their summit commitments and the connection between civil society and G20 governors. And as professionals, we offer evidence-based policy advice about G20 governance, but do not engage in advocacy for or about the G20 or the issues it might address.

### *Publications include:*

**Accountability for Effectiveness in Global Governance**, by Marina Larionova and John Kirton, eds. (Routledge)

**China's G20 Leadership**, by John Kirton (Routledge)

**The Global Governance of Climate Change: G7, G20 and UN Leadership**, by John Kirton and Ella Kokotsis (Routledge)

**G20 Governance for a Globalized World**, by John Kirton (Routledge) (also available in Chinese)

**The G20: Evolution, Interrelationships, Documentation**, by Peter I. Hajnal (Routledge)

## Background Books and eBooks

For each summit the G20 Research Group produces a "background book," available free of charge in print and online, outlining the perspectives of the leaders and key stakeholders and offering analysis by leading global experts. It also works with GT Media on the Global Governance Project to produce related analysis and publications.

## Compliance Assessments

For each summit the G20 Research Group, working with the Russian Presidential Academy of National Economy and Public Administration (RANEP), assesses each G20 member's compliance with the previous summit's priority commitments. Cumulative compliance assessments are compiled on key issues.

## Pre-summit Conferences

With a local partner in the country hosting the summit along with a core group of international partners, the G20 Research Group produces a conference in the lead-up to each summit analyzing the institutional workings of the G20 and the issues, plans and prospects for the summit.

## Field Team

The G20 Research Group sends a field team to each summit and some ministerial meetings to assist the world's media, issue its own reports and analyses, allow students to witness

world politics at the highest level at close hand, and collect the documents and artifacts uniquely available at the summit, to build the G20 archives at Trinity College's John Graham Library and online at the G20 Information Centre website.

## G20 Information Centre

@ [www.g20.utoronto.ca](http://www.g20.utoronto.ca)

The G20 Information Centre is a comprehensive permanent collection of material available online at no charge. It complements the G7 Information Centre, which houses publicly available archives on the G20 as well as the G7 and G8, and the BRICS Information Centre, and the Global Governance Project at [g7g20summits.org](http://g7g20summits.org).

## Speaker Series

The G20 Research Group hosts occasional speakers in its efforts to educate scholars and the public about the issues and workings of the G20. Past speakers have included senior officials of the International Monetary Fund and the World Bank and scholars and policy makers from Mexico, Turkey, China, Australia, Brazil, Italy and elsewhere.

## Research

The G20 Research Group conducts research on the causes of summit and system performance and the G20's relationship with the G7/8, BRICS, United Nations and other formal multilateral institutions.

Argentina's T20 has focused on concrete, relevant policy challenges



*Jorge Mandelbaum and Adalberto Rodríguez Giavarini, co-chairs, Think 20 Argentina, highlight the group's work in seeking new solutions for a future that is prosperous, sustainable and socially inclusive*

# The Think 20 in Argentina

The Think 20 (T20) is an open and independent network of think tanks from around the world that provide public policy proposals to the G20. Its goal is to develop concise, research-based policy recommendations to enable a broader vision in directing the G20 policymaking process. The T20 seeks to demonstrate that technical knowledge is at the service of the world's population and countries' growth and development.

And this is very much needed. Our world is currently going through challenging times. Global problems demand cooperative responses and institutions that can generate stable commitments. In our current context, multilateral institutions are finding it difficult to reach global solutions. The G20 is more important than ever before – no one country can solve these challenges by itself.

In 2018, during Argentina's G20 presidency, the Argentine Council for International Relations (CARI) and the Center for the Implementation of Public Policies Promoting Equity and Growth (CIPPEC) were mandated by the Argentine government to organise and



co-chair the T20 process for the year. As the heads of these organisations, we both agree that this has been an exciting and very productive process, and we have thoroughly enjoyed working with our fellow global institutions.

### EVIDENCE-BASED APPROACHES

At the start of the process, the working groups were organised into 10 separate task forces that worked on concrete and relevant policy challenges. These task forces provided a platform for the free exchange of evidence-based views and opinions among experts from more than 150 think tanks and senior representatives of the private sector and international organisations from more than 60 countries. This successful process resulted in the elaboration of more than 80 policy briefs with evidence-based policy recommendations to address global challenges such as climate change, food security, multilateral trade and global inequality. These are all available on the T20 Argentina website.

In September, we hosted the T20 Summit in Buenos Aires, where we presented a selection of these policy recommendations in the T20 communiqué, along with the engagement group's vision. We are honoured to have presented this document to Argentina's President Mauricio Macri at the summit, which was attended by over 1,000 participants from more than 68 countries. The T20 community came together not only to learn and strengthen what we had been working on throughout the year, but also to look back at how far we have come.

If one reads over the policy briefs it is easy to see the global challenges we have to face: climate change, food security, the distribution of the costs and benefits of trade and technology, inequality including gender inequality, needed investment in infrastructure for development, and more.

### COLLECTIVE ACTION

These are collective-action problems in which countries have little incentive to implement individual solutions because these are costly. They can involve conflicts of interest, and those who instigate solutions will not be the only ones to reap the benefits. However, global well-being is unattainable if each country is not prepared to make concessions and strive to promote international cooperation.

Our recommendations include advising the G20 to start a dialogue to redesign the World Trade Organization and prevent increases in recent trade frictions, that it should play a central part in the fight against climate change and that it needs to strengthen the abilities of cities to lead climate change mitigation.

Furthermore, the G20 needs to redesign a new social contract that contemplates the design of a high-quality education system which enables workers to collaborate and interact with next-generation robots. There should also be a social protection system that protects those who may

## JORGE MANDELBAUM

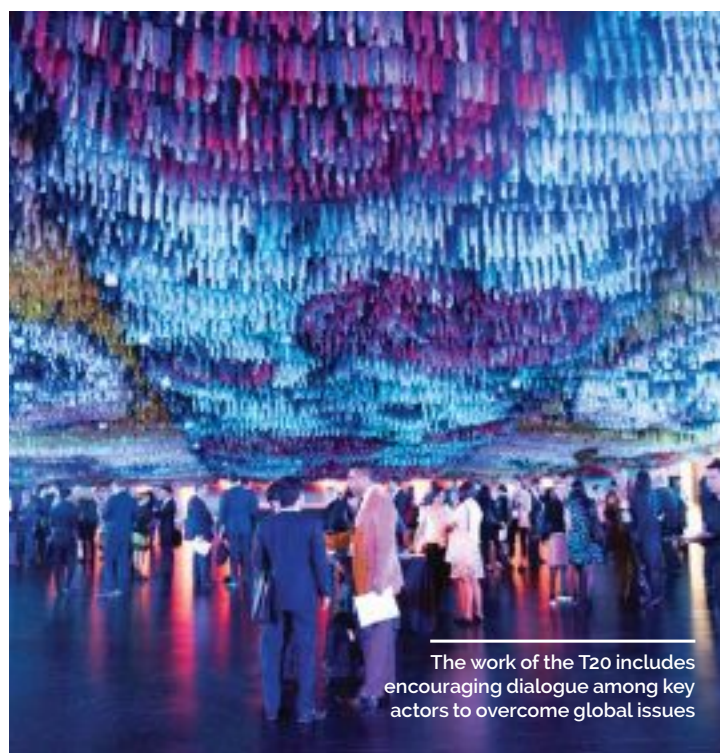
Jorge Mandelbaum is co-chair of T20 Argentina and president of Argentina's Center for the Implementation of Public Policies Promoting Equity and Growth. He is the former director of Caja de Seguros S.A., the largest insurance group in Argentina. He is also a member of the International Advisory Council of the Brookings Institution.



## ADALBERTO RODRÍGUEZ GIAVARINI

Adalberto Rodríguez Giavarini is co-chair of T20 Argentina and president of the Argentine Council for International Relations. He is a member of the board of directors of the National Academy of Moral and Political Sciences and VP of the National Academy of Education. He has served as Argentina's foreign minister, among other public posts.

[@T20Solutions](https://twitter.com/T20Solutions) [www.t20argentina.org](http://www.t20argentina.org)




The work of the T20 includes encouraging dialogue among key actors to overcome global issues

become displaced, as not everyone may be able to adapt readily to new technologies to make these transitions smoothly.

### ACHIEVING TRUE EQUALITY

Closing gender gaps must be at the heart of this new social contract. Gender economic equity is imperative for the global economy.

At the T20, it is our duty to think, produce evidence and actively look for new solutions in order to achieve an economically prosperous, environmentally sustainable and socially inclusive future. The world depends on our work now more than ever before. 

# 3

## A SUSTAINABLE FOOD FUTURE



G20

# performance on **food and agriculture**

*The G20 leaders must commit to investing in new technologies and solutions that focus on the causes, rather than the symptoms, of global food shortages, says Brittany Warren, director of compliance, G20 Research Group*

9.7<sup>b</sup>the projected  
global population  
by 2050

60%

of the world's  
agricultural  
land is in G20  
countries

70%

Average  
compliance  
on food and  
agriculture

When G20 leaders meet in Buenos Aires, they will discuss a sustainable food future as one of the summit's top three priorities. As host, Argentina will focus on slowing the rapid pace of soil degradation, minimising and managing food waste and loss, and developing and harnessing the technology of the new industrial revolution. With the global population projected to reach 9.7 billion by 2050, ensuring all people have enough nutritious and healthy food is central to achieving global economic security, peace, health and general well-being.

The G20 accounts for approximately 80% of global trade in agricultural goods and 60% of the world's agricultural land. It is well positioned to make ambitious commitments at Buenos Aires that address the key causes of land degradation and food insecurity. It has laid a firm foundation in the past.

#### COMMITMENTS

Since its 2008 start, G20 leaders have made 114 commitments on food and agriculture, or 5% of their 2,398 commitments overall.

Their first three agriculture commitments came at the third summit in 2009 in Pittsburgh. The 2010 Toronto and 2011 Cannes Summits made two commitments each. At the height of the global food crisis, the 2011 Cannes Summit saw a significant spike to 36 agriculture commitments – the first year that a pre-summit meeting of G20 agriculture ministers was held.

The following three summits made fewer agriculture commitments: four at the 2012 Los Cabos Summit, 11 at the 2013 St Petersburg Summit and none at the 2014 Brisbane Summit. Then at Antalya in 2015, there were 31 commitments. This dipped to three commitments at the 2016 Hangzhou

Summit before rising again to 22 at the 2017 Hamburg Summit.

#### COMPLIANCE

Of these 114 commitments, six have been assessed for members' compliance, with an average compliance of 70%. The first commitment assessed was made at the 2010 Toronto Summit, with a 60% average. Two were assessed from the 2011 Cannes Summit: a commitment to remove food export restrictions, with 98% compliance, and a commitment to develop risk management instruments to protect those most vulnerable to fluctuations in food prices, with 58% compliance.

Their combined average of 70% was higher than the summit average. The only commitment assessed from the 2012 Los Cabos Summit was on agroforestry development, soil fertility enhancement and minimum tillage, which matches the Argentinian priority of healthy →



Climate change further compounds the challenge of ensuring food security, as agriculture, forestry, and land use and change are responsible for 24% of global greenhouse gas emissions”

soils; it had compliance of 68%. One commitment, on implementing the 2011 Action Plan on Food Price Volatility and Agriculture, was assessed from the 2013 St Petersburg Summit. As with the related commitment from Cannes, its compliance was 90%. One commitment, on youth and women’s employment in the food sector, was assessed from the 2015 Antalya Summit. It had the lowest compliance at just 45%.

A commitment on promoting productivity and efficiency in the value chain by promoting the use of

information and communications technologies, from the 2017 Hamburg Summit, was assessed. This relates to the Argentinian presidency’s focus on harnessing technology to improve food production. Compliance halfway through the period between the Hamburg and Buenos Aires Summits was substantial at 83%.

**CAUSES AND CONSEQUENCES**

Among the causal candidates to account for such compliance, shock-activated vulnerability stands out.

The drought in 2011 that led to Russia’s banning of wheat exports sent global food prices soaring. This shock affected the poorest first and hardest, causing riots, instability and conflict. In response, the G20 committed to control food price volatility and manage export restrictions. Here, the G20 complied the best, and its efforts worked.

However, the root environmental cause – drought – was not adequately addressed, illustrated by the much lower compliance on the healthy soils commitment. This is further shown by the increasing erosion of the Earth’s soils, “human pressures on soil resources ... reaching critical limits”, and sustainable agricultural practices being “valuable for climate regulation”.

Climate change indeed further compounds the challenge of ensuring food security, as agriculture, forestry, and land use and change are responsible for 24% of global greenhouse gas emissions, according to the Intergovernmental Panel on Climate Change. This exceeds emissions from industry (21%) and transportation (14%), and is just 1% lower than electricity and heat production (25%).

**CORRECTIONS**

Thus, at Buenos Aires, the G20 should focus on causes, not symptoms. It should act on the impacts of intensive agriculture on the environment, including soils and climate. It should seek concrete, ambitious solutions to transition to a low-carbon, “climate-smart” and just agricultural system. It should consider the causes of decreased soil fertility, such as deforestation, overgrazing and overuse of pesticides and chemicals. It should invest in new technologies, and take measures such as promoting crop biodiversity over monocrops and considering the scientific evidence of the environmental benefits of a plant-based diet.



**BRITTANEY WARREN**

Director of compliance, G20 Research Group

Brittaney Warren is director of compliance and lead researcher on climate change for the G20 Research Group, the G7 Research Group and the BRICS Research Group, at the Munk School of Global Affairs and Public Policy at Trinity College in the University of Toronto. She has published on accountability measures in summit commitments, the G20 and G7’s compliance and governance of climate change, and the G20’s governance of digitalisation. She has worked in Spain and Peru, where she was involved in a project dedicated to women’s economic empowerment. She is working on a master’s degree in environmental studies at York University.

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# G7 Research Group

The G7 Information Centre at  
[www.g7.utoronto.ca](http://www.g7.utoronto.ca)

In the rapidly globalizing world of the 21st century, the Group of Seven major market democracies serves as an effective centre of comprehensive global governance. G7 members – the United States, Japan, Germany, the United Kingdom, France, Italy, Canada and the European Union – contain many of the world’s critical capabilities and are committed to democratic values. At its annual summit and through a web of G7-centred institutions at the ministerial, official and multi-stakeholder levels, the G7 does much to meet global challenges, especially in the fields of security, sustainable development and economics.

The G7 Research Group is a global network of scholars, students and professionals in the academic, research, media, business, non-governmental, governmental and intergovernmental communities who follow the work of the G7, the G8 (with Russia) and related institutions. The group’s mission is to serve as the world’s leading independent source of information, analysis and research on the G7/8. Founded in 1987, it is managed from Trinity College, the Munk School of Global Affairs and the Department of Political Science at the University of Toronto. Professional Advisory Council members, Special Advisors and participating researchers span the world. Through the G7 Research Group, Trinity’s John W. Graham Library has become the global repository of G7/8 documents, transcripts, media coverage, interviews, studies, essays, memorabilia and artifacts.

The online G7 Information Centre ([www.g7.utoronto.ca](http://www.g7.utoronto.ca)) contains the world’s most comprehensive and authoritative collection of information and analysis on the G7 and G8. The G7 Research Group assembles, verifies and posts documents from the meetings leading up to and at each summit, the available official documentation of all past summits and ministerial meetings (in several G7/8 languages), scholarly writings and policy analyses, research studies, scholarship information, links to related sites and the “background books” for each summit now published by GT Media and the Global Governance Project ([g7g2osummits.org](http://g7g2osummits.org)). The website contains the G7 Research Group’s regular reports on G7/8 members’ compliance with their summit commitments, as well as other research reports.

## BOOKS ON THE G7, G8 AND RELATED ISSUES FROM ROUTLEDGE

**Accountability for Effectiveness in Global Governance**  
*Marina Larionova and John Kirton, eds.*

**The Global Governance of Climate Change**  
*John Kirton and Ella Kokotsis*

**The European Union in the G8**  
*Marina Larionova, ed.*

**The New Economic Diplomacy**  
*Nicholas Bayne and Stephen Woolcock*

**The G8-G20 Relationship in Global Governance**  
*Marina Larionova and John Kirton, eds.*

**The G8 System and the G20**  
*Peter I. Hajnal*

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# A tomorrow built on healthy food and sustainable agriculture

*The G20 accounts for a significant share of agriculture production, and therefore must take appropriate responsibility for ensuring sustainability in this vulnerable sector, says José Graziano da Silva, director general, UN Food and Agriculture Organization*

After a prolonged decline, world hunger increased for a third consecutive year. New estimates show that in 2017, nearly 821 million people – approximately one of every nine people in the world – were undernourished. Multiple forms of malnutrition are evident across the world. Although child undernutrition continues to decline, overweight and obesity are on the rise. In many countries, poor access to healthy food gives rise to the triple burden of underweight, overweight and micronutrient deficiencies.

These developments should be of major concern to all of us. Hunger and all forms of malnutrition, including overweight and obesity, have a negative impact on health, schooling and labour productivity and, as a result, on the global economy at large. With this trend, reaching the second Sustainable Development Goal (SDG), or Zero Hunger – which commits to eradicating hunger, achieving food security and better nutrition, and promoting sustainable agriculture by 2030 – is at serious risk. A ‘business as usual’ scenario is clearly not an option. We need to act now and do more and better.

One major obstacle to achieving sustainable development is the changing climate. The short-term effects of a warming planet are already clear in many parts of the world in the form of higher temperatures, climate variability and extremes. These are expected to accelerate in the coming decades. Climate change will impact on world regions unevenly, altering conditions for agriculture and affecting both crops and livestock. Undernourishment tends to be higher in countries more exposed to climate extremes. Nutritional outcomes are also susceptible,

because the impacts of climate change also affect some food nutrients.

Amid these constant changes, one certainty remains: agriculture has to become more sustainable, more resilient and actively contribute to the achievement of the SDGs. Agriculture needs to produce more using fewer inputs, and without adding pressure on our limited and increasingly scarce natural resources.

Sustainable agriculture and food systems also contribute to economic growth, better health and better education levels. The Food and Agriculture Organization (FAO) is committed to a sustainable food future. We provide, inter alia, evidence-based policy assistance and technical support to governments in pursuit of their agricultural development objectives.


## **EMPOWERMENT FOR POVERTY REDUCTION**

Achieving Zero Hunger also requires empowering smallholders and family farmers to reduce poverty and, in the face of climate change, to manage natural resources sustainably. The FAO, in close collaboration with governments and other stakeholders, is putting information within their reach, bringing knowledge to the field and promoting innovative models of more sustainable and inclusive agriculture as well as mechanisms to protect the poor and vulnerable.

By joining forces, we create partnerships for food security and nutrition, agriculture and rural development among governments, civil society and the private sector. The Agricultural Market Information System (AMIS), forged in 2011 following the global food price crisis, is an example of partnerships between the G20 and international organisations. AMIS has enhanced market transparency and policy coordination in global food markets and helped to reduce sudden price hikes.

This year, under Argentina’s presidency, the G20 has focused on soils. Soils are hidden and frequently forgotten, but are a central factor for achieving Zero Hunger. They are the foundation of food production and of many essential ecosystem services. Indeed, the 2030 Agenda and the SDGs recognise the need to restore degraded soils and improve soil quality.



  
**1 in 19**  
 people – 821 million  
 – worldwide were  
 undernourished  
 in 2017

**33%**  
 of the world's soil  
 resources are  
 degraded

**80%**  
 Global agricultural  
 trade accounted  
 for by G20  
 countries

At present, approximately 33% of the world's soil resources are degraded. Soil degradation affects the productivity of agriculture, contributing to increased hunger and malnutrition. It can also result in land abandonment and involuntary migration, leading millions into poverty.

The FAO has supported the G20 deliberations on this crucial subject. Sustainable soil management practices improve soil health, promote biodiversity and increase soil fertility, thus contributing to sustainable productivity growth, climate change adaptation and mitigation, food security and nutrition, and poverty alleviation.

**KNOWLEDGE TRANSFER**

Among many activities, the FAO supports the Global Soil Partnership – a platform that strives to raise awareness among decision makers about the role of soil resources in relation to food security and climate change, and to build capacities and exchange knowledge for sustainable management of soil resources. The partnership developed the Voluntary Guidelines for Sustainable Soil Management, which are a reference source for implementing policies towards sustainable soil management worldwide.

While all countries must commit to sustainability, the G20 encompasses a large share of global agriculture production. Likewise, G20 countries account for nearly 80% of global agricultural trade. Changes in G20 members can make a significant difference over the global environment and influence and shape changes across other countries.

I invite the G20 leaders to join the FAO in our global efforts to free the world from the scourge of hunger and malnutrition. 

**JOSÉ GRAZIANO DA SILVA**  
 Director general, Food and Agriculture Organization of the United Nations

José Graziano da Silva has been director general of the Food and Agriculture Organization of the United Nations since 2012, having served as head of the regional office for Latin America and the Caribbean since 2006. An agronomist and academic, in 2001 he led the team that designed Brazil's Zero Hunger (Fome Zero) programme. In 2003, he took charge of its implementation as special minister of food security and the fight against hunger.

 @grazianodasilva  
 www.fao.org



*The rise of chronic hunger is threatening to put the second Sustainable Development Goal of Zero Hunger out of reach. Empowering girls and women for better nutrition, particularly in rural areas, can help reverse the trend. This approach would not only improve health and food security: it would also lead to less poverty, more economic growth and positive social change for everyone, says Gilbert F. Hounbo, president, International Fund for Agricultural Development*

# The power of nutrition



After years of steady progress towards Zero Hunger, chronic undernutrition is now rising. According to a recent report from the Food and Agriculture Organization, the International Fund for Agricultural Development (IFAD), UNICEF, the World Food Programme and the World Health Organization, the number of hungry people rose to 821 million in 2017, up from 815 million one year earlier. This was an increase from 784 million in 2015 when, ironically, the situation started worsening just as the Sustainable Development Goals (SDGs) were approved. This reversal is threatening to put the second SDG of Zero Hunger out of reach. And since the SDGs are all inextricably linked, it risks setting others back as well.



Creating a world without hunger is not simply a matter of increasing crop yield; we already grow enough food to feed 10 billion people. Rather it requires a holistic approach to how food is produced, processed, stored, transported, marketed and consumed. It also requires donors, development practitioners, governments and the private sector alike to think across sectors. Issues as diverse as water management, sanitation, climate change adaptation and gender equality all play a role in creating a world without hunger.

#### CROSS-CUTTING SOLUTION

Empowering girls and women – particularly in rural areas – offers a cross-cutting solution.

More than 1.7 billion women and girls live in rural areas – more than one-fifth of all humanity. Too often, their voices are not heeded in their homes and communities; too often, they lack control over household finances and even their own bodies.

The pattern of inequality for rural women is established early in life. While all youth are two to three times more likely to be unemployed than adults, those who are both young and female face the greater obstacles. Adolescent girls in rural areas are more likely than urban girls to marry as children, and to have children when they are barely out of childhood themselves. The Commission on the Status of Women notes that rural women and girls tend to be less educated, with less access to information and labour markets and fewer learning opportunities than rural men and boys.

Addressing discrimination against girls and women is not simply a matter of justice and human rights. Women's education, health, nutritional status and decision-making power have significant impacts on the health and nutritional status of children. Improvements in women's status and education were responsible for 43% of the reduction in malnutrition in the 25 years to 1995. Researchers found in 2010 that child mortality decreased by 9.5% for every additional year of education for women of reproductive age.

#### HEALTHY SOCIETIES, HEALTHY ECONOMIES

Women's education and empowerment are critical for building healthy societies and economies. The *Cost of Hunger in Africa* report says that stunting results in estimated annual losses to national gross domestic product of up to 16%. Other reports estimate that every dollar invested in stopping chronic childhood malnutrition generates a return of between \$16 and \$30 in improved productivity.

IFAD has long recognised that ending poverty and hunger – and achieving the first and second SDGs, as well as the fifth goal of gender equality – requires empowering women and girls, economically and socially. This can only come about if we address the root causes of gender inequality, including prevailing social norms, entrenched attitudes and behaviour, and discrimination and social systems. With this in mind, IFAD piloted with its partners methodologies to promote equitable relations within the household and a fair division of labour and decision-making.

### GILBERT F. HOUNGBO

President, International Fund  
for Agricultural Development

Gilbert F. Hougbo became the sixth president of the International Fund for Agricultural Development in April 2017. He was previously deputy director general of the International Labour Organization. He served as prime minister of the Republic of Togo from 2008 to 2012. From 1996 to 2008, he held several positions at the United Nations Development Programme including chief of staff and assistant secretary general, Africa regional director. Prior to this, he spent a decade in the private sector, including at Price Waterhouse, Canada, where he worked in Audit and Financial Advisory Services.

🐦 @GHougbo 🌐 www.ifad.org



**821**  
million hungry  
people around the  
world in 2017


**16%**  
loss of annual  
national GDP due  
to stunting

**9.5%**  
decrease in child  
mortality for every  
additional year  
of education  
for women

The results we have witnessed are transformative. Women's workload is reduced, and men share domestic chores and childcare. Women have more autonomy and greater rights, including rights to the land they farm. Women can buy and sell livestock, and travel to market to sell their produce. Households have greater food and nutrition security, and more children – including girls – attend school. The initial pilot worked so well that we have now scaled it up to reach more than 75,000 households in more than 40 African countries.

This is just one of many actions we can take to create the conditions for empowering girls and women and improving nutrition. The G20 can help countries develop public policies and investments that support gender equality and inclusive agricultural development.

#### LEAVE NO ONE BEHIND

IFAD appreciates the leadership of the Argentinian G20 presidency in bringing women's empowerment to the fore. We have been particularly pleased to note the emphasis on rural women and their role in development, while recognising that change may be more difficult to implement in rural areas, where gender norms are more entrenched. We hope that the key recommendations put forward by the W20 Summit will be taken up by G20 members. By working together towards long-term solutions, we can address the problems that hold back human development, and in so doing create a world where no one is left behind. 

*Interview with David Beasley*

# Progress begins where conflict ends

*Conflict and hunger are intrinsically linked. Only when global leadership steps in to halt conflicts around the world can we move towards achieving our goal of Zero Hunger, says David Beasley, executive director, World Food Programme*

## ***What are the challenges in providing food security for all in today's world?***

Unfortunately there are many, but there's no question the biggest one is conflict. As you probably know by now, 60% of the world's hungry people live in conflict zones, and conflict is the main cause for the rise in hunger that we've seen recently. Two years ago, there were 777 million hungry people, and now there are 821 million hungry people.

The picture is even bleaker than that, I'm sorry to say, when you consider the number of severely hungry people – people who have no idea where their next meal is coming from. In just two years, that has jumped 55%, from 80 million to 124 million.

Two places starkly illustrate our challenge: Yemen and South Sudan. In both places, the extremely high levels of hunger are caused entirely by conflict. As of late 2018, more than eight million Yemenis are on the edge of famine. In South Sudan, it is a little above six million people.



In Yemen, more than eight million people are on the edge of famine as a direct result of conflict

It's hard to make progress on food security when there's a war going on. These conflicts destroy economies, making it extremely difficult for people to be able to sustain their families. In Yemen, the riyal has depreciated 180% since 2015. That's just a stunning figure. And here's a more 'real people' example for South Sudan: when you consider the purchasing power of the average South Sudanese, a simple basic meal of bean stew costs the equivalent of \$336. What is it for a New Yorker? A little more than \$1.

One other important challenge – all the fighting means it's more expensive to deliver help to people. It costs us somewhere around 30 cents a day to feed someone, on average, but that cost in Syria is about 50 cents a day.

***How is the World Food Programme working to meet those challenges in both its crisis response and its longer-term work?***

Our motto is saving lives, changing lives – and fulfilling both ends of that is critical. We are and want to continue to be the best in terms of responding to emergencies – earthquakes, hurricanes, droughts and the crises brought about by conflict. It's this kind of work that we do in South Sudan, Yemen, Somalia and northeast Nigeria, areas that last year were all on the brink of famine. But none slipped into famine and, as a result, lives were saved.

It is also critical that humanitarian assistance be more than simply staving off disaster. Every humanitarian dollar is an opportunity to spend for development, to participate in the long-term economic recovery of a region.

For example, in Niger, we have helped develop what are 'half-moon' irrigation systems that are helping channel water into the arid soil, allowing crops to grow. The people there can grow their own food and create their own markets.

Across Niger, we've rehabilitated more than 80,000 hectares of degraded land in 39 municipalities since 2014. The ultimate aim is to create one million jobs across the region, restore degraded land and generate more farm production. One farmer boasted to us about how he now could buy a more solid house and even buy cattle.



**DAVID BEASLEY**

Executive director, United Nations World Food Programme

David Beasley was appointed executive director of the United Nations World Food Programme in March 2017. In a public service career that spans more than four decades, he has worked across political, religious and ethnic lines to champion economic development, humanitarian assistance, education, and intercultural and interfaith cooperation for the most vulnerable people across the globe. He served as governor of the US state of South Carolina from 1995 to 1999. He was first elected to public office at the age of 21 as a member of the South Carolina House of Representatives.


[@wfpchief](https://twitter.com/wfpchief) [www.wfp.org](http://www.wfp.org)

When we do this kind of work, we make communities more stable. That means less unsafe migration and less violent extremism.

***How can the G20 leaders at their Buenos Aires Summit help?***

We could not save lives or change lives without the help of our donors in the G20. They are already doing a great deal to help. What we need – what the world needs most – is an end to the conflicts. The wars and fighting that are leading to the kind of misery I see on my travels must end, and it will require global leadership to do it. The global goal of Zero Hunger by 2030 is unrealistic unless the conflicts stop.

We are short of resources to truly do the job right, unfortunately. In many areas, we lack the funds to feed everyone who needs it. We need more resources from donor governments, yes, but we also are calling for a greater commitment from the private sector and even from individuals.

With all the wealth in the world today, we should not have the hunger we have. People need to realise this is not just someone else's problem – this is humanity's problem. 

# Collective action to protect our fisheries and oceans

*A global response is required if we are to halt the decline of ocean biodiversity and protect the blue economy for future generations, writes the Honourable Jonathan Wilkinson, minister of fisheries, ocean and the Canadian coast guard, Government of Canada*

What does it mean to have sustainable fisheries? Some would say it means harvesting in a way that does not compromise the stock or its surrounding ecosystem. Others might say it means ensuring the stock remains healthy for the long-term benefit of the people who depend on our oceans for their livelihood and their business.

Both are correct, and not only equally important, but inextricably linked. Fisheries management decisions that have a sound basis in environmental conservation will lead to healthier stocks and thus, a healthier economy.

In Canada, sustainable management of our fisheries has made fish and seafood among Canada's largest exports of food products. In 2017, the value of Canada's fish and seafood exports reached \$6.9 billion.

But it is more than this. The oceans are a global source of sustainable food and nutrition. They provide 15% of protein for the diets of four billion people around the world. If we want to continue meeting this need as well as emerging requirements for growing global populations, we will need to more clearly understand how seafood can contribute to our nutritional security in a way that does not compromise the sustainable management of stocks.

## A STOP TO ILLEGAL FISHING

So if we know that sustainable fisheries can help strengthen global food security (in addition to being economically and environmentally beneficial), what's next? How can the world's fisheries become more sustainable? We can start by ending the scourge of illegal, unreported and unregulated (IUU) fishing. According to academic analysis conducted by researchers in Canada and the United Kingdom, somewhere between 11 and 26 million tonnes of seafood are illegally removed from the world's oceans each year, creating environmental damage and economic losses of \$23.5 billion. These actions also

compromise the ability of coastal countries to effectively manage fish stocks.

These staggering numbers were top of mind for both me and my G7 colleagues during the meeting on Healthy Oceans, Seas and Resilient Coastal Communities in Halifax in September. At this meeting, the G7 committed to support sustainable oceans and fisheries by combatting IUU fishing. Canada is doing its part by providing \$10 million for satellite technologies to identify and track IUU fishing vessels, and an extra \$1.6 million to develop programmes throughout Western Central Pacific countries looking to eliminate IUU fishing in their waters. We also declared support for the Global Fishing Watch – an international, non-profit organisation that promotes healthy, productive and resilient oceans through transparent and effective governance of its marine resources.


And although G7 countries represent the major share of the world market for fisheries products, it is important for us to recognise that we cannot act in isolation if we want effective results.

## PURSuing NEW OPPORTUNITIES

We need to accelerate discussions, both with G7 partners as well as G20 partners and other coastal countries, to explore and pursue additional opportunities for collaboration and partnerships in addressing IUU fishing. Focus must be on ensuring coordinated action in addressing this important issue. Combatting and ultimately eliminating IUU fishing can only be successful if all countries work cooperatively.

While efforts to combat IUU fishing are necessary to strengthen sustainable fisheries, ensuring food security and supporting livelihoods need a more system-wide approach. Sustainable fisheries on their own are effective, but they should be part of a more prosperous, inclusive and sustainable system known as the blue economy. This is where sustainable fisheries converge with sustainable marine energy, ocean technology, ocean and coastal tourism, maritime transportation and the management of waste plastics.

Canada is proud to help advance the conversation and action around the blue economy by co-hosting the Sustainable Blue Economy Conference in Nairobi from November 26–28, 2018. This is the first global conference of its kind, and builds on the commitments and conversations started at the G7. Although several conferences have focused on the enormous pressures facing our oceans and waters, few have focused on how we can sustainably tap into the great potential of the blue economy to create jobs and combat poverty and hunger, for the benefit of all.

There is much work to do. The clear message that resulted from the 2018 G7 meetings was the need for partners to actively work together to make progress. I hope that all G20 leaders will join this important effort. In the face of something as significant as food insecurity and the potential decline in health of ocean biodiversity resulting from threats to our oceans and fisheries, we must act together. These challenges are global in nature and require a global response. 

## JONATHAN WILKINSON

Minister of fisheries, oceans and  
the Canadian Coast Guard

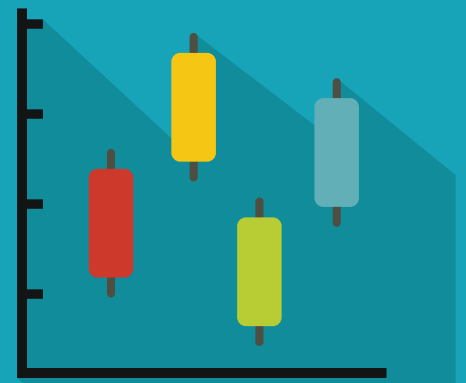
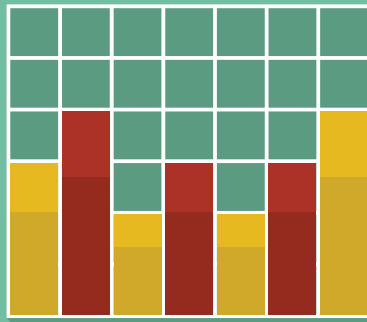
The Honourable Jonathan Wilkinson served as a parliamentary secretary from 2015 until 2018, when he was appointed Canada's minister of fisheries, oceans and the Canadian coast guard. He spent more than 20 successful years in the private sector, and held leadership positions with a number of companies dedicated to the development of green technologies.

🐦 @JonathanWNV

🌐 [www.dfo-mpo.gc.ca](http://www.dfo-mpo.gc.ca)



“  
Although several  
conferences  
have focused on  
the enormous  
pressures facing  
our oceans and  
waters, few have  
focused on how  
we can sustainably  
tap into the great  
potential of the blue  
economy to create  
jobs and combat  
poverty and hunger,  
for the benefit of all”



# G20 performance on economic

*The G20's mission to strengthen the global economy is far from complete, as fresh challenges emerge and instabilities remain, writes Alissa Wang, researcher, G20 Research Group*

Economic governance has occupied the central place on the G20 agenda since its founding. In the first decade of G20 summitry, leaders of the world's systemically significant economies made a substantial number of commitments on economic governance. Argentina's presidency will build on the G20's foundational mission to pursue fair and sustainable economic growth, particularly through adapting to technological change and addressing the future of work.

#### COMMITMENTS

Since its first summit in 2008, the G20 has made a total of 457 commitments in the area of economic governance: 446 on macroeconomics and 11 on microeconomics. Together they account for 19.1% of the 2,398 commitments overall.

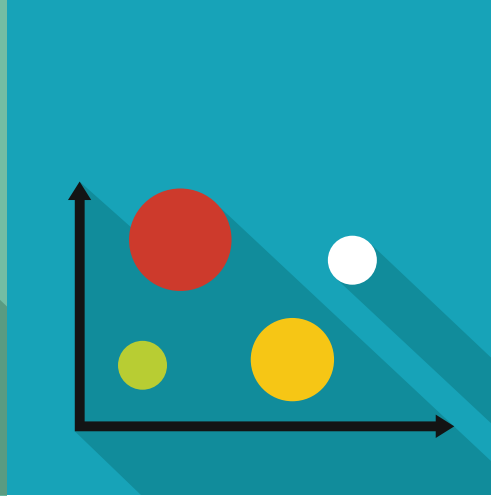
Macroeconomics as an individual issue ranks first in the total commitments made. This shows the importance of economic growth for the G20 and the amount of attention it has received

since the start. At the 2008 Washington Summit, the G20 made six commitments on macroeconomics. This gradually increased until the 2011 Cannes Summit, when the number spiked to an all-time high of 91. Since then, the number decreased but remained substantial every year. Since 2014, G20 production has stabilised, making between 20 and 40 commitments on macroeconomics at each summit.

#### COMPLIANCE

Of the 457 commitments made, the G20 Research Group has assessed compliance with 26 commitments on macroeconomics and two on microeconomics. The overall average compliance for all 28 commitments is 80%.

Compliance with commitments on the global economy was mostly strong, with several exceptions. One commitment was assessed from each of the first three summits in Washington, London and Pittsburgh. They focused on fiscal measures and current accounts. Average



# governance

compliance was 88% for the 2008 Washington Summit, 68% for the 2009 London Summit and 85% for the 2009 Pittsburgh Summit. For the 2010 Toronto Summit, the three assessments focused on fiscal plans, national savings of deficit countries, and reduced external demand of surplus economies. Average compliance was 88%. For the 2010 Seoul Summit, three commitments were assessed on exchange rates, fiscal consolidation and structural reforms. They averaged 85%. For Cannes in 2011, compliance dropped to 72% for three commitments on exchange rate flexibility, fiscal consolidation and macroeconomic policies of emerging economies. For the 2012 Los Cabos Summit, the four commitments assessed focused on exchange rates, fiscal consolidation, reforms in emerging markets and a supportive investment climate. They averaged 84%. For the 2013 St Petersburg Summit, the average of the four assessed commitments increased to 85%, focusing on the investment climate, credit access and job creation. Then, for Brisbane in 2014, the assessed commitments on fiscal strategies, financing and exchange rates averaged 71%. Compliance rose with the 2015 Antalya Summit to 85%, with commitments on fiscal policies and global value chains. The three assessed commitments from the 2016 Hangzhou focused on public-private partnerships, global values chains and inclusive growth, and averaged 72%.

## CAUSES AND CORRECTIONS

In the past decade, the global economy was disrupted by several crises, most notably the 2007–08 global financial crisis and the 2010 eurozone crisis. Multilateral organisations failed to respond adequately. At the hub of a network of global governance institutions, the G20 responded by

## ALISSA WANG

Researcher, G20 Research Group

Alissa Wang is a researcher with the G20 and G7 Research Groups and chair of summit studies for the BRICS Research Group, based at the Munk School of Global Affairs and Public Policy at Trinity College at the University of Toronto. She is pursuing a combined JD/PhD in political science with a focus on international relations and comparative politics.

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pursuing macroeconomic measures to stabilise the global economy and, later, pursue balanced, sustainable growth to avoid another crisis.

Compliance was also helped by catalysts embedded in commitments. Eight of the 28 assessed commitments contained at least one catalyst, and averaged 82% compliance compared to 80% for the other 20 commitments. The two commitments with a multi-year timetable performed best with an average of 92%, compared to 79% in the remaining 26. The commitments with a one-year timetable and a reference to a country or region averaged 90%, compared to 79% otherwise. Two catalysts produced lower compliance: priority placement and reference to the private sector. Thus, leaders at Buenos Aires should design commitments with specific timetables and references to countries or regions.

The G20, representing the most significant economies from advanced and developing parts of the world, remains a valuable platform for global economic governance. The global economy has recovered in part thanks to the G20's strong performance. However, the G20's mission is far from finished, as new challenges and instabilities remain. The G20 needs to sustain its promising performance and increase accountability even further, in order to achieve the balanced, inclusive, sustainable economic growth it seeks. <sup>100</sup>

*Interview with Angel Gurría*

*Angel Gurría, secretary general, Organisation for Economic Co-operation and Development, shares with editor John Kirton how the work of the OECD aligns with the G20 roadmap*

# A new economic era

## **How has the Organisation for Economic Co-operation and Development (OECD) been offering support to the G20?**

We try to reinforce the multilateral system by adding our skills to what others already do or, in some cases, by leading the charge because we have done the research. Our contribution to the G20 is in the context of what the OECD is about: supporting multilateral approaches and multilateral solutions to global challenges. By definition, global challenges can only be dealt with by global solutions.

For the G20, that is done by providing evidence that helps it frame its discussions. We do a lot of the least glamorous work: providing evidence, comparisons, benchmarking, calculations and statistics, so that lessons can be extracted and turned into best practices.

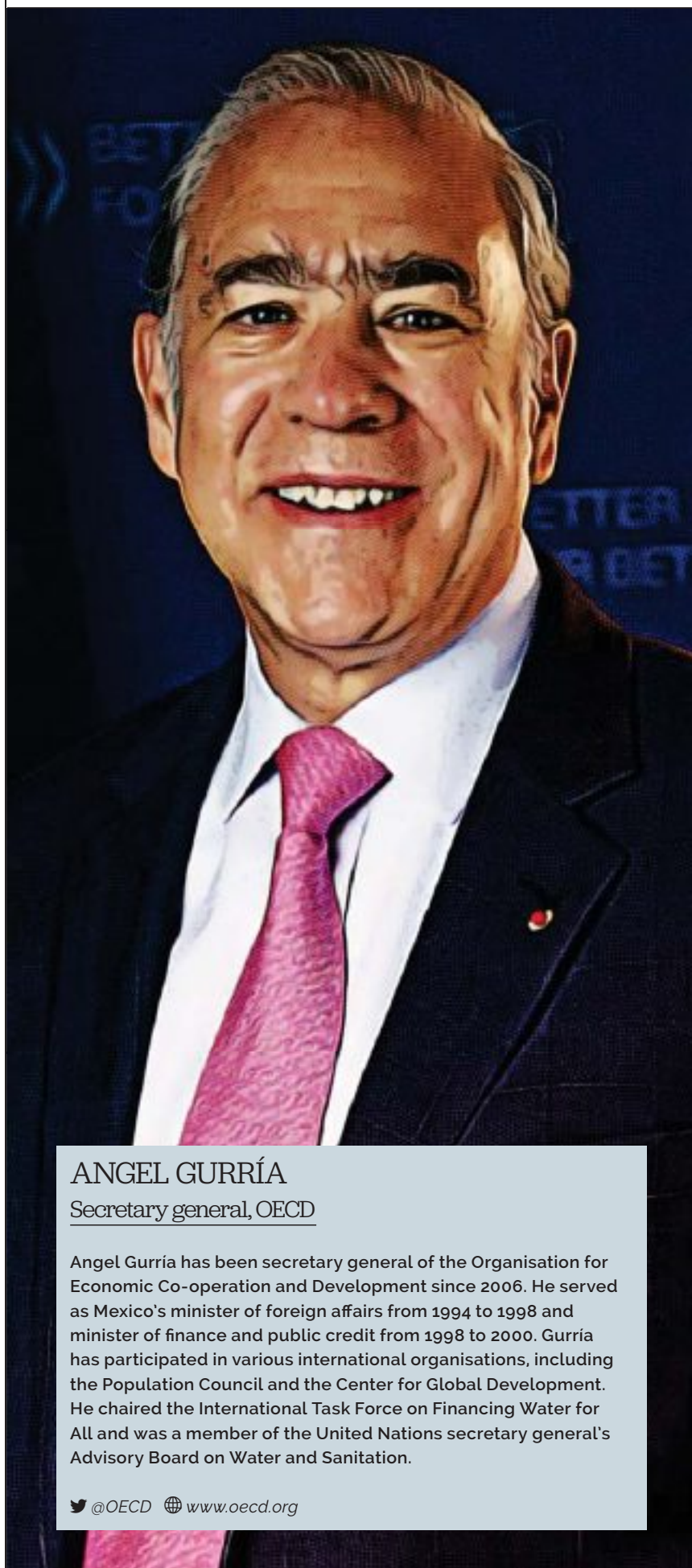
Our *Investing in Climate, Investing in Growth* report for last year's German presidency linked the idea that defending the environment can be good for business, because it can bring investment, generate jobs and develop technology. The German presidency also focused on the digital agenda, which we started on under the 2016 Chinese presidency with Hangzhou's *G20 Blueprint for Innovative Growth*. It can take months, sometimes years, to prepare these documents. They

need to be evidence-based and very focused. We helped deliver the digital government principles for the G20 digital ministerial meeting last August, along with the G20 Toolkit for Measuring the Digital Economy.

The automatic exchange of information (AEOI) for tax purposes looked like a pipe dream when we started working on it a few years ago. But as of September 2018, more than 100 countries are exchanging information automatically. So John Kirton creates a bank account anywhere in the world, and the bank has to inform its authorities who immediately inform the Canadian authorities that a certain John Kirton has created an account. And they will say, "Mr Kirton, we have information that confirms that you created this account. So perhaps you would come by and have a cup of tea." There is nowhere to hide now, John! Between AEOI and base erosion and profit shifting (BEPS), which means multinational corporations will pay their fair share of taxes, about €93 billion of additional revenue has already been collected. I say this with great pride because that's about 400 times our core budget. In terms of cost benefit, we're the best business that our members can have.

On how to tax digital commerce, we have been mandated by the G20 to deliver a roadmap by 2020. On





## ANGEL GURRÍA

Secretary general, OECD

Angel Gurría has been secretary general of the Organisation for Economic Co-operation and Development since 2006. He served as Mexico's minister of foreign affairs from 1994 to 1998 and minister of finance and public credit from 1998 to 2000. Gurría has participated in various international organisations, including the Population Council and the Center for Global Development. He chaired the International Task Force on Financing Water for All and was a member of the United Nations secretary general's Advisory Board on Water and Sanitation.

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“Trade tensions do not bring solutions; they hurt growth and destroy jobs”

global excess steel capacity, which is related to the current trade conflicts, we were asked by the G20 in Hangzhou to create a global forum on steel excess capacity, which is active and making progress.

### **What are your priorities for this year's Buenos Aires Summit?**


There are two elephants in the room: trade and climate.

What are we going to do about trade and investment? Most of our economies are about services, and we are still fighting about manufactured goods and agriculture. We need to keep markets open. Trade tensions do not bring solutions; they hurt growth and destroy jobs everywhere. The OECD has estimated that in a scenario where China, Europe and the United States all raise trade barriers against all partners on all goods (but not services) by 10 percentage points, global gross domestic product could fall by around 1.5% in the medium term. This would erase all the gains so far from the structural reforms in the G20 members' growth strategies.

On climate, next year is important, leading up to the big evaluation on implementing the Paris Agreement. We need to prepare, and we need to maintain a spirit of cooperation and continue engaging on issues where we can make progress such as biodiversity or climate-resilient infrastructure.

### **How can the G20 and OECD work more closely together for the benefit of us all?**

The OECD is part of the G20 support system. The G20 does not have a secretariat or a permanent bureaucracy, but each G20 presidency uses the International Monetary Fund, the World Bank, the International Labour Organization, the World Trade Organization and the OECD. We work with them, but also for them. And we are already working with Japan for next year's summit.

We need to keep in mind that the world is ever more interconnected. This is not just the flow of goods and services, but also people and data. With migration and digitalisation, we need the right policies for education, skills, labour and competition, and also emerging challenges such as big data and artificial intelligence. 

*Interview with Larry Summers**Larry Summers shares with editor John Kirton the effects of secular stagnation, rising economic nationalism and risky complacency in global economics***How well has the global economy recovered from the great recession of 2008?**

I don't think the global financial crisis continues to be a dominant issue for the global economy in the way that it was. There's substantial scar tissue in terms of people who were thrown out of work or never got work back, in terms of capital that was not invested. I think there's probably regret both that the crisis took place and that there was too quick a declaration of victory after the crisis.

**What would you identify as the central issues facing the global economy today?**

I think the most profound long-run issue, for the industrialised world at least, relates to secular stagnation. We have a global economy that has great difficulty growing except with very substantial levels of fiscal stimulus and/or very rapid growth rates in private credit creation – neither of which may be permanently sustainable. At the same time we have a global economy that is very brittle because the standard strategy for responding to downturns – with a 500 basis point cut in interest rates – is not feasible given the current low level of interest rates in most of the industrialised world.

A second, larger, more immediate issue is the rise of economic nationalism. It manifests in tariff barriers, restrictions on foreign investment, hostility towards immigrants and people from other nations, and reluctance to cooperate on international issues. It reflects a growing populist authoritarian tendency. The United States has traditionally been, in an imperfect but generous way, an underwriter

of a globally oriented system.

The combination of a nationalist turn in US policy, a Chinese approach that privileges national advantage over international responsibility and growing frustration in many other countries calls into question whether the global system is capable of coming together in response to problems in the way that it did at the G20's London Summit in 2009.

A third challenge is that complacency can be a self-denying prophecy. After several years of significant recovery and in periods of low interest rates, there's

a tendency towards increased borrowing, asset price inflation and unsustainable spending plans. We've already seen significant strains in some emerging markets. Whether that is transitory in particular countries or a broader global phenomenon remains uncertain. This will in part depend on the nature of the international policy regime going forward.

**What about fiscal policies, mounting deficits and debt from governments?**

I rather doubt a time of near-record-low unemployment is the right time for the kind of major fiscal expansion we've seen in the United States. The fiscal expansion was misguided in being channelled largely into tax cuts that will be saved by relatively wealthy people. But it's also important to recognise that appropriate debt and deficit targets are related to levels of interest rates, and levels of real interest rates are now and lower – lower themselves and lower in prospect – than they have been historically.

# Stability in the

**Do you think the authorities have got it right with monetary policy?**

I would stress that a 2% inflation target should be a symmetric target. If you've been below the 2% target for nine years and you're not prepared for inflation rising above 2% in the 10th year, I can't imagine when you would ever be prepared to accept inflation rising above 2%. Monetary policy authorities need to be very mindful of the lag between monetary policy and economic effects. When you're in a shower where there's a long lag between turning on the faucet and the temperature of the water changing, it's easy to scald yourself. It's easy to over-tighten because of the failure to see an immediate response of policy to interest rate hikes.

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“Much that is fussed over in terms of trade issues is almost entirely cosmetic”

# financial system

## LARRY SUMMERS

Charles W Eliot University professor and president emeritus, Harvard University


Lawrence H Summers is the Charles W Eliot University Professor and president emeritus at Harvard University, and the Weil Director of the Mossavar-Rahmani Center for Business and Government at Harvard Kennedy School. Over the past two decades, he has served in a series of senior policy positions in Washington DC, including 71st secretary of the treasury for President Bill Clinton, director of the National Economic Council for President Barack Obama and the World Bank's vice president of development economics and chief economist.

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*It appears there are successful bilateral trade discussions under way, but is there enough focus on the digitalisation of the economy?*

There is a lot of nonsense being spoken about trade these days. Much that is fussed over is almost entirely cosmetic. The differences between the North American Free Trade Agreement and the new US-Mexico-Canada free trade agreement are tiny. I was a strong supporter of NAFTA and I'm a strong supporter of the new agreement. If I was an opponent of NAFTA, I can't imagine why the small changes on rules of origin on cars and access to dairy in Canada would be sufficient to change my mind on the overall impact on the US economy. The psychological impacts are likely to be larger than the direct impacts, and those are very difficult to gauge. As Ronald Reagan said about nuclear wars, trade wars can never be won and should never be fought.

*What should G20 leaders do at Buenos Aires to sustain, strengthen and spread today's good economic growth?*

They need to focus on containing the threat of economic nationalism and on making sure that there are satisfactory plans for responding to the next economic downturn whenever it comes, as well as continuing work to make sure the financial system is stable. 

# B20

## Argentina: testimony and legacy

*Daniel Funes de Rioja, chair, Business 20 Argentina shares the outreach group's recommendations to the G20, which cover the transversal challenges facing businesses the world over*

Building consensus for fair and sustainable development' was set as the main objective of Argentina's G20 summit. President Mauricio Macri identified the priorities as the future of work and employability through quality education, infrastructure for development and a sustainable food future.

Throughout our presidency, the Business 20 (B20) has strongly supported multilateral dialogue and cooperation as crucial to defining consistent policies that ensure investment predictability, economic growth, social inclusion and improved governance under the framework of the Sustainable Development Goals (SDGs).

Following up on Germany's 2017 process and as a member of the troika with past chair Germany and next year's chair Japan, we went through a learning process as we led Argentina's B20 presidency, and as we worked to convey continuity for all the G20 stakeholders and to strengthen the methodology and structure of our work.

At the local level, we worked closely with the business chambers of the G20 members and engaged national business organisations and companies.

Consequently, there were important milestones along the path for the B20 Argentina, and we thank our predecessors for their guidance and support.

Since we started on 1 November 2017, we have had 1,700 members, consisting of 1,200 titular and 500 deputies. Of this membership, 27% were women, and 34% represented small and medium-sized enterprises (SMEs), of which 80% were the highest leaders in their companies and employed more than 35 million people



globally. The membership also included national business federations. They were all engaged in more than 56 taskforce meetings to provide meaningful, consensus-based recommendations.

### SHARED GOALS

Throughout Argentina's presidency, the B20 also joined efforts with other engagement groups. As a result, seven joint documents were issued with the Labour 20, Women 20, Think 20 and Youth 20.

The B20 focused on fundamental and structural issues deemed to be the most urgent and challenging, either at the multilateral level or at the national level, looking for consensus on best practices for moving forward.

These recommendations form a framework that looks towards substantially alleviating global poverty through creating decent work and economic growth and through investment, as well as through reducing inequality.

They included promoting gender equality, transparency and clear anti-corruption rules, and covered all the transversal challenges facing SMEs, as fundamental enablers of a developed and inclusive future.

In addition to the task forces, we organised a high-level caucus (for advocacy), involving the top business leaders of national business federations and the most prominent leaders engaged in the B20 process.

The National Leaders Forum organised several meetings in different provinces and regions of Argentina, to facilitate the participation of the domestic business community, bring the working process closer to the whole country and engage SMEs in issues that are substantially relevant for economic development, linking local concerns to global strategies.

Throughout the whole process, we wanted to define crystal clear policies, not only for large businesses, but also for SMEs, and not only internationally. We wanted



to build up local commitment to the global system in each one of the G20 members.


We believe that business plays an essential role in the concerted effort for inclusive and interconnected development. In fact, business is the incubator of new technologies and innovation. It delivers jobs, incomes and livelihoods, allows community integration, and facilitates greater economic and social equity and inclusiveness.

#### **BUSINESS FOR DEVELOPMENT**

Now the new challenge for the B20 Argentina has been to secure the adoption of our recommendations and seek their implementation in order to achieve their objectives, promote structural reforms to create enabling environments for business that foster investment and growth, more and better jobs, and respect for global rules – using our own voice but within a process of global integration and recognising that the role of the state must neither be omnipresent nor absent.

Our communiqué reflected our recommendations that were concrete and subject to follow-up on their effective implementation. Our main purpose was for them to become actual and effective policies, for all G20 members, taking into account that our societies expect from the G20 more than a set of shared principles; they expect concrete actions and solutions to crucial challenges.

For the business community, the B20 combines private initiatives, integration of international markets and fair rules on trade, and – at the same time – effective public-private cooperation.

Dialogue and consensus-building remain the real drivers of the B20 process to influence the G20 leaders and their agenda and to turn the SDGs into an effective reality. 



#### **DANIEL FUNES DE RIOJA**

Chair of the Business 20 for  
Argentina's G20 presidency

Daniel Funes de Rioja is chair of the Business 20 for Argentina's 2018 G20 presidency. A lawyer by training, he is vice-president of Argentina's National Academy of Business Sciences and a professor at the Business Management School (EDDE) and the Universidad Argentina de la Empresa. He serves as president of the Business Technical Advisory Committee on Labour Issues at the Organization of American States and was president of the International Organization of Employers until 2017.

 [www.b20argentina.info](http://www.b20argentina.info)

*Interview with Robert Fauver*

# An outlook on

*Ten years on since world markets crashed, Robert Fauver, former US G7 sherpa, shares his insights with editor John Kirton on the global fiscal challenges that remain and the economic forecast for G20 economies*

***What are the most important economic issues G20 leaders should address at Buenos Aires?***

It's the same basic question leaders should address at all meetings: how to keep sustained, low-inflationary growth moving forward.

***What is the current state of the global economy?***

We're at the strongest growth rate in about 10 years. It's a wide-based, multi-country expansion, with the United States back as a locomotive at around 4% growth this year, likely 3.5% next year. Europe is beginning to slow but has had a relatively decent year. Global trade is going to grow.

***What major risks does the global economy face?***

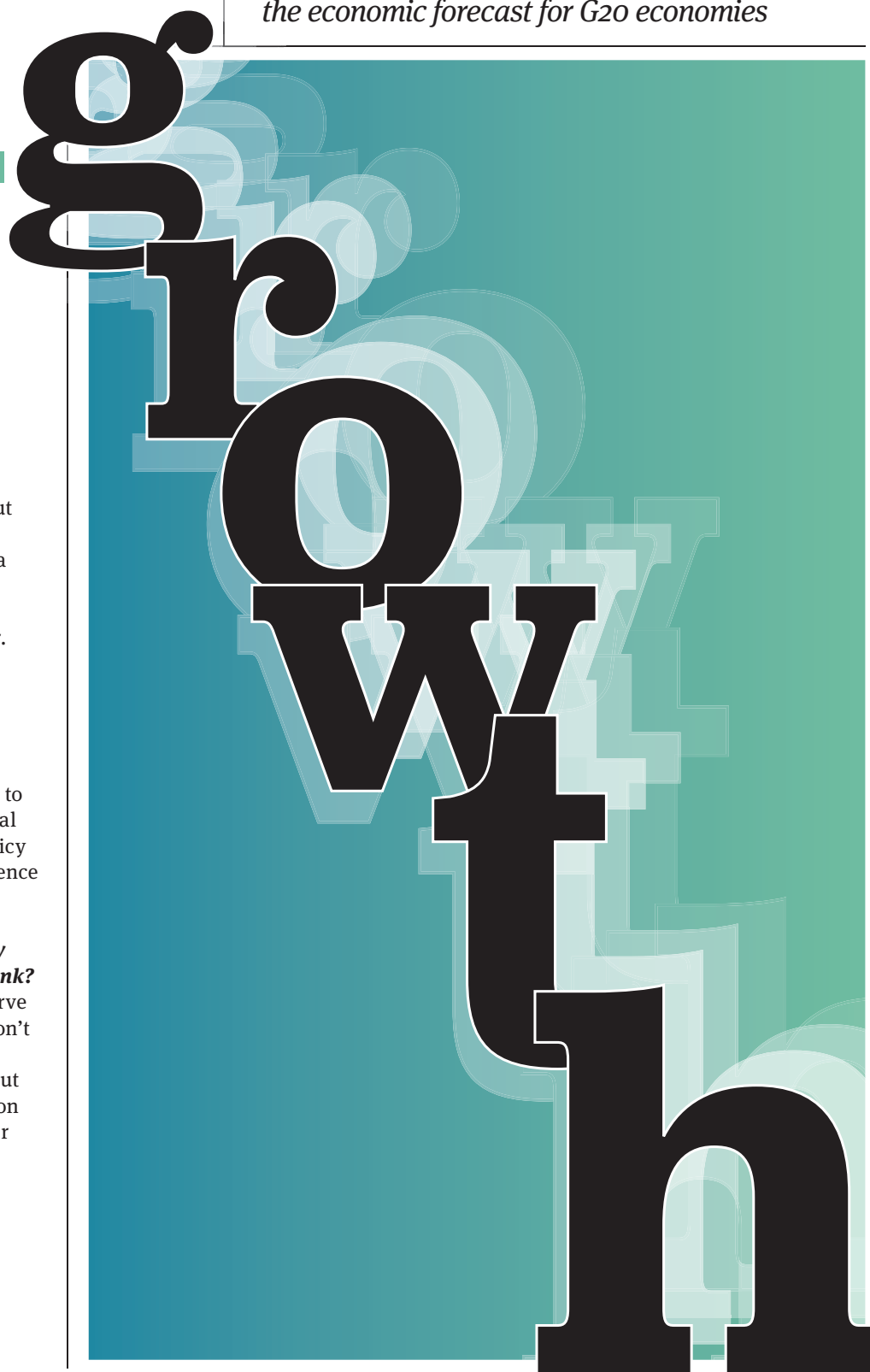
Removing the almost-zero interest rate policy in the developed countries, shifting to a more normal yield curve with positive real interest rates and tightening monetary policy – if not done smoothly – will shake confidence in markets and economies.

***Might the United States tighten monetary policy and even the European Central Bank?***

I'm more confident that the Federal Reserve will follow a steady-as-you-go path that won't do too much too soon. The recent gradual tightening has shown it can be done without major disruptions. They learned their lesson two years ago when they did not show their future plans for interest rates and markets got upset. I'm not quite as convinced the European Central Bank will be as careful.

***With US inflation already near the 2% target and no slack in labour markets, is there a danger of inflation?***

It's a delicate balance between letting



inflation return to historical 2–2.5% levels and tightening monetary policy without tightening too much too soon or too slow. Forecasts suggest inflation around 2–2.5% through 2019. So I'm not too concerned that despite firm labour markets we'll maintain extensive inflation that will cause the Fed to overreact.

***Is there a risk now that we're seeing financial crises in emerging markets again?***

One major mistake of recent zero-rate policies has been over-borrowing. Several emerging markets borrowed extensively and, as interest rates grew, ran up large debts. You'll see pressure on those economies to get their debts under control. There's a risk of considerable tightening of credit to other emerging markets. It is more interesting to see what might happen in Italy or Greece, though.

***Might rising oil prices inhibit economic growth?***

No question: \$100 per barrel would dampen global growth. But with shale oil in North Dakota and Texas and new modes of extraction, as prices rise, more new well drilling and exploration will take place because it's profitable at those prices. With the United States now a global supplier and net exporter of oil, any level sustained at \$100 a barrel will bring new supplies. Given Saudi Arabia's need for increased revenues and attempts at restructuring, it may loosen the spigot a little. I'm less confident the Russians will play the game because they want maximum dollar revenues.

***Will the United States continue to be a locomotive of global economic growth?***

Growth will likely slow to a solid 3% – more than the 2% everyone said was the new normal for the United States. With deregulation and tax reform, we have stronger underlying growth, so I think we'll stay in the 2.5–3% range. Given our propensity to import, it's a fairly strong impetus for global growth.

Many economists including the Council of Economic Advisors argued that the combination of deregulation and tax reform would stimulate growth in this range. The digital revolution is also a strong impetus, and will expand to other countries. Certainly, China and Korea are leaders in such areas.

## ROBERT FAUVER

Robert Fauver is president of Fauver Associates, LLC. He spent 32 years as a career public servant in the United States working in the Treasury, State Department, White House and National Intelligence Council. He was President Bill Clinton's sherpa for the G7 summits of 1993 and 1994 and special assistant to the president for national security and economic affairs. He designed the economic sanctions against India and Pakistan following their testing of nuclear weapons, negotiated the creation of the Asia-Pacific Economic Cooperation forum, and led the yen-dollar negotiations that led to the beginning of liberalisation and internationalisation of Tokyo's financial markets.



“

China is clearly growing, but its lack of openness and transparency means it is not the engine for growth it could be”

***How serious are escalating US-China tariffs?***

The real question is whether the trade reforms are net positive and overcome the temporary shortfall caused by the current disputes. In other bilateral talks, the high tariffs have been quickly removed as negotiations moved forward. It's clearly considered a tool in successful negotiations. So it's too early to tell what the net effect of higher tariffs will be. China has maintained barriers to trade and investment globally and any progress made by the US administration in opening that market for the rest of the world is a net positive.


***Is the Trump administration's apparent preference for bilateral or plurilateral trade agreements a stimulus?***

President Trump is clearly making more progress than his critics expected. We're not in a global trade war. Net-net economies will benefit from that progress. I think the United States, Mexico and Canada will gain from the firming up and expansion of their revised agreement.

***Are there other locomotives emerging to help support today's vibrant global growth?***

I've never seen an alternative to the US economy in terms of direct effects on global trade flows. China is clearly growing, but its lack of openness, transparency and direct investment openness means it is not the engine for growth it could otherwise be. It has always been possible for the G7 members without the United States to be a locomotive if they synchronised, but we've not seen that in recent decades.

***Is there a rationale for G20 leaders to discuss monetary policy coordination and exchange rate coordination?***

Maybe, along with a discussion about regulatory reform and the freedom of markets from excessive regulation. You could tie in a discussion about the freedom of price movement including exchange rates, which could provide a mode of discussion different from directly attacking their own central banks. 

# 5

## A STRONG, SUSTAINABLE FINANCIAL SYSTEM

# Financial

## G20 performance on

*Alessandra Cicci,  
G20 Research Group,  
describes how the  
G20 can strengthen  
its accountability  
mechanisms to  
enhance financial and  
economic efficiencies*

At the heart of the G20's founding is its mission to promote financial stability in the world. The very creation of the G20 was driven by the view that the world needed a newer, more informal financial and economic steering group, consisting of systemically significant economies. The G20 has long addressed issues of financial stability, including financial regulation and the reform of international financial institutions (IFIs). Following the global financial crisis of 2008, the G20 rose from a forum of finance ministers and central bank governors to the summit level. Yet challenges remain, including rising financial vulnerabilities, global imbalances, inequality and weak growth. Argentina's G20 presidency will build on the legacy of past presidencies on many



# Stability

issues. Ensuring continuity, the Buenos Aires Summit will work towards a strong and sustainable financial system, including completing and implementing the financial reform package and monitoring any risks to financial stability.

#### COMMITMENTS

Since 2008, G20 leaders have made 451 commitments on financial regulation and IFI reform. These represent 19% of its 2,398 overall commitments. With 318 commitments, financial regulation ranks second behind macroeconomic policy, and IFI reform ranks seventh with 133 commitments.

On financial regulation, G20 leaders made 59 commitments on financial regulation at the 2008 Washington Summit following the eruption of the global financial crisis that September – the most ever. At the next summit, in London in 2009, they made 45. Since then, the number of commitments on financial regulation has decreased, although there was a spike to 39 at the 2017 Hamburg Summit.

**19%**  
of all G20  
commitments  
relate to financial  
regulation and  
IFI reform

**71%**  
Average  
compliance  
on assessed  
financial  
commitments

On IFI reform, the most commitments were made at the 2009 London Summit with 29 pledged. Following that summit, fewer were made, dropping significantly at the 2015 Antalya Summit, with only two. Again there was a spike at Hamburg, to 14 commitments.

#### COMPLIANCE

Of these 351 commitments, the G20 Research Group has assessed 27 for compliance. Compliance averaged 71%, just under the G20's overall average of 72%.

On financial regulation, of the 318 commitments made from 2008 to 2017, the 20 assessed averaged 75%. Australia and Germany each scored the highest with 90%. Japan followed closely with 89%. The first commitment assessed was from the 2008 Washington

Summit. It addressed strengthening resilience and transparency of credit derivatives markets and reducing their systemic risks through additional recommendations. It had 100% compliance. Three commitments were assessed from the 2011 Cannes Summit, on implementing the financial sector reform agenda and a comprehensive framework to address the risks posed by systemically important financial institutions. Their average was 85%, higher than the summit average of 73% that year.

On IFI reform, with seven commitments assessed, compliance was 68%. It was led by France, Germany and Japan, each with 93%. Two commitments were assessed from the 2011 Cannes Summit: one on ensuring the International Monetary Fund (IMF) had sufficient resources and one on implementing the 2010 quota and governance reform of the IMF. Compliance was 65%. At the 2015 Antalya Summit, G20 members reaffirmed their commitment to maintain a strong, quota-based and resourced IMF. Compliance with this commitment was 93%, with only Argentina, Indonesia and Turkey partially rather than fully complying.


#### **CAUSES AND CONSEQUENCES**

The American-turned-global financial crisis of 2008 shocked the G20 into action, as it rose to the leader level. The G20 assumed the role of reforming the global financial system, and took concrete, future-oriented action by mobilising fiscal stimulus, creating the Financial Stability Board (FSB) to promote financial stability and reforming IFIs.

Although the G20 plays a significant role in promoting financial stability, global challenges remain, including “financial pressures in vulnerable emerging economies, and the return of sovereign risk in parts of the euro area,” according to the IMF’s Christine Lagarde. It is not clear just how robust the global financial system truly is, as global recovery since 2010 has not been completely sustained, and as financial insecurity continues to grow.

#### **CORRECTIONS**

As an informal institution, the G20 lacks formal authorisation, and thus lacks formal accountability mechanisms. Although it strives to achieve greater accountability, gaps remain. Thus, at Buenos Aires, G20 leaders should look to strengthen accountability, specifically in the area of financial regulation.

The G20 can strengthen its accountability mechanisms by increasing the production of evidence-based, self-accountability reports that connect commitments, results and assessments, and recommendations. It can engage more with civil society, including various civil society organisations. Given the expanding G20 agenda and the interconnectedness of so many global issues, financial issues have broad implications, which require extensive consultation and engagement with civil society. 

“

It is not clear just how robust the global financial system truly is, as global recovery since 2010 has not been completely sustained, and as financial insecurity continues to grow”



#### **ALESSANDRA CICCI**

Co-chair, G20 Research Group

Alessandra Cicci is the co-chair of summit studies for the G20 Research Group and a senior researcher with the G7 Research Group, both based at the Munk School of Global Affairs and Public Policy in Trinity College at the University of Toronto. She holds an honours bachelor of arts in political science, Italian and European Union studies and is interested in migration, human security and global governance.

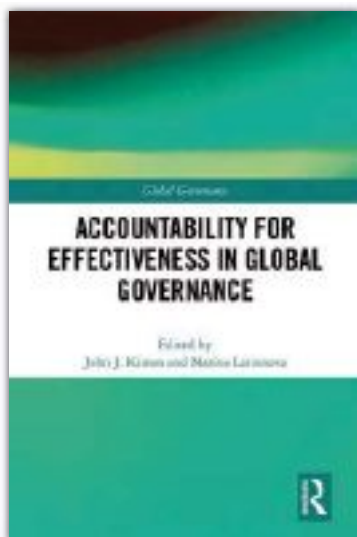
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# From Routledge...

## **Accountability for Effectiveness in Global Governance**

*Edited by John J. Kirton and Marina Larionova*

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## **The Global Governance of Climate Change**

*G7, G20, and UN Leadership*

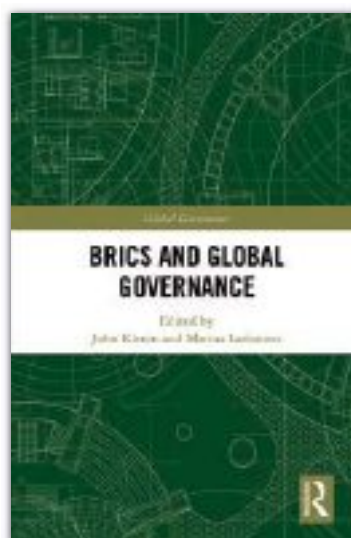
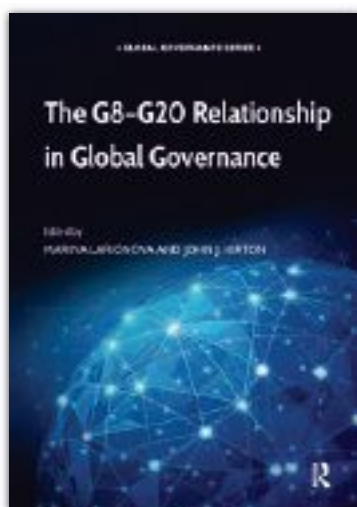
*John J. Kirton and Ella Kokotsis*

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# G20 as a platform for renewed multilateral cooperation

*A well-supported and secure global economy relies on members united in common purpose to overcome shared challenges, writes Christine Lagarde, managing director, International Monetary Fund*

The global economy is more interconnected than ever. Trade and financial linkages have grown enormously over the last decades while technological innovations have changed dramatically the way in which we communicate. But economic and geopolitical risks as well as policy uncertainty are testing our capacity to deploy global solutions to our shared challenges.

## CHRISTINE LAGARDE

Managing director, International Monetary Fund

The G20 can play an important role in steering our agenda. Just look at the world a decade ago. We suffered a global crisis, and the G20 countries came together with solutions that met this challenge. Governments propped up demand with large fiscal stimulus. Central banks slashed policy rates and implemented unconventional monetary policy.

The International Monetary Fund (IMF) also rose to the challenge of the global crisis and helped secure the global economic and financial system, with lending commitments of more than \$500 billion since then. We engaged in a serious rethinking of our macroeconomic knowledge and overhauled our surveillance and policy tools to ensure faster and more flexible responses.

**CRITICAL COOPERATION**

I believe that strong cooperation between the G20 and the IMF was essential to preventing a global depression, and strong cooperation is equally critical today. The G20 matters to the IMF as it includes many of our largest shareholders that have helped forge agreements at the level of political leaders on difficult items – for example, the 2010 quota reform. In turn, due to its unique expertise and global experience, the IMF helps advance G20 discussions and contributes to policy solutions and implementation through its universal membership.

I would like to highlight some examples of how our cooperation is helping our membership.

First, the G20 has asked us to come together with the World Bank to help enhance debt transparency. Public debt has risen markedly in recent years, particularly in low-income developing countries, of which 40% are at high risk of, or are already in, debt distress. Together with the World Bank, we are now implementing a multipronged approach. We support borrower countries' capacity-building in debt recording and the collection and dissemination of debt data and have strengthened our debt sustainability assessments. Our future work will look into official and private-sector creditor initiatives to support sustainable borrowing and lending practices, which are critical for maintaining a healthy economy.

Second, the IMF has worked with the G20 and others to study the impact of technology on jobs. We all understand that the diffusion of new technologies could bring unprecedented growth, but also disruption. We have prepared two notes on the future of work. The first note showed that policies can transform the impact of technological change. The second note proposes a framework for policy recommendations to facilitate change. Well-designed policies such as higher education spending can both foster the adoption of new technologies that improve productivity and ensure that income gains are more broadly shared, including by facilitating female

Christine Lagarde became the 11th managing director of the International Monetary Fund in 2011 and was re-elected to a second term in 2016. She previously served in the French government as minister for foreign trade, for agriculture and fisheries, and for finance and the economy. She also chaired the ECOFIN Council in 2008, which brings together ministers of finance and the economy of the European Union. Before entering politics, she practised international law, and was chair of the Global Strategic Committee of Baker & McKenzie.

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labour force participation. Here again, international cooperation can amplify the effectiveness of members' individual efforts.

**EVOLVING AREAS**

There are evolving topics that could benefit from cooperation between the G20 and the IMF. One of those is fintech. Financial technology is a field that holds the potential to deepen financial development and inclusion and enhance efficiency. But it may pose risks to financial and macroeconomic stability as well as to consumers and investors. National authorities are keen to harness the benefits and mitigate possible risks.

Together with the World Bank and other international institutions, we have developed the Bali Fintech Agenda, announced during the recent annual meetings in Indonesia. The agenda is a blueprint for policymakers who are seeking to manage new risks, while harnessing fintech potential for the benefit of all – not just the wealthy or the well connected. The agenda will help guide the IMF and World Bank staff in their work on fintech issues within their expertise and mandate and inform their dialogue with international standard setters and national authorities.

These examples show how the IMF and the G20 have fostered international cooperation to help economies achieve stronger and more sustainable growth and be more effective in delivering for people. Collective action led by the G20 has worked effectively in the past and I am confident that it will continue to work.

There is an expression: to go fast, go alone; to go far, go together. The global economy can go far when it goes together. It is more stable and more secure when its members are united in common purpose. 

# An anti-fragile system needs resilient banks

An illustration featuring a yellow pipette at the top right, with a black nozzle. A stream of gold coins is falling from the pipette into a clear glass jar with a brown lid. The jar is partially filled with gold coins. Below the jar, there are several stacks of gold coins and more coins scattered around. The background has light blue diagonal lines.

*The years since the financial crisis have seen a trend towards less complex, more focused financial systems. The G20 must safeguard this progress while it adapts to and addresses emerging vulnerabilities, writes Mark Carney, chair, Financial Stability Board*

In the decade since the financial crisis, the G20 has driven an ambitious programme of reforms that are making the global financial system safer, simpler and fairer.

The challenges now are to ensure there is no return to the errors of the past, and no complacency about the risks of the future. That requires the right attitude and the right institutions.

Global cooperation on financial stability occurs at the Financial Stability Board (FSB). Having agreed all the major international reforms to address the causes of the crisis, FSB members are now pivoting to implementation. In parallel, we are scanning the horizon to identify and address new vulnerabilities that emerge as the structure of our economies and financial systems change.

The G20 reforms since the crisis acknowledge that we cannot anticipate every risk or plan for every contingency. But they also recognise that we can, and must, plan for failure. That means creating an anti-fragile system that is robust to both known risks and unknowns.

Following G20 reforms, the world's largest banks must hold 10 times more equity than before the crisis.

Regulation has made banks less complex and more focused. Business strategies that relied on high leverage, risky trading activities and wholesale funding are disappearing, as intended. Trading assets have been cut in half, and interbank lending is down by one-third. Banks lend less to each other and more to the real economy.

In response to new global liquidity standards, banks have fundamentally changed their funding models, relying more on deposits, long-term borrowing and capital, and less on flighty short-term debt. UK banks have increased their contingent liquidity tenfold since the crisis.

#### ENDING TOO BIG TO FAIL

Higher capital and liquidity requirements are necessary but not sufficient. Banks must also be able to fail without systemic consequences.

A decade ago, large complex banks operated in a 'heads I win tails you lose' bubble.

To bring back the discipline of the market and end reliance on public funds, FSB members agreed standards to ensure that globally systemic banks can fail safely in the future.

These banks have had to make themselves easier to resolve. They must now hold sufficient debt such that, in the event that one fails, its successor can be recapitalised to support the continued operation of its most important activities.

An anti-fragile system must be as robust to operational failures as to financial ones. While past crises had their roots in financial losses,

in our digital era systemic shocks can also come from non-financial sources, including cyberattacks.

Therefore we are literally planning for failure. Many authorities have begun setting standards for how quickly critical financial institutions must restore vital services following a cyberattack. We will conduct cyber stress tests, and prescribe remedial action plans if they fail. The FSB will report next year on a project to develop effective practices relating to a financial institution's response to and recovery from a cyber incident.

An anti-fragile system requires a comprehensive macroprudential framework. Macroprudential frameworks encourage authorities to meet the next challenge, not simply fight the last war. They prompt exploration of 'what could happen?' rather than the false comfort of being ready for what is most likely to happen.

Macroprudential authorities must consider the safety of the financial system as a whole. That requires both comprehensive and varied stress testing of the core as well as regular examination of the risks that may lie beyond the regulatory perimeter.




#### SUCCESS IS AN ORPHAN

Looking forward, the challenge for policymakers is that, when it comes to financial stability, success is an orphan. As memories fade, complacency sets in and pressure to compromise re-emerges.

G20 members bear the responsibility to safeguard recent progress and address emerging vulnerabilities.

Safeguarding progress does not mean defending all aspects of reform at all costs. The FSB is now assessing what is working as intended and addressing any inefficiencies or unintended consequences.

We will not abolish crises (which have their roots in changes to the real economy and irreducible uncertainty). But with targeted and efficient regulation, and with continued vigilance, we can reduce their frequency and lessen their impact.

As a result, households and businesses can be confident that their financial system will be there for them in bad times as well as good. 

### MARK CARNEY

Chair, Financial Stability Board

Mark Carney is the governor of the Bank of England and chair of the Monetary Policy Committee, Financial Policy Committee and the Board of the Prudential Regulation Authority. He also serves as chair of the Financial Stability Board, first vice-chair of the European Systemic Risk Board, a member of the Group of Thirty and the Foundation Board of the World Economic Forum. After a 13-year career with Goldman Sachs in its London, Tokyo, New York and Toronto offices, he was appointed deputy governor of the Bank of Canada in August 2003. In November 2004, he left the Bank of Canada to become senior associate deputy minister of finance. He held this position until his appointment as governor of the Bank of Canada on 1 February 2008. Mark served as governor of the Bank of Canada and chair of its board of directors until 1 June 2013.



*The G20 is only just beginning to grasp the risks and possibilities of fintech, and must pay close attention to its impact on economies and societies, say Jennifer A. Jeffs and Meredith Williams*



# Fintech

## digital opportunities beyond finance



The fintech revolution has progressed rapidly, bringing various, often unexpected social benefits. Fintech is a host of new technologies promising to deliver financial services in novel, efficient and secure ways. For the more than two billion adults who are excluded from the formal financial system, it carries great significance in terms of both social and international development. Technological advances driving this innovation have happened too quickly for the capacity of global governance to respond adequately. Analysts exploring digitalisation are starting to do this, but governance of these new mechanisms of financial exchange is still evolving. Governance initiatives must appreciate the unique potential of fintech for international development objectives, and promote rather than suppress it.



“

“Crypto-assets raise a host of issues around consumer and investor protection, as well as their use to shield illicit activity and for money laundering and terrorist financing. At the same time, the technologies underlying them have the potential to improve the efficiency and inclusiveness of both the financial system and the economy”

– Mark Carney to G20 finance ministers and central bankers, March 2018

Heralding economic opportunity and untold social utility, fintech also presents risks and possibilities that global governance and the G20 are only just beginning to grasp. Digital technologies are disruptive, affecting human productivity and well-being, and will likely displace workers by affecting employment. Moreover, they may lead to a greater digital divide and even greater inequality. As concerns regarding inequality drive the backlash against globalisation, the G20 must pay close attention to financial technologies and their potential to improve inclusion while disrupting employment everywhere.

In terms of global governance, fintech is an aspect of digitalisation. Understanding how the G20 has addressed digitalisation may indicate its future governance of fintech. The G20 summits at Hangzhou in 2016 and Hamburg in 2017 took place at a time of rising populism and protectionism, prompting G20 leaders to aim to govern and shape digitalisation to benefit everyone. Only in this way can G20 digitalisation governance address the repercussions of rampant global inequality.


#### **BIGGEST INNOVATION IN LIVING MEMORY**

Aspects of fintech innovation are revolutionising economic, industrial and social sectors and the processes beyond – different and removed from the financial services sector that spawned them. A single fintech company can track all manner of valuables and vehicles of value storage – money, securities, treasury bonds, fine wines and art treasures – as well as diamonds sourced from war zones through their respective lifetime value journeys. Blockchain’s distributed-ledger technology is the best example of a financial services application usefully adapted to another purpose. Its tamper-proof and decentralised records transfer value, and can store innumerable aspects of human existence, including birth and death certificates, education and employment records, property ownership rights and records, insurance claims, votes – virtually any transfer of value. Blockchain enthusiasts declare that what the internet did for storage and the transfer of information, blockchain does for value, making blockchain the biggest economic innovation in living memory, as important as the industrial revolution.

Cryptocurrencies in illicit economies prompt concern. Hindered by the pace of technological change, governance responses to fintech – as varied as the technologies that prompt them – are just emerging. Countries eager to grasp potentially transformative economic opportunities strive for fintech development, while regulatory bodies struggle to keep pace without stifling innovation.

#### **GLOBALISATION TO WORK FOR ALL**

The G20’s governance of digitalisation should allow the potential of fintech innovation and artificial intelligence (AI) to realise the G20’s core mission of making globalisation work for all by offering coordination of a diverse, interconnected world. International coordination of fintech and AI could be key to redressing the inequality wrought by globalisation.

Digital technologies enable unprecedented interference of sovereignty. In its mission to ensure global financial stability, the G20 should respond to the digitalisation of finance and fintech innovation flexibly, with its response expanding and evolving in tandem with fintech itself. For the G20 members to maintain their sovereignty domestically and globally, they should work with global governing bodies and national banks to regulate the emerging digital technologies that are shaping the future of everything from cross-border payments, cryptocurrencies and know-your-client verifications – which could disrupt sovereign state functionality. Working alongside fintech development, fostering innovations will produce digital technologies that grow in tandem with G20 members’ state sovereignty. 

#### JENNIFER A. JEFFS

Jennifer A. Jeffs is past president of the Canadian International Council and co-chairs the editorial board of its journal, *International Journal*. She serves on the boards of the Canadian International Council and the World Wildlife Fund Canada, and is a research associate with the Innovation Policy Lab at the Munk School of Global Affairs and Public Policy at the University of Toronto, working on the fintech aspect of the Creating Digital Opportunity project, funded by the Social Sciences and Humanities Research Council of Canada.



#### MEREDITH WILLIAMS

Meredith Williams is a research associate with the G20 Research Group, focusing on fintech regulation and digital disruption and innovation. She is also a research associate with the Creating Digital Opportunity project of the Innovation Policy Lab at the Munk School of Global Affairs and Public Policy at the University of Toronto, working on blockchain technology innovation and regulation. She is currently studying her master’s of law in innovation technology at the University of Edinburgh, while pursuing a career in the financial services industry.



*Despite efforts by the G20 to strengthen financial coordination, divergent global finance is creating a race to the bottom, writes Chiara Oldani, professor of monetary economics, University of Viterbo 'La Tuscia'*

In 2018, global economic conditions confirmed divergent growth paths among G20 countries. Nationalism in global finance pushed forward by some G20 countries, such as the United Kingdom and the United States, could reduce regulatory coordination and create arbitrage and risks. Over the past decade, since the first G20 summit in Washington in 2008, the G20 has succeeded in strengthening financial regulations following the 2008 global financial crisis.

At the Pittsburgh Summit in 2009, the leaders addressed the most relevant weaknesses in the financial system at that time, in particular systemically important financial institutions (SIFIs) and over-the-counter (OTC) derivatives. The virulence of the financial crisis forced authorities to downsize SIFIs, which had grown thanks to the originate-to-distribute model of banking. But moral hazard proliferated: Bear Stearns, Fannie Mae and Freddie Mac, Northern Rock and Monte dei Paschi di Siena are a few examples of expensive rescues by G7 governments. OTC derivatives contracts were considered to be at the root of the global financial crisis, and the Financial Stability Board imposed a centralised counterparty system with the aim of reducing counterparty risks.

#### **ENGENDERING TRANSPARENCY**

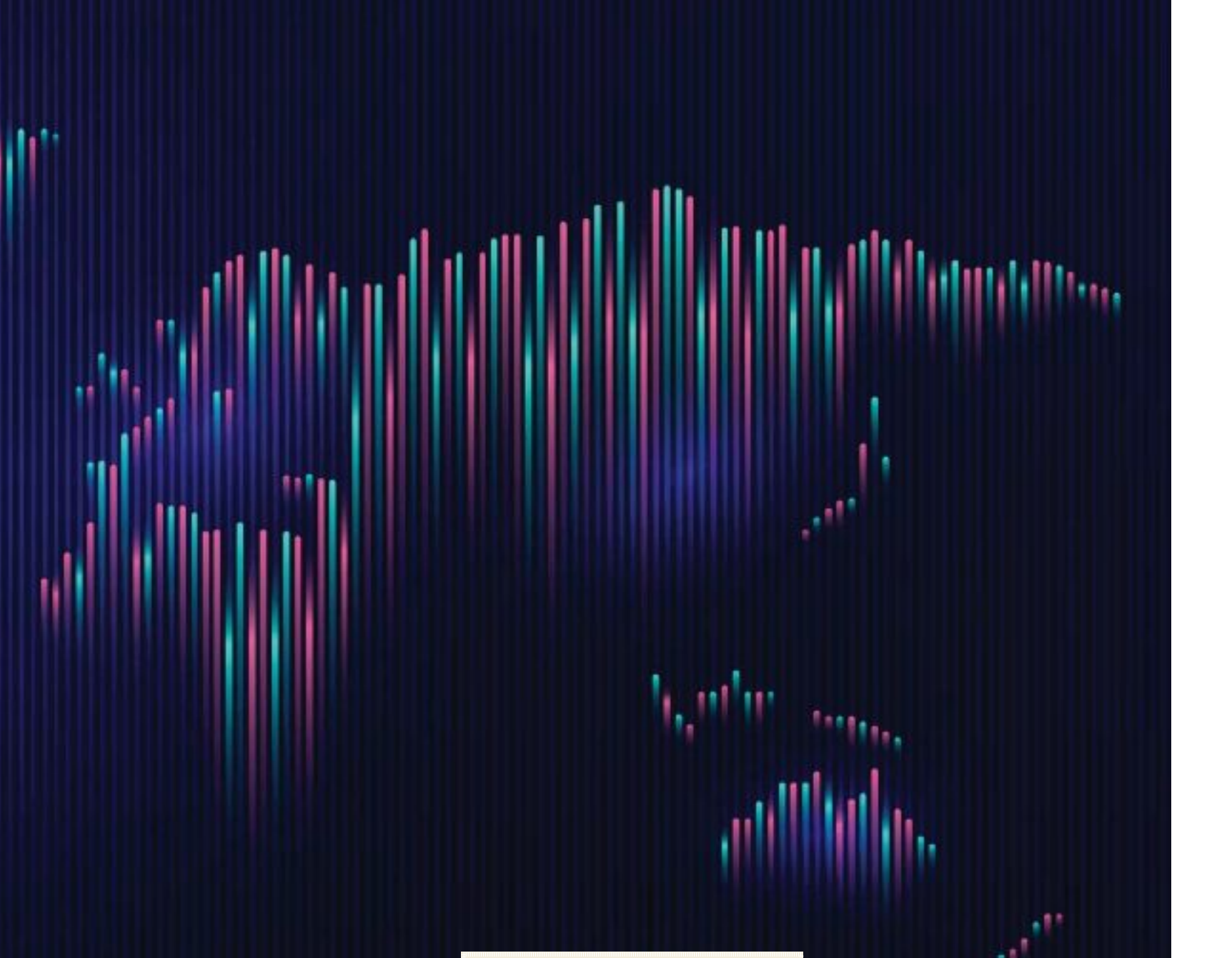
Information is the most valuable asset in financial markets. Ten years after the subprime crisis, the remaining challenges of the global regulatory financial infrastructure are still related to opacity.

In Argentina, the G20 leaders should focus on strengthening the global regulatory system and introducing proper incentives for unregulated intermediaries and markets. Their first policy action should address non-regulated financial products (for example, cryptocurrencies) and intermediaries (for example, fintech). The heavy burden of regulation on financial institutions has succeeded in downsizing banking and financial institutions, but it has also reduced their profitability, and it has also contributed to the spread of non-regulated institutions. Financial services have

created incredible value for G20 economies in the past decades, but the evanescence of digital finance should not translate into massive rule avoidance or fraud.

Profits should be shared widely. Economists know that history repeats itself – the market price for cryptocurrencies experienced a remarkable rise and fall in 2017–18, similar to what has happened before in the stock market; fintech services are growing rapidly in G20 countries, but their opacity can severely reduce their benefits, similar to shadow banking.

# International finance: worlds apart



## CHIARA OLDANI

Chiara Oldani is a professor of monetary economics at the University of Viterbo 'La Tuscia' and the director of the Rome office of the G20 and G7 Research Groups. Her research currently focuses on

over-the-counter financial derivatives and the complex web of counterparty risk, widely considered a major precipitating factor of the global financial crisis.

 @chiaraoldani  
 www.unitus.it



The G20's second policy action should be to strengthen the global regulatory financial system to explicitly consider the risks created by the trade of OTC derivatives by non-financial operators, especially governments and local administrations. In 2017, no government disclosed detailed information on its OTC trading despite the European sovereign debt and the Greek crisis after 2011. This oversight can undermine financial stability; global accrual-based accounting standards can help manage public expenditures and debts.

The G7 Bari policy agenda, set out by the G7 finance ministers in 2017, suggested fiscal policy as a growth-inclusive policy tool, but a larger group of countries, as in the G20, could effectively achieve this goal. The third policy action at Buenos Aires should thus reduce tax arbitrage among countries, and not only in the financial sector. The shape of the European financial services industry will change after Brexit, and tax competition and arbitrage will inevitably increase. The race to the bottom induced by corporate tax competition among G20 countries has destroyed wealth. 

# G20 performance on **international taxation**

*The G20 must go further than reaffirming past commitments on the global taxation system and agree on sanctions for non-compliant regimes, argues Michael Motala, researcher, G20 Research Group*

When G20 leaders meet in Buenos Aires, they will again discuss improving fairness in the global taxation system. As host, Argentina will focus on opportunities and challenges due to technological change and digitalisation. Its summit will seek to fight tax avoidance

and evasion, work towards implementing transparency commitments, avoid base erosion and profit shifting (BEPS) by digital multinational corporations and identify how the digital economy generates value.

The G20 is well positioned to reaffirm its commitments on BEPS, including adopting the findings on rulings exchange among developing countries, implementing updates to tax treaties to reflect new standards and sanctioning non-compliant regimes.

## COMMITMENTS

Since 2008, the G20 has made 75 commitments on international taxation: 3% of its 2,398 commitments overall. Its first commitment came at the 2008 Washington Summit, where it pledged to work with the Organisation for Economic Co-operation and Development (OECD) and address the lack of transparency



in global tax governance owing to the failure of information sharing. At the 2012 Los Cabos Summit, it tasked the OECD with addressing tax base erosion, profit shifting and the digital economy. At St Petersburg in 2013, leaders committed to the automatic exchange of information (AEOI) as the new global standard and reaffirmed their full support of the OECD's work. In 2014 at Brisbane, they welcomed significant progress on the OECD/G20 BEPS Action Plan.

Base erosion refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low- or no-tax locations with little economic activity. Most corporations engage in legal forms of profit shifting, resulting in tax avoidance, but other techniques are illegal, resulting in tax evasion. The BEPS initiative is concerned with tax avoidance by multinational corporations. In 2015, the OECD estimated that corporate profit shifting erodes up to \$240 billion from the global tax base.

The G20 reaffirmed its previous commitments at Antalya in 2015. At Hangzhou in 2016, leaders committed to achieving a global fair, modern tax system, pledging support for timely, consistent and widespread implementation of the BEPS package. The G20 again reaffirmed these objectives at Hamburg in 2017, adding that leaders would undertake defensive measures against non-cooperative jurisdictions with insufficient tax compliance. In short, the G20 has reaffirmed the BEPS Action Plan at every summit since 2013.

#### COMPLIANCE

Of the 75 commitments made since 2008, five corresponding with the BEPS Action Plan have been assessed by the G20 Research Group for G20 members' compliance. Compliance averages 87%, and is rising. The first assessed commitment, in which leaders pledged to change rules to tackle tax avoidance and aggressive corporate tax planning, was agreed at St Petersburg in 2013, and secured compliance of 68%. The second commitment, with 90% compliance, was

## MICHAEL MOTALA

Researcher, G20 Research Group

Michael Motala is a researcher with the G20 Research Group and a PhD student studying political science at the University of Toronto, where his research focuses on the implementation of the G20/OECD Base Erosion and Profit Shifting Initiative and the new global tax governance. He holds degrees from Columbia University, Osgoode Hall Law School, the London School of Economics and Political Science, and the University of Toronto's Trinity College.

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agreed at Antalya in 2015, where the G20 reaffirmed its commitment to AEOI by the end of 2018. Third, the G20 also committed at Antalya to strengthening developing economies' engagement with the international tax agenda, which achieved compliance of 93%. Fourth, at Hangzhou in 2016 the G20 committed to continuing support for tax cooperation through BEPS, and secured compliance of 83%. Fifth, following the Hamburg Summit in 2017, overall interim compliance with the BEPS action items was 100%.

#### CAUSES AND CONSEQUENCES

The global financial crisis in 2018 and the shock of the 2012 transatlantic scandals exposed the tax avoidance practises of Starbucks, Amazon, Apple and Google. Tax cooperation went to the top of the global political agenda. In December 2012, the British House of Commons issued a report condemning the use of secret jurisdictions, royalties and complex corporate structures used by firms to avoid paying their fair share of taxes. Across the Atlantic, the White House issued the President's Framework on Business Tax Reform, articulating the need to cut tax loopholes and subsidies. These events culminated in the G20 tasking the OECD with developing a new international taxation agenda now known as the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting.

Although the first five years of the BEPS initiative have been lauded due to the successful cooperation and implementation of the BEPS action items, the election of US president Donald Trump and the European Commission's unilateral approach to taxing digital technology companies raise important questions about the future of global tax governance. The 2017 tax overhaul by the US Congress strongly suggests the United States is seeking to enhance its tax competitiveness.

The European Commission's decision to fine Amazon \$294 million for illegal tax advantages in October 2017, coupled with its proposed 3% tax on digital multinational corporations ahead of the G20 finance ministerial meeting in Buenos Aires, has raised the ire of US treasury secretary Steven Mnuchin. This recent transformation in the tone of transatlantic fiscal relations portends a shift from strong plurilateral cooperation within the G20 to a unilateral beggar-thy-neighbour approach driven by the imperatives of global tax competition.

#### CORRECTIONS

At Buenos Aires, the G20 must do more than reaffirm its past commitments on BEPS and on a more transparent international taxation system. Although it boasts a perfect compliance score on the most recently assessed collective commitment on the BEPS Action Plan, ongoing revelations about aggressive corporate taxation practices underscore members' sustained vulnerability to aggressive tax avoidance and efficient tax planning. What is needed is an enhanced commitment to monitoring and enforcing compliance, treaty harmonisation and sanctioning of non-compliant regimes. <sup>G20</sup>

**3%**

of all G20 commitments relate to international taxation

**87%**

Average compliance of assessed tax commitments

**100%**

Overall compliance with BEPS action items part way after Hamburg

# International tax: achievements and work ahead for the G20

Over the past 10 years, with support from the G20 leaders and finance ministers, major progress has been achieved to fight against tax avoidance – through the now well-known Base Erosion and Profit Shifting (BEPS) project, which is now being implemented – and enhance tax transparency through implementing the exchange of information standards. Multilateralism has been the key.

However, more needs to be done to address the challenges arising from digitalisation and to ensure that the automatic exchange of information (AEOI) on financial accounts is implemented. On these issues and beyond, the leadership of the G20 is necessary to keep the global community together.

## **PRESSURE ON EXISTING RULES**

It is widely recognised that the new technologies have facilitated new business models and are putting the existing international tax rules under pressure. In March 2018, the Organisation for Economic

*Pascal Saint-Amans, director, OECD Centre for Tax Policy and Administration, calls on the G20 to take leadership in overcoming issues linked to digitalisation and the automatic exchange of information in the financial sphere*

Co-operation and Development/G20 Inclusive Framework on BEPS and its now 119 members adopted *Tax Challenges Arising from Digitalisation – Interim Report 2018*, which was presented to the G20 finance ministers. The report underlined that although there was general consensus on the characteristics of digitalisation, divergence existed on the way international tax rules should (or should not) be affected. The report also provided recommendations for countries considering immediate actions – to limit any adverse effect of interim measures, recognising the political pressure

## “Blockchain technology gives rise to new, secure methods of record-keeping while facilitating cryptocurrencies, which can present a risk to tax transparency”

economy are also increasingly present in all business models. There was also a proposal to establish a minimum tax for situations where investment decisions are distorted by very low effective tax rates.

In addition, digitalisation is offering new opportunities as well as some challenges for tax policy and administration purposes. Blockchain technology gives rise to new, secure methods of record-keeping while facilitating cryptocurrencies, which can present a risk to tax transparency. Work is underway to better understand and address these developments, including regarding the tax treatment of cryptocurrencies and how to investigate tax crimes involving them.


An update on the interim report will be presented to the G20 in June 2019. We are confident that the 2020 final report should bring a common position.

### ENCOURAGING FURTHER PROGRESS

This year is also important in the area of tax transparency, with around 50 jurisdictions starting AEOI. Since September 2017, AEOI is now well under way and bank secrecy for tax purposes is coming to an end.

The impact of this is significant. Countries have identified – before AEOI began – €93 billion in additional tax revenues due to voluntary disclosure programmes and offshore investigations. A methodology is currently being developed to start the first peer reviews of AEOI in 2020.

Establishing a level playing field has been a key strategic objective for years in the area of tax transparency. In 2016, responding to a call from the G20, the OECD delivered objective criteria in July 2016 and presented the outcomes to the G20 leaders in 2017. As a result of significant progress made by those jurisdictions at risk of being listed, only one jurisdiction was identified. The objective criteria were a vital tool to push jurisdictions over the finish line as the first round of peer reviews for exchange for information on request (EOIR) and the AEOI commitment process were coming to a close. As circumstances evolved, with a second round of reviews under way for EOIR and the implementation of AEOI, and in response to the G20’s call, the OECD presented strengthened criteria to the G20 finance ministers’ meeting in July 2018 to encourage further progress.

The number of jurisdictions at risk of failing to comply with the tax transparency standards will be presented at the G20 leaders’ meeting in Buenos Aires, and a progress report will be delivered to their summit at Osaka in 2019 with the actual jurisdictions that have not made sufficient progress. 

### PASCAL SAINT-AMANS

Director, Center for Tax Policy and Administration, OECD

Pascal Saint-Amans has been director of the Center for Tax Policy and Administration (CTPA) at the Organisation for Economic Co-operation and Development (OECD) since 2012. He joined the OECD in September 2007 as head of the International Co-operation and Tax Competition Division in the CTPA. In 2009, he was appointed head of the Global Forum Division, created to service the Global Forum on Transparency and Exchange of Information for Tax Purposes. Before joining the OECD, he was an official in the French Ministry for Finance for nearly a decade.

 @PSaintAmans  [www.oecd.org/ctp](http://www.oecd.org/ctp)



associated with the topic. However, and more importantly, countries agreed to continue working together towards a long-term solution that would be based on consensus.

The OECD’s Task Force on the Digital Economy met in July 2018 to take the discussion forward. Countries recognised the need for a long-term solution and have further refined their positions in an effort to bridge the gaps. Some countries would like to build on the concept of user contribution, while others favour a broader solution to take into account the fact that features of the digitalised

EY

# Tax policy in a changing environment

*Taxpayers, advisers, governments and authorities must speak the same language to enable tax policy to support growth, says Chris Sanger, global head of tax policy, EY*



The EY Megatrends 2018<sup>1</sup> report noted that “executives and board members are focused on disruptive innovation as never before, recognising it as both an opportunity for differentiation and an existential threat. Companies have stopped wondering whether it merits serious attention and are focusing instead on how to best respond. Business transformation has become the new mantra as companies adapt to the era of disruption with digital strategies, new business models and more.”

The report concludes that the vast majority of disruption originates from some combination of three primary forces: technology, globalisation and demographics. These three forces apply equally to the world of tax policy. Attention at the global level can help taxpayers and governments ensure that the changes that will arise are managed in a way that delivers for everyone, allowing the international tax environment to benefit from these forces, rather than risk being swept about by them.

## **TWO AREAS FOR THE G20**

As the base erosion and profit shifting (BEPS) agenda moves through into implementation, the new focus of the G20 could be on, firstly, taxing rights and, secondly, digital tax administration.

### **New business models are challenging taxing rights**

- Globalisation has enabled new business models that have created new products and services, driving



productivity gains, growth and wealth, as well as disrupting those working within existing business models. Existing ways of taxing companies were built for bricks and mortar businesses and many of these continue to work well in this new environment, a true testament to the strength of the principles behind the rules.

But the ability for a company to instantly scale up without physical presence in a country, heavy reliance on intellectual property and new and novel ways in which users create value for a business are leading to questions about whether the agreements on taxing rights, first determined in a bricks and mortar age, still deliver the right outcomes for those with characteristics that were unfathomable at the time the original agreements came to be.

- The G20 has had success in driving the BEPS agenda, including the adoption in principle of the minimum standards by more than 120 jurisdictions. The differences in views on who should have taxing rights over the profits made by new business models should also be aired in a truly global context, rather than considered by each jurisdiction alone. New compromises need to be worked out, if we are to avoid taxation acting as a barrier to further development, innovation, profits, prosperity and tax revenues. And businesses themselves must be involved early and fully, if tax policies are to deliver their full potential.

**Technology is changing tax compliance and enforcement**

- Technology has fundamentally disrupted the way relationships form and develop in every facet of life, with communications technology allowing groups and individuals to communicate and collaborate more easily than ever before.
- With this, the traditional tax compliance life cycle is being disrupted beyond recognition. Many countries are questioning the whole concept of the annual tax return,



**CHRIS SANGER**  
Global head of tax policy, EY

Chris Sanger is EY's global head of tax policy, chair of the UK Financial Secretary to the Treasury's Tax Professionals Forum and a member of the United Nations Subcommittee on Extractive Industries Taxation Issues for Developing Countries.

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and instead the focus on real- or near-time data submissions is driving a paradigm shift in the way taxes are assessed, calculated and collected – and in the way in which taxpayer and tax authorities communicate with one another, including when those communications involve disagreements.

- Companies may struggle to meet the new demands; digitally submitted data that tax administrations receive in real time are being drawn from systems that would previously have been interrogated and checked prior to inclusion in a tax return. As a result, we see new risks for taxpayers and tax authorities, centred on data that has not benefitted from the review procedures that are embedded in historic tax return procedures. This is causing a new friction between taxpayer and tax authority, driving uncertainty and disruption.
- Beyond this friction, there is a real benefit in a globally coordinated approach to the move to digital tax administration. This can help countries avoid repeating the mistakes of others, or just choosing slightly different requirements which, while rational in their own right, lead to a patchwork of rules that again reduce the ease of trading globally.

**THE ROLE OF THE G20**

The G20 has an essential role to play, through its support for the Organisation for Economic Co-operation and Development and beyond, in encouraging countries to respond to these challenges in a way that is consistent, efficient and effective. Only by having a coordinated approach will we avoid multiple instances of tax on one side, and diverse, complex and burdensome obligations on the other.

Beyond these two initiatives, perhaps most importantly, now is the time for all parties – taxpayers, their advisers, governments and tax authorities – to look past disruption, and make sure we are all speaking the same language. All stakeholders need to work together to reduce misunderstandings, drive out inconsistencies and show support for what can be achieved as a group. By working more closely together we can find ways to not only improve existing processes and tasks, but develop new technologies to support new obligations.

This will allow tax policy to support growth, and not be an impediment to it; a way to build a better working world. 

*The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organization or its member firms.*

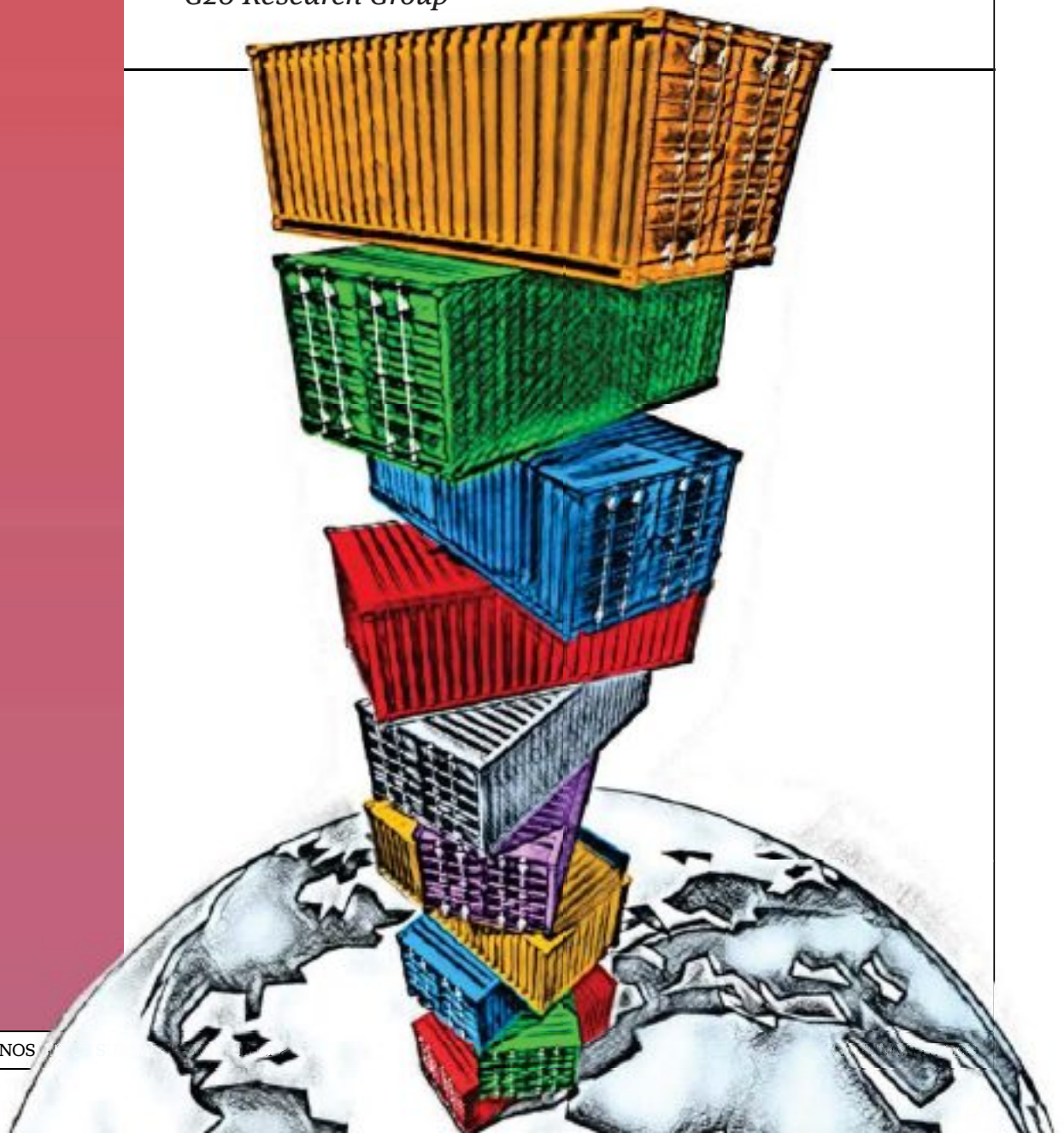


# 7

TRADE AND  
INVESTMENT  
COOPERATION

## G20 performance on **trade**

*At a time of rising trade tensions, the G20 must reaffirm its long-standing commitment to open and fair trade, writes Maria Marchyshyn, lead researcher on trade, G20 Research Group*



Trade has become a highly controversial international issue over the past year. Yet G20 members as a whole have steadfastly shown unity in supporting freer trade and recognising its importance in sustaining global economic growth. As the G20 adapts to new global realities, including the recent surge in protectionist and populist pressures, it is balancing its ability to forge compromise among its members with its ability to uphold high standards for free and fair trade to produce more effective and forward-looking trade commitments.

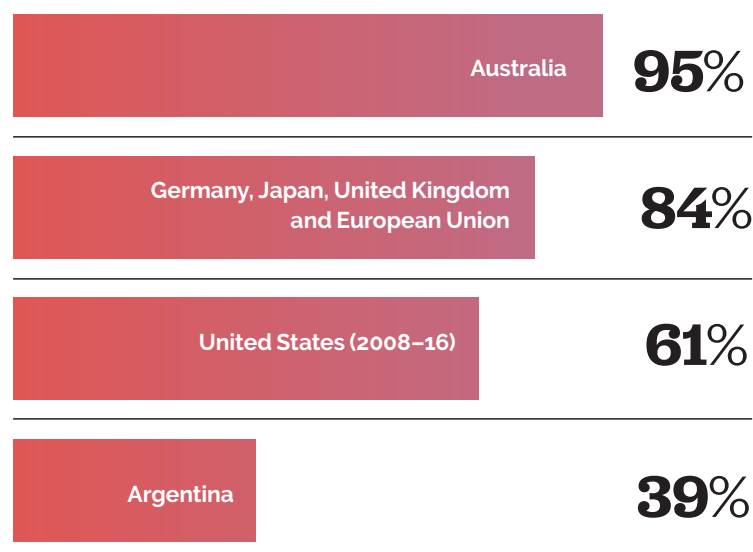
### COMMITMENTS

From the first G20 summit in 2008 until the most recent in 2017, G20 leaders made 164 commitments on trade. Since 2010, G20 trade commitments increased, with the past two years reaching new highs of 24 in 2016 and 29 in 2017. This signals an increased focus on this issue. The 2013 St Petersburg Summit produced a stand-alone document, *Advancing Transparency in Regional Trade Agreements*. G20 leaders continue to support a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system with the World Trade Organization (WTO) at its centre. They repeatedly promise a standstill and rollback of their protectionist actions and urge the successful conclusion of the Doha Development Agenda.

### COMPLIANCE

The G20 Research Group has assessed G20 members' compliance with 19 commitments on trade from the summits from 2008 to 2017. Overall, G20 compliance on trade averages 68%, although it varies widely. Two commitments led compliance at 95% (one on a 2015 commitment on development and Aid for Trade and one on a 2016 commitment on investment policymaking). Two more commitments achieved the second highest score of 90% (a rejection of protectionism in 2008 by refraining from imposing new export restrictions and a 2016 endorsement of the *G20 Strategy for Global Trade*

### Compliance on trade commitments 2008–17



*Growth*). Although compliance with other commitments has been much lower, it has increased since 2015. Indeed, interim compliance with the 2017 commitment was 85%.

Australia led with the highest compliance of 95%, followed by Germany, Japan, the United Kingdom and the European Union, each with 84%. Argentina had the lowest compliance score of 39%. The United States averaged 61% from 2008 to 2016 and then 75% in 2017 largely after President Donald Trump arrived.

### CONSEQUENCES

Global trade continues to grow despite the protectionist policies of the United States and other members. Through their commitments G20 leaders show that they are well aware that trade supports global economic growth, and domestic growth, productivity and innovation. That might spur their improving their compliance, despite the current uncertainty. Recent higher compliance by China and India clearly show that as new powers emerge on the global stage, they continue to turn to trade to strengthen their economies.


### CORRECTIONS

There may be several ways to improve G20 compliance on trade, through leader-controlled, low-cost accountability measures that have been proven to work in trade and other fields.

In this time of rising trade tensions, it is very important for the G20 to reaffirm its long-standing commitment to open and fair trade by rejecting protectionism and refraining from any new trade barriers. It should also attempt to avoid including the WTO in its commitments, because compliance is higher with commitments that do not refer to the WTO as the core international institution for trade.

The G20 should consider holding trade ministerial meetings on an annual institutionalised basis, before and after the G20 summit. This would allow their trade ministers to help resolve disputes before the summit, make the leaders' summits more prepared and unified, and spur rapid implementation of the commitments leaders make there.

Furthermore, the G20 leaders should include more trade commitments in their communiqués. A high number of trade commitments leads to increased compliance.


The G20 should also consider connecting trade to other pressing issues such as climate change, gender equality, development, technological advancement and e-commerce, global supply chains, services and investment guidelines. 


## MARIA MARCHYSHYN


Lead researcher on trade, G20 Research Group

Maria Marchyshyn is the lead researcher on trade with the G20 Research Group as well as the G7 Research Group and the BRICS Research Group, based at the Munk School of Global Affairs and Public Policy at Trinity College in the University of Toronto. Her work focuses on macroeconomic issues, including international trade and finance and topics regarding the European Union. Maria is the vice president of finance for the Organization of Women in International Trade. She has worked in the financial industry and as a researcher at the European Parliament in Brussels.



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# A key moment for trade

*Current trade tensions require a political solution, and this is where the G20 must step in and join the debate, writes Roberto Azevêdo, director general, World Trade Organization*

The global trading system has helped to fuel growth and development around the world.

It has provided a foundation on which members of the World Trade Organization (WTO) can base their economic planning with confidence, helping to support jobs, lower prices for consumers and prevent trade disputes from escalating into real conflicts. We must ensure that the system continues to play this role, especially at a time of rising trade tensions.

Although trade growth has picked up (now forecast at 3.9% this year), tensions have been escalating rapidly among some major trading partners. Continued escalation would pose an increased threat to stability, to jobs and to the kind of growth that we enjoy today.

We cannot let this happen. There is a responsibility on the entire international community to help ease tensions, in the interests of all our citizens. We need more dialogue – both bilaterally and through the WTO. In fact, this situation is putting a new focus on the multilateral trading system as a place where solutions may be found. At the root of the current tensions is the argument that the trading system is allowing distortive trade practices to go unchecked and therefore, the argument goes, the system needs to change to be more responsive to such measures. Ultimately, this is not a technical discussion. This crisis is political. And it requires a political solution.

### DISPUTE RESOLUTION

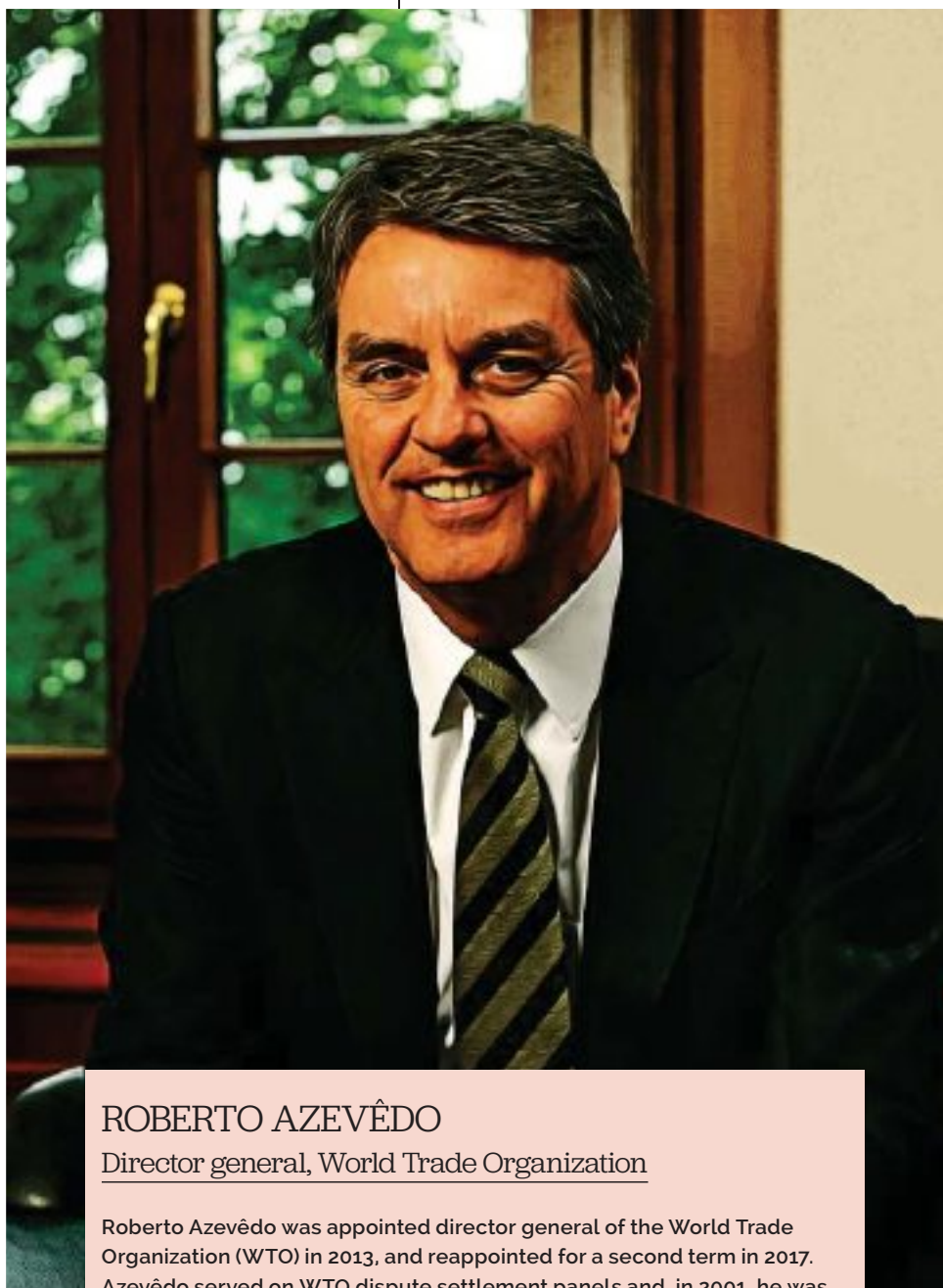
This is why a high-level conversation about WTO reform or modernisation is beginning to emerge. It is seen as a way to deal with some of the big trade problems that some members have identified. There are several perspectives being offered. They include, for example, resolving disputes and reaching agreements more rapidly and effectively, addressing a variety of trade distorting practices that are either not covered or are just partially covered by existing disciplines, avoiding protectionism and unilateral actions, advancing the current work, and improving notifications and transparency. These are all important issues – although of course precisely which are taken forward, and how, is for members to determine.

There are members who do not share the view that a reform is needed, but the debate is gathering momentum. WTO reform was at the top of the agenda at the G20 trade ministers' meeting in Mar del Plata in September. Ministers issued a joint statement after the meeting and committed to work on ways of improving the WTO to ensure that it can meet current and future challenges. They also recommended that leaders address these issues at the G20 summit in Buenos Aires. The summit will be a key moment in this debate.

### MEETING MODERN CHALLENGES

While we work to solve these issues, we must also keep up our work elsewhere. This includes finding a solution to the serious impasse in the dispute settlement system. It also includes finding positive routes forward in our deliberations. We have to continue working to find solutions on long-standing issues such as agriculture, food security, development and the elimination of fisheries subsidies. Notably, this also includes the conversations that large groups of members have begun on a number of issues of emerging economic importance such as electronic commerce, investment facilitation, how to support smaller businesses to trade, and the economic empowerment of women. Although this work is not supported by all members, debates are ongoing and engagement is high.

The track record of the WTO shows that we can deliver. But we can take nothing for granted. For all of this to happen, we need to continue strengthening the WTO, fostering cooperation on global economic issues and making the case




### ROBERTO AZEVÊDO

Director general, World Trade Organization

Roberto Azevêdo was appointed director general of the World Trade Organization (WTO) in 2013, and reappointed for a second term in 2017. Azevêdo served on WTO dispute settlement panels and, in 2001, he was named head of the Brazilian Foreign Ministry's Dispute Settlement Unit, where he remained until 2005. From 2006 to 2008 he was vice-minister for economic and technological affairs at the Foreign Ministry in Brasilia. In that capacity he was also Brazil's chief trade negotiator for the Doha Round and other WTO issues.

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**3.9%**  
Forecast growth  
in trade across  
2018

for a rules-based system that responds to the challenges of today as well as the emerging economic realities of tomorrow. I count on the leadership of the G20 to that end. Working together, we must ensure that the multilateral trading system continues to be a force for good now, and for generations to come. 

# Capital flight in trade payment

*Preventing and detecting fraud in trade and financial transactions requires combined efforts from global actors, and new technology could be part of the solution, says Kunio Mikuriya, secretary general, World Customs Organization*

Given that known sources of illicit financial flows are tax evasion, the proceeds of criminal activities and bribes, the task of combatting those flows appears to fall to tax authorities, the police and financial regulatory institutes. Customs authorities have been supporting the fight against illicit financial flows at borders by cracking down on smuggling in cash or gold. However, in response to the emerging risk of illicit financial flows disguised as legitimate trade payments or receipts, customs authorities should play a leading role in the fight against them via trade misinvoicing.

### OVERVIEW OF THE RISK

Every trade transaction has two official records: one recorded by the importing country and the other by the exporting country. Existing literature suggests that discrepancies between the importer's and exporter's reports may be an informative indicator for assessing the risk of trade misinvoicing. An overview of the trade discrepancy ratio for the period from 2011 to 2015 reveals that the worldwide risk of illicit financial flows through trade misinvoicing was consistently significant, and that the risk in imports from developing countries made by members of the Organisation for Economic Co-operation and Development (OECD) was even higher than that in trade between developing countries.

### BORDER CONTROLS

What exactly has distracted customs authorities from detecting trade misinvoicing at borders? When it comes to auditing the value of traded goods, most customs authorities focus solely on 'under-invoiced imports', in line with their traditional mandate of securing customs

duties. Even the World Trade Organization's Valuation Agreement (formally known as the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade) sets out customs valuation standards for imported goods only, and not for exported goods. Consequently, over-invoiced imports (intended to disguise capital flight as trade payments), under-invoiced exports (intended to conceal trade profits abroad, such as in tax havens) and over-invoiced exports (intended to transfer illicit proceeds to domestic financial accounts) have not been the chief concern of customs authorities. This may have resulted in trade transactions suspected of involving illicit financial flows not being properly checked at borders.

### POLICY RECOMMENDATIONS

As requested by the G20 Hangzhou Summit in 2016, the World Customs Organization has prepared a report on trade misinvoicing, which explores the trail of illicit financial flows by analysing customs trade data. It presents policy recommendations based on certain best practices by customs authorities.

An indispensable prerequisite for tackling illicit financial flows through trade misinvoicing is ensuring that customs authorities have a sufficient mandate and resources. In particular, customs authorities should be instructed to examine both over-invoicing and under-invoicing, as well as irregularities in export declarations and import declarations alike. By way of example, in 2013 Korea revised its customs act to criminalise the manipulation of invoices (values), irrespective of the impact on customs revenue. This revision encouraged customs officers to examine misinvoicing more comprehensively. Based on the results, this year the Korea Customs Service increased the number of its divisions specialising in investigating illicit financial flows. Allowing customs authorities to access the financial records of traders for the purpose of comparison with trade records is also highly recommended. Additionally, in 2017 Germany restructured its financial intelligence unit and transferred it to the General Customs Directorate.

Enhancing partnerships involving national customs authorities, tax authorities, financial intelligence units, police and customs authorities of trading partners is also essential, so that all these parties can obtain and share timely information and data to detect illicit financial flows concealed in trade.

New technology, such as blockchain, could potentially provide a solution to preventing and detecting any fraudulent manipulation of trade transactions and related financial transactions, by sharing information in a trusted and secure manner.

Providing capacity building, including financial and human resources, is essential for customs authorities to combat illicit financial flows through trade misinvoicing. When managing human resources, customs authorities should enhance integrity, as this is a prerequisite for the effective and efficient operation of a customs administration and, as a corollary, is essential in combatting illicit financial flows. <sup>WCO</sup>

## KUNIO MIKURIYA

Secretary general,  
World Customs  
Organization

Kunio Mikuriya has been secretary general of the World Customs Organization since 2009. Previously, he worked for Japan's Ministry of Finance for 25 years, where he served as director of enforcement, as well as director of research and international affairs, paving the way for the conclusion of the first regional trade agreement for Japan. In addition, he spent time as a counsellor at Japan's mission to the World Trade Organization, and took part in the Uruguay Round trade negotiations of the General Agreement on Tariffs and Trade.

 @WCO\_OMD  www.wcoomd.org



# Tourism in 2018: key to trade, inclusion and progress on the 2030 Agenda

Tourism is a leading economic sector, now accounting for 10% of the world's gross domestic product and jobs and representing 30% of exports in services. The considerable economic weight of the sector, as well as its reach into a wide range of sectors – from infrastructure, energy and communication to food production, transport and sanitation – gives it the responsibility and the power to play a key role in securing a sustainable and secure future for our societies and economies.

As a sector that has proven its resilience by growing consistently for almost a decade despite external shocks, with 1.3 billion international tourist arrivals recorded in 2017, tourism can contribute effectively to all 17 Sustainable Development Goals (SDGs) charting our common action towards 2030. As an example, tourism offers one of the most viable and sustainable solutions to SDG 1 on poverty alleviation, as a leading employer, driver of trade and source of foreign exchange earnings in many fast-growing economies.

Tourism is firmly established as the world's third-biggest export category, ahead of automobiles and food, after fuels and chemicals. And in many fast-growing economies, tourism is already the top export. This highlights the importance of the sector to the trade balances of economies across the globe. What's more, there are huge potential positive effects of tourism on trade in services, which remain mostly untapped. For this reason, the World Tourism Organization (UNWTO) is pleased that this year's G20 agenda, in calling for stronger engagement in general and on trade and investment specifically, reflects the UNWTO's priority to work with its members and development partners to make tourism more of a catalyst for international trade.

Beyond its positive economic impact are the social and environmental contributions of tourism to the SDGs. In today's globalised, connected world, more people than ever before have access to travel, to encounters with different cultures. Any sector working across borders and



*By integrating tourism into mainstream development policies, the G20 can contribute enormously to global efforts in safeguarding a better shared future, says Zurab Pololikashvili, secretary general, World Tourism Organization*

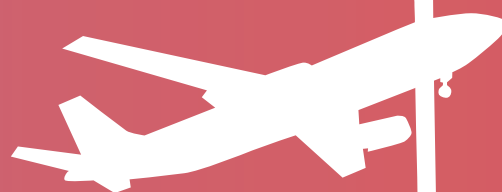
boundaries as tourism does must therefore be a leading promulgator of peace and intercultural understanding.

As it grows each year, tourism is a living record of the positive, unifying power of our increasingly connected, informed and outward-looking world. Not only do travellers themselves come from a wider spectrum of socio-economic backgrounds than ever before, but the tourism sector has also expanded to reach into many communities in emerging and established economies alike. By creating truly inclusive tourism destinations, projects and activities planned and managed in line with responsible tourism principles, we can help to minimise the societal divides that exist.

#### **INTERCULTURAL UNDERSTANDING**

There are already cases showing how tourism development helps societies to feel included and communities to enjoy a wide range of socio-economic benefits. For example, youth and female labour participation in tourism is above parity with other economic sectors. By providing opportunities for women and youth in a variety of roles, tourism contributes to several SDG target areas surrounding the empowerment of vulnerable groups and more equal and inclusive societies. By extension, more inclusion further strengthens tourism's power to unite people across cultures in a celebration of diversity, increasing overall social resilience. This year's G20





1.3<sup>bn</sup>

international tourist arrivals  
recorded in 2017



focus on inclusivity and greater equality, strengthened by the engagement of the Youth 20 and Women 20 dialogues, will prove integral to meeting the G20 objectives with the help of empowered and committed stakeholders.

**GLOBAL CONNECTIONS**

Tourism is embedded in the dynamics of globalisation and technological transformation. Making travel inclusive is becoming more of a priority as globalisation, interconnectivity and a growing consumer class lead to ever more


people travelling, and digital technologies continue transforming the way we travel, connecting us on a global level and empowering the vulnerable. Our challenge, in tourism and in all sectors, is to continue harnessing their power for sustainable development while safeguarding against potential risks attached.

I am delighted to see high-level political commitment to this key challenge from the group of the world's leading economies, exemplified by the G20 digital economy ministerial meeting in August exploring the future of work, governance

and infrastructure in the digital age. This year's World Tourism Day on 27 September also explored opportunities that innovation and digital transformation can bring towards a more sustainable and competitive tourism sector.

**AGENT OF POSITIVE CHANGE**

These are common tasks that can only be addressed through common efforts and shared responsibility between government, civil society, businesses, and international bodies and organisations. By building on each other's strengths, providing collective support, and ensuring consistent engagement through ambitious agendas like the G20's, the global community can help tourism become a leading agent of positive change worldwide.

On the occasion of the Buenos Aires Summit, I call upon the G20 to continue advancing the integration of tourism into mainstream development policies, strategies and business plans as a part of the global effort at safeguarding a better shared future. The UNWTO stands ready to continue supporting your countries in this endeavour. 

**ZURAB POLOLIKASHVILI**

Secretary general, World Tourism Organization

Zurab Pololikashvili has been secretary general of the World Tourism Organization since 1 January 2018. He was previously Georgia's ambassador to Spain, Andorra, Algeria and Morocco and its permanent representative to the UNWTO up to December 2017. He has also served as Georgia's minister of economic development and deputy foreign minister, among other posts, and has a background in the private sector in finance and business.

 @pololikashvili  [www.unwto.org](http://www.unwto.org)



# Inclusion in the digital era

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*The future is digital, but we face a collective challenge in closing the growing gap between connected and unconnected communities and economies, writes Mukhisa Kituyi, secretary general, UNCTAD*

In 2018, G20 digital economy ministers had their second meeting, this time in Salta, Argentina. The digital economy is a relatively new area of work for the G20 but likely to gain importance. At Salta, ministers agreed to promote policies and actions that will catalyse digital transformations and contribute to bridging all forms of the digital divide. This commitment is timely and badly needed.

The ministers' declaration rightly links the possibilities of the digital economy with the 2030 Agenda. In fact, the significant transformations expected from increased reliance on digital technologies among people, businesses and government institutions can be expected to influence every Sustainable Development Goal, sometimes enabling achievements, sometimes hampering them.

Today, we all appreciate the role of the digital economy as a wave that is transforming what we do and how we do it. But we have to be aware of the possibility that a laissez-faire approach to the digital economy can bring its own problems, as it did with globalisation: for more than 30 years too many of us thought that markets could just fix themselves – this has given globalisation a bad name and made many citizens around the world rightly angry. A similar challenge exists for the digital economy. This is why purposeful action must address certain key contradictions and dichotomies.

#### UP THE DIGITAL LADDER

While we see hyper-digitalisation in some parts of the world – illustrated by the growing role of automation, big data, artificial intelligence, the Internet of Things and three-dimensional printing – in other parts of the world billions of people have not even started to climb the first rung of the digital ladder. Our responsibility to help those who remain totally unconnected to the internet, both fixed line and mobile, becomes our collective challenge.

Likewise, important work is being done in developed countries to assess the need for policy adaptations in view of digitalisation. For example, the Organisation for Economic Co-operation and Development launched its Going Digital project in early 2017. This valuable initiative considers the need for new and adapted policies in competition, consumer protection, industry, innovation and entrepreneurship, insurance and pensions, financial markets, fiscal affairs, science and technology, statistics, education, employment, social affairs, public governance and trade. It is an impressive list.

A similar, holistic approach must also be used in developing countries. All developing countries need access to relevant forums so that they can also engage in a similar dialogue. Many concerns of the least developed countries, a constituency that is important

for sustainable inclusion and development, may remain unaddressed unless they have a place at the table.

To this effect, I want to express my strong support to the commitments made by the G20 ministers to promote policies and actions that catalyse digital transformation, leaving no one behind.

#### DEVELOPMENT COOPERATION

First, we need to address international development cooperation. As of today, only 1% of all Aid for Trade funding globally relates to information and communications technology (ICT). It is important that the growing importance of ICT-related services and the digital economy should also be reflected in forms of development cooperation. Similarly, multilateral development banks currently dedicate less than 1% of their total funding to ICT-related activities, and a mere 4% of this is related to policy development.

We can say we are at work, but many development partners who are going digital at home remain analogue in international cooperation.

Second, we need to work together to raise general awareness of the broader implications of digitalisation for sustainable development. António Guterres, secretary general of the United Nations, recently launched the High-Level Panel on Digital Cooperation. We hope that this leads to more consensus on the challenges related to digitalisation, and greater policy coherence in addressing them.

Third, we need to boost capacity-building and technical assistance in the many policy areas that determine the readiness of countries to engage in and benefit from the digital economy. At the United Nations Conference on Trade and Development (UNCTAD), we are currently undertaking a series of policy assessments with least-developed countries to enhance their readiness to benefit from e-commerce. These assessments include suggestions on potential partnerships for financial and technical assistance. We hope that this will enable countries to formulate more clearly their needs vis-à-vis potential donors. The eTrade for all initiative, which is led by UNCTAD, makes it easier for developing countries to find the necessary financial and technical assistance to strengthen their readiness.

But as noted by the G20 ministers, much more still needs to be done. The future is digital. Let's make sure no one is left behind. 

1%

Global Aid for Trade funding that relates to ICT

1%

of total development bank funding dedicated to ICT-related activities



4%

of the 1% ICT funding is dedicated to policy development



**MUKHISA KITUYI**  
Secretary general, UNCTAD

Mukhisa Kituyi is in his second term as UNCTAD's secretary general, having been first appointed in 2013. He has served as Kenya's minister of trade and industry, chair of the Council of Ministers of the Common Market for Eastern and Southern Africa, the African Trade Ministers' Council and the Council of Ministers of the African, Caribbean and Pacific (ACP) Group of States. As a consultant for the African Union Commission, he helped to develop the structure for a pan-African free trade area.

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# 8

## EMPOWERING WOMEN



For many years, gender equality scholars and experts have been advocating for the mainstreaming of gender in domestic and international policymaking. This year, Argentina's G20 presidency has made it mandatory to mainstream gender across the entire 2018 agenda, including its three top priorities of the future of work, infrastructure for development and a sustainable food future. Will this make a noticeable difference to the scope of commitments made at this year's summit and, thus, compliance with those commitments?

And will these commitments carry much weight at a time when distrust of multilateralism and multilateral institutions is on the rise?

In the past four years, G20 summits have consistently expanded their focus on gender equality across a variety of dimensions including the number of commitments made and the range of areas they cover. What began as largely an agenda for labour force inclusion in 2014 has broadened to include the needs of rural women, skills training for girls, financial inclusion, and the elimination of violence against women and girls. The reaffirmation of such principles and commitments is as important as ever, but G20 members must now go beyond platitudes to deliver on what they have promised.

# 25%

Target reduction in labour force participation gap

# 50%

Average compliance on assessed gender commitments



# G20 performance on **gender equality**

*There is a stark disconnect between the G20's goals on engendering gender parity and the lived reality of women in many of the countries represented at this year's summit, writes Julia Kulik, director of research, G20 Research Group*

## COMMITMENTS

Action-oriented commitments from the G20 to improve gender equality were sparse in the summit's early years. G20 leaders made their first gender commitment in London in 2009 on labour market equality, the only one that year. The next commitment did not come until 2011 in Cannes, on encouraging female labour force participation. The 2014 Brisbane Summit produced perhaps the best known G20 gender equality commitment – to reduce the labour force participation gap between men and women by 25% by 2025. At every subsequent summit the G20 has reaffirmed its intention to meet this '25 by 25' goal but has provided no information on progress made so far. The 2017 Hamburg Summit made a record 46 commitments specifically intended to improve gender equality or incorporate it as an intended outcome in other areas. This may be the G20's first attempt at gender mainstreaming. It likely reflected the political and social climate as well as the interests of host Chancellor Angela Merkel – a leader in global gender equality governance who

championed the issue when she hosted the G7 summit in 2015.

## COMPLIANCE


The G20 Research Group has assessed compliance with 12 of the 20 G20 summit's core gender commitments made between 2009 and 2016. G20 members have complied at an average of 50%. Among the highest complying members are, in order, Canada, the European Union and Germany. This performance corresponds directly to the results of the World Economic Forum's *Global Gender Gap Report*, which reports the gaps between women and men in health, education, economy and politics. The top 10 countries with the smallest gap include four EU members, with Canada and Germany not far behind. Among the lowest G20 compliers, with averages in the negative range, are Turkey, Indonesia and Mexico.

Despite the G20's continued commitment to reducing labour force participation gaps, according to the International Labour Organization (ILO) women's chances to participate in the labour market remain 27 percentage points lower than those of men.

Women are more likely to be unemployed or underemployed and to take on a larger share of unpaid care work. They are more likely to work shorter hours for pay or profit. Globally, women make 77% of what men earn – a gender pay gap that will take 70 years to close at the current rate.

## CORRECTIONS



The Buenos Aires Summit can begin to address past summit shortcomings by reporting on progress made by each member on the 25-by-25 commitment and setting a clear course of action on what must be done in the remaining seven years. Commitments to publicly funded care services and mandatory parental leave are essential for labour force equality. The 2018 presidency hosted the first-ever meeting of G20 supreme court presidents and justices to address, among other things, the challenges related to justice and gender – an opportunity to discuss how G20 members can work to end violence against women and harassment, including by ending the impunity of perpetrators.

Historically, G20 members have produced a consensus document including their commitments to gender equality. In practice, the work needed to fulfil those commitments must be done by individual governments at home. Here is a clear disconnect: at the G20 table in 2018 are leaders who actively work against protecting women's rights and in whose countries it remains dangerous to live as a woman. The 2014 Brisbane 25-by-25 commitment was a significant step towards global gender equality governance, but with no transparent reporting mechanism or transparent results the world is left merely with platitudes. 

## JULIA KULIK

Director of research, G20 Research Group

Julia Kulik is director of research for the G20 Research Group as well as the G7 and BRICS Research Groups and the Global Health Diplomacy Program, all based at the Munk School of Global Affairs and Public Policy at Trinity College in the University of Toronto. She has written on G20, G7 and BRICS performance, particularly on the issues of gender equality and regional security. Kulik leads the work of the groups on gender, women's health, regional security and summit performance.

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# Towards a more equal world

*Phumzile Mlambo-Ngcuka, United Nations under-secretary-general and executive director of UN Women, says the G20 must harness its transformative power to deliver sustainable infrastructure and public and social services for the empowerment of women and girls worldwide*



# “

By investing in sustainable infrastructure and service delivery, G20 governments can make vital progress on issues that disproportionately affect women and girls”

G20 members have committed to achieving the 2030 Agenda for Sustainable Development by promoting gender equality and sustainable development through both domestic policies and international cooperation. Supporting women’s and girls’ equal access to sustainable infrastructure, public services and social protection – the priority theme of next year’s Commission on the Status of Women – is critical to ensuring that these commitments become reality. But these changes require practical, targeted actions from leaders.

By investing in sustainable infrastructure and service delivery, G20 governments can make vital progress on issues that disproportionately affect women and girls. For example, the recent W20 summit in Argentina considered the needs of rural women and girls in particular: in 80% of households without safe drinking water on the premises, it is the women and girls who are responsible for the arduous and often unsafe task of collecting water. Improved access to safe drinking water and sanitation can bring them

both immediate relief and life-long benefits, through increased opportunities to get a good education, earn an income and move around freely. With less unpaid care and domestic work to do, there is more time for paid employment or leisure activities.

#### IMPROVING SOCIAL INFRASTRUCTURE

Equally important is social infrastructure, such as childcare, and social protection, such as paid maternity and parental leave. The expansion of quality early childhood education and care services has rightly been recognised as an important pillar of inclusive growth by the G20 Development Working Group. And these services are especially important for women. UN Women’s global monitoring report *Turning Promises into Action* shows that in most G20 members, women are more likely than men to be poor, with single mothers particularly affected. In Brazil, Italy, Luxembourg, South Africa and the United States, more than 40% of single mothers live in poverty (earning less than 50% of the median income). G20 leaders in Buenos Aires can lead the

→

**80%**  
of homes without safe water rely on females to collect it

**4.1<sup>b</sup>**  
people around the world have no internet connection

**12%**  
is the gender digital divide



way by promoting a supportive policy framework, at home and abroad, which enables women and men to care for their family members without being condemned to poverty for doing so. Universal social protection floors, including non-contributory pensions, provide important support to women throughout their lives.

Such investments generate significant dividends. In South Africa, for example, an annual investment of 3.2% of gross domestic product would not only make quality childcare services available to all, but would also create more than two million new jobs for women and men and raise women's employment rates by more than 10%. The new jobs, in turn, would generate additional tax and social security revenue.

#### **BETTER WORKFORCE PARTICIPATION**

Broad-based and affordable access to these services can help women increase their participation in paid employment, create jobs in the social services sector and contribute to children's development, particularly for those from disadvantaged backgrounds. Social services can also provide survivors of violence with critical safe spaces, health services and legal options. Long-term care solutions for rapidly ageing societies are equally necessary. And all such investments must be backed up by laws that support women's equal rights and participation.

When considering infrastructure development, it is important to give equal attention to digital and financial infrastructure. Right now, some 4.1 billion people are without any internet connection

### PHUMZILE MLAMBO-NGCUKA

Executive director, UN Women

Phumzile Mlambo-Ngcuka has been United Nations under-secretary-general and executive director of UN Women since 2013. From 2005 to 2008, she served as deputy president of South Africa. Prior to that she served as South Africa's minister of minerals and energy and deputy minister in the Department of Trade and Industry. She is the founder of the Umlambo Foundation, which supports leadership and education.

🐦 @phumzileunwomen 🌐 [www.unwomen.org](http://www.unwomen.org)



at all, with a gender digital divide of 12%. The launch of the G20's Global Infrastructure Connectivity Alliance is an important effort in this regard. So is the Global Partnership for Financial Inclusion's policy guide on digitisation and informality that was endorsed at the meeting of G20 ministers of finance and central bank governors in Buenos Aires in July. It will work towards the digitisation of financial services so as to enhance the inclusion of those in the informal economy. As we move into an increasingly digital era, these investments will correspondingly become more vital.

The 2030 Agenda provides the framework to achieve a more equal and sustainable world. It is a matter of political will and the active engagement of G20 members and all stakeholders, including the private sector, to ensure that sustainable infrastructure, public services and social protection reach all women and girls – and that their voice and agency are taken into account in the decisions that affect their lives and livelihoods. 🌐





## Prince Sultan Bin Abdulaziz International Prize for Water

*Recognizing Innovation*



### Winners for the 8th Award (2018)



Creativity  
Prize

#### Creativity Prize

The Prize is awarded to two teams of researchers:

**1) Dr. Andre Geim and Dr. Rahul Nair (National Graphene Institute, University of Manchester, UK)**

for developing novel graphene oxide membranes that promise to enable energy-efficient and high-volume water filtration and desalination.

**2) Dr. Günter Blöschl (TU Wien, Austria) and Dr. Murugesu Sivapalan (University of Illinois at Urbana-Champaign, USA)**  
for developing the new field of Sociohydrology, a ground-breaking paradigm for water management and a new validated approach for studying the dynamic interactions and bi-directional feedbacks between water systems and people.



Dr. Andre Geim



Dr. Rahul Nair



Dr. Günter Blöschl



Dr. Murugesu Sivapalan



Surface Water  
Prize

#### Surface Water Prize

**Dr. Wilfried Brutsaert (Cornell University, USA)**

for developing, demonstrating, and validating a new theory that can generate unprecedented estimates of evaporation from the natural landscape.



Dr. Wilfried Brutsaert



Groundwater  
Prize

#### Groundwater Prize

**Dr. Martinus Th. van Genuchten (Federal University of Rio de Janeiro, Brazil)**

for the development and application of key theoretical and software tools that describe water flow and contaminant transport in the subsurface.



Dr. Martinus van Genuchten



Alternative Water  
Resources Prize

#### Alternative Water Resources Prize

**Dr. Omar Yaghi (University of California, Berkeley, USA) and Dr. Evelyn Wang (Massachusetts Institute of Technology, USA)**

for creating a solar-powered device that uses an innovative porous metal-organic framework (MOF) to capture water from the atmosphere.



Dr. Omar Yaghi



Dr. Evelyn Wang



Water Management &  
Protection Prize

#### Water Management and Protection Prize

**Dr. Jim W. Hall and Dr. Edoardo Borgomeo (Environmental Change Institute, Oxford University, UK)**

for developing and applying a new risk-based framework to assess water security and plan water supply infrastructure in times of climate change.



Dr. Jim W. Hall



Dr. Edoardo Borgomeo

Nominations are open for the 9th Award. Nominations can be made online until 31 December 2019.

[www.psipw.org](http://www.psipw.org)

email: [info@psipw.org](mailto:info@psipw.org)



**Leave  
no one  
behind**



*Susana Balbo, chair, Women 20, says the mission of the engagement group is to ensure that the G20 puts women at the centre of its economic plans*



**SUSANA BALBO**  
Chair of W20 under  
Argentina's G20 presidency

In 2014, the G20 achieved a new benchmark by consolidating the agenda that defines the path of the world's most influential economies: the Women 20 (W20) was established as an official engagement group representing the needs and demands of civil society working on women's inclusion. As a consequence, women became a central actor in the G20 agenda, moving forward year after year, recommending public policies that aim to ensure the inclusion of women in the labour market and contributing to the growth and development of economies while building more equal societies.

Since then, the W20 has worked on recommendations related to including women in the economy and the labour force, ensuring the fair representation of half of the population of the G20, and focusing on building more equal and sustainable societies.

#### **EQUAL OPPORTUNITIES**

In the context of the G20 as the premier economic and finance governance forum, the W20 is committed to focusing on topics that will have an impact on the progressive and constant growth and development of economies. In this sense, considering that no G20 country has yet achieved equity among men and women in terms of their participation in the economy, our work takes on a more relevant role, providing recommendations that should significantly improve the health of the global economy. While it is fundamental to understand the positive impact of including women in the labour market, we must keep highlighting the fact that women deserve the same opportunities, to be considered as equals

and to have the same space to develop our careers, businesses or projects.

The W20 faces two important challenges. On the one hand, we have to develop relevant content linked with the G20 and the leaders' agenda to ensure that the leaders will take into account our recommendations and, on the other hand, we must reach consensus among the most contrasting views. Our objective is to be included in the leaders' communiqué and ensure the leaders commit to take actions on gender equality, but our ultimate goal is to make a difference, to have an impact on the lives of millions of women who are still underrepresented in global forums and decision-making institutions.

#### **THE ECONOMIC LINK**

Gender inclusiveness and equality are fundamental to promoting economic growth. The G20 should take the commitment leaders made at their Brisbane Summit in 2014 to the next level by implementing actions to ensure the full participation of women in the economy. The recommendations delivered to the leaders by the W20 this year focus on this goal. They are intended to help every country find the best way to implement policies that allow more women to participate, help the economy and build more equal societies.

Our group is growing year after year, involving more delegates, addressing different issues, being part of a broader agenda and representing diverse realities. We remain committed to help all women by letting the G20 leaders know that we need to be considered when they design policies, when they agree on certain commitments

Susana Balbo is the chair of W20 under Argentina's G20 presidency. The first female winemaker to graduate in Argentina, she has run Susana Balbo Wines since 1999. In 1997, she was elected Women Entrepreneur of the Year by the Argentine Organization of Businesswomen (Asociación Argentina de Mujeres de Empresa). Between 2006 and 2016, she served as president of Wines of Argentina (WofA). From 2015 to 2017, she served as national deputy for the province of Mendoza in the Honourable Chamber of Deputies of Argentina's National Congress.

🐦 [W20\\_Argentina](#)  
🌐 [www.w20argentina.org](http://www.w20argentina.org)

– and that commitment is getting stronger and our voices are getting louder.

Under Argentina's presidency of the G20 this year, the W20 has worked on four topics: financial inclusion, digital inclusion, labour inclusion and the development of rural women. The last issue is new on the W20 agenda and has been well received by all the delegations. This is thus the first time that G20 leaders will receive recommendations on ensuring the wellness and development opportunities of women in rural areas – and that is the real mission of the W20: making visible the invisible, making sure the leaders and decision makers understand that everyone matters, and ensuring that policies and the planning of the economic paths of the most powerful countries leave no one behind. 

9

CONTROLLING  
CLIMATE CHANGE

G20  
performance on

# climate change

*Compliance on climate change commitments has varied over the years, but Argentina has an opportunity to increase its ambitions under the Paris Agreement, writes Brittany Warren, director of compliance and lead researcher on climate change, G20 Research Group*

Although climate change is not one of the three top priorities of the 2018 G20 Buenos Aires Summit, it is key to achieving success in all three that are. The first priority, the future of work, while centred on technological change, is also driven by the shift to a low-carbon economy and the need for a rapid and just transition. The second, infrastructure for development, is a crucial component of building climate resilience against increasingly unpredictable disasters, against which current infrastructure is little match even in developed countries. The third, a sustainable food future, is central to climate change mitigation, as agriculture, land use and change account for 24% of global greenhouse gas emissions. This is in addition to agriculture's large and leading contribution to deforestation, biodiversity loss, ocean dead zones, farmed animal welfare, and antimicrobial resistance and other public health threats.

Argentina's newest cross-cutting theme, a carry over from Canada's 2018 G7 Charlevoix Summit, is gender equality. As women are disproportionately affected by climate change, they are an important part of the solution.

The G20 is responsible for 80% of the world's greenhouse gas emissions. Thus the climate commitments its members make and whether and how much they follow through with those commitments are critical for the well-being of the planet and all who live on it.

#### COMMITMENTS

The G20 has given relatively little attention to climate change compared to all other issues. Indeed, since 2009 it has made 75 commitments on climate change, giving the issue an 11th-place ranking among the issues it has made commitments on.

The G20 made three commitments at each of the 2009 London, 2009 Pittsburgh and 2010 Toronto summits. At the 2010 Seoul Summit and the 2011 Cannes Summit, the total rose to eight climate change commitments each. At the 2012 Los Cabos Summit, this dropped to five commitments, before rising again to 11 at the 2013 St Petersburg Summit. After St Petersburg, however, there was a steady decline at each subsequent summit until only two climate commitments were made at the 2016 Hangzhou Summit.

The 2017 Hamburg Summit possibly signalled a new era in the G20's global climate change governance. It made a historic high of 22 climate change commitments, demonstrating a display of unity among a 'G19' that left US president Donald Trump alone with his anti-environment views.

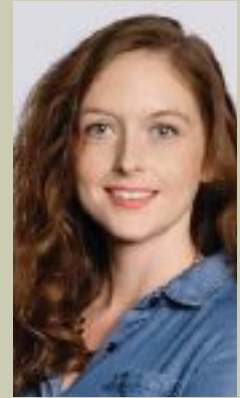
#### COMPLIANCE

Of these 75 commitments, 25, or 33%, have been assessed for compliance by the G20 Research Group. Average compliance with these 25 commitments is 67%. This is slightly lower than the G20's overall average compliance across all subjects of 70%.

Over time, this climate change compliance has varied. From the 2009 London Summit, compliance was just 45%. This spiked, however, from the following summit in Pittsburgh in 2009 to a high of 93%. Compliance

## BRITTANEY WARREN

Director of compliance and lead researcher on climate change, G20 Research Group



Brittany Warren is director of compliance and lead researcher on climate change for the G20 Research Group, the G7 Research Group and the BRICS Research Group at the Munk School of Global Affairs and Public Policy at Trinity College in the University of Toronto. She has published on accountability measures in summit commitments, the G20 and G7's compliance and governance of climate change, and the G20's governance of digitalisation. She has worked in Spain and Peru, where she was involved in a project dedicated to women's economic empowerment. She is currently working towards a master's degree in environmental studies at York University.

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dropped to 71% from the 2010 Toronto Summit and then further to 53% from the 2010 Seoul Summit, before levelling off again at 71% from the 2011 Cannes Summit. Los Cabos in 2012 saw compliance rise to 80% before dropping steeply to 42% after the 2013 St Petersburg Summit. Compliance was 73% from the 2014 Brisbane Summit and 79% from the 2016 Hangzhou Summit. Interim compliance with the priority commitment on climate adaptation, partway through the period between the 2017 Hamburg and 2018 Buenos Aires summits, was 83%.

# 80%

of global greenhouse gas emissions come from G20 countries

# 67%

Average compliance on assessed climate commitments

# 20%

Historic low compliance on promises to divest from fossil fuels

#### CORRECTIONS

With 75 commitments and 67% compliance, climate change has not historically been at the top of the G20's decision-making agenda or its delivery. The G20 can, however, employ proven, low-cost accountability measures that are in the direct control of the leaders to improve their countries' compliance. The G20 Research Group found that compliance was higher with the G20's climate commitments when they referenced international law or a core international organisation, notably the United Nations Framework Convention on Climate Change and its secretariat.

Compliance with the G20's climate finance commitments, at just 50%, was the lowest compared with other climate-related subjects. Similarly, compliance with G20 commitments to divest from fossil fuels has steadily declined since the 2010 Toronto Summit, reaching a historic low of 20% after the 2016 Hangzhou Summit. These compliance scores suggest that the G20 is providing inadequate funding for the climate mitigation needed as a result of such investments and continuing to invest in fossil fuels.

To help remedy this discrepancy, in its climate investment and fossil divestment commitments at Buenos Aires the G20 can refer to a core financial international organisation, such as the International Monetary Fund or the Financial Stability Board, and can increase its ambitions under and invoke the legal framework of the Paris Agreement. <sup>200</sup>

# How the G20 can advance climate action

*Patricia Espinosa, executive secretary, UN Climate Change, says without bold, ambitious moves on climate change, the consequences will be both immeasurable and irreversible*

The Intergovernmental Panel on Climate Change's (IPCC) *Special Report on Global Warming* is unequivocal in its assessment: only a short window of opportunity remains to limit global temperature rise to 1.5°C. This stark warning reinforces what we are witnessing throughout the world: that the impacts of climate change are already here, they are negatively affecting millions of lives, and they are acting as a threat multiplier to some of humanity's most pressing challenges.

If nations of the world do not act with a renewed sense of determination, united by renewed commitment to multilateralism, the consequences for planet Earth and all life dependent upon it will be both immeasurable and irreversible. At a time when humanity has never been in a better position to harness the technology, innovation and global cooperation necessary to address climate change, this is completely unacceptable.

Governments must respond to urgency with urgency. They can do so this December at the 24th Conference of the Parties (COP) in Katowice, Poland. The G20 Buenos Aires Summit takes place immediately before the conference, providing a golden opportunity for national leaders to demonstrate climate leadership.

What we need from G20 nations – indeed, all nations – is clear. First, we need the G20 to actively support the completion of the implementation guidelines for the Paris Agreement. Second, the G20 summit can help accelerate progress by promoting national policies that inspire and incentivise citizens, companies, cities, non-governmental organisations (NGOs) and regional governments to take more ambitious climate action.

## WHY ARE THE GUIDELINES IMPORTANT?

In short, the implementation guidelines will unleash the power and ongoing potential of the Paris Agreement. The guidelines will, for example, make it possible to aggregate national information in order to check whether the world is progressing towards the Paris targets, including through a 'global stock take' in 2023. We need the active support of G20 members in Katowice to complete this work.

It is also about transparency. The guidelines will establish a transparency framework so that

policymakers and citizens can see what individual countries are doing to meet the Paris goal of limiting the global temperature increase to "well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels".

The implementation guidelines will also make financial flows more transparent. Developed countries have pledged to mobilise \$100 billion a year by 2020 for mitigation and adaptation in developing countries. Comprehensive and inclusive international action on global climate change depends on this pledge being realised. This is especially important for developing countries – those most vulnerable to the impacts of climate change.

Katowice will also host the conclusion of the Talanoa Dialogue for raising ambition and promoting mitigation and adaptation solutions. This Fiji-led dialogue is inspired by the traditional Pacific island practice of inclusive and transparent dialogue through storytelling. The G20 members have already made important contributions to the dialogue. Like the transparency framework, the dialogue seeks to build trust. It also makes it easier to understand which policies and technologies adopted around the world may be most effective and replicable.

We need to respond to the growing impacts of climate change by accelerating our efforts to cut emissions. The Earth's lower atmosphere has already warmed by one degree since the pre-industrial era. This means that to achieve the ambitious goals of the Paris Agreement, the world must produce zero net emissions by mid-century. This is a



## PATRICIA ESPINOSA

Executive secretary, United Nations Climate Change

Patricia Espinosa took office as executive secretary of the secretariat of the United Nations Framework Convention on Climate Change (UN Climate Change) in July 2016. She served as Mexico's ambassador to Germany from 2012 to 2016 and from 2001 to 2002, and minister of foreign affairs from 2006 to 2012. She chaired the 16th Conference of the Parties to the UNFCCC leading to the adoption of the Cancun Agreements and was named by the UN secretary general to the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda.

🐦 @PEspinosaC 🌐 [www.unfccc.int](http://www.unfccc.int)



“We need action that reflects the dire and urgent situation we collectively face”

challenging task, but it is still possible for us to succeed if – and only if – we take ambitious action now.

At the same time, we need to advance more rapidly in building climate resilience, particularly for poor and vulnerable communities in developing countries. This is where the links between the Sustainable Development Goals (SDGs) and the Paris Agreement become particularly important. Progress on each SDG – from agriculture to oceans to cities to equitable societies – is vital for strengthening climate adaptation and resilience.

#### **TOWARDS A 21ST-CENTURY TRANSFORMATION**

While national governments must lead the global effort on climate change, governments cannot do it alone. The IPCC *Special Report* reconfirms that to reach our climate change goals, we must also welcome and include non-state actors, such as regional governments, businesses, investors and everyday people in our discussions. At UN Climate Change, we call this inclusive multilateralism. It is reflected in the above-mentioned Talanoa Dialogue, in our hundreds of discussions with non-state actors throughout the year, and why UN Climate Change recently co-hosted the Global Climate Action Summit in San Francisco. This gathering highlighted and promoted effective climate actions by business, civil society and local and regional governments. We will continue to engage such actors and encourage governments to do the same.

One of the next major opportunities for advancing both inclusive multilateralism and increased climate action will be the 2019 United Nations Climate Summit in New York. This is a high-profile opportunity to recognise and promote actions that contribute to climate mitigation and adaptation and to share success stories and solutions.

#### **WHAT WE NEED FROM THE G20**

The Paris Agreement recognises that addressing climate change requires nothing less than a dramatic social and economic transformation. We need to move rapidly. By ensuring that the Paris Agreement is robust and fully operational, and by working closely with all sectors and actors, we can leave a healthy, green planet for our children and grandchildren.

Words, however, must be backed with action. That is why I am challenging G20 members – all of them and everyone at the G20 summit in Buenos Aires – to take on the mantle of leadership and respond to what the people of the world both want and need: clear and unequivocal action on climate change – action that reflects the dire and urgent situation we collectively face.

Again, the G20 can do this in two ways: first, by actively supporting the completion of the implementation guidelines for the Paris Agreement. Second, the G20 can help accelerate progress by promoting national policies that inspire and incentivise citizens, companies, cities, NGOs and regional governments to take more ambitious climate action.

Addressing climate change is an enormous task, but it is also an enormous opportunity – an opportunity to build a world that is more sustainable, more resilient and more prosperous for all. None of this, however, will happen on its own. It requires leadership – leadership that you can provide today, at COP24, and in our continuing efforts to address climate change. <sup>100</sup>

# Skymining



*When the world recognises CO<sub>2</sub> as a resource instead of a problem, global warming can be reversed in years – not decades*

# Global warming: how to consign it to history

Climate change and ecosystem destruction are mere symptoms, like a fever, of a much deeper underlying problem: a lack of reciprocity between humanity and Earth. On the macro scale, we almost only extract carbon from the earth and rarely put anything back.

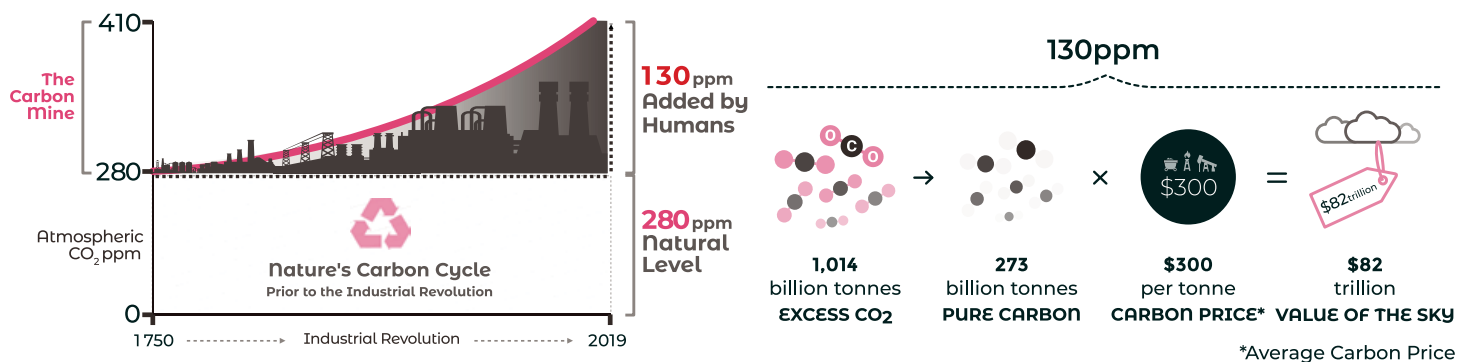
Today, society is in an unrelenting pursuit of prosperity, profit and economic growth, on a planet with ever-decreasing resources. There is less forest, less productive soil and less fossil fuels, while there are more deserts and levels of atmospheric carbon are increasing by the minute.

On the quest to solve this moral and spiritual dilemma, we would like to invite you to listen to the oldest and wisest of all women, she whom we are assailing: Mother Nature. She has been around for billions of years after all, and she has handled crises like this before.

Her message is unambiguous: we cannot solve human-made problems in nature with purely human-made solutions. Nature must be part of it, in a relationship of reciprocity – as opposed to extraction. Nature is abundant. If we cooperate in the right way, we will find both profitability and solutions that can become ubiquitous, allowing nature to heal in time.

It is time to enrol the wisdom of ecological systems and transform our own methodologies from extraction and waste to regeneration and abundance. Skymining bridges ecological restoration with income-generating opportunities, whereby the right choice also becomes the most profitable choice. By closing the carbon cycle, Skymining brings carbon back down to the soil and creates resilient, productive and habitable landscapes that generate economic returns. Our mission is to re-establish reciprocity between humankind's existing habits and nature, to heal our shared foundation – its wondrous ecosystems.

## The size of the atmospheric carbon mine





We invite the G20 leaders to take part in this new mission of reciprocity; a mission that begins with rethinking the perceived villain at the heart of our challenge – CO<sub>2</sub> itself.

**CHANGING THE NARRATIVE**

In the eyes of the media, and the public, CO<sub>2</sub> is a villain. It warms the planet. It is a waste product. It is perceived as useless. But a negative story cannot solve a negative situation; only a positive story can foster positive change.

It is easy to forget that carbon is a fundamental building block of life and present in all living things. As such, it is a valuable asset rather than a problem. The ‘negative externality’ of burning fossil fuels, cutting forests and making food have cumulatively, and inadvertently, created the world’s single largest (and currently untapped) resource. The sky is the world’s largest carbon mine.

By reframing CO<sub>2</sub> from a problem to an asset, Skymining enables the capitalist economic system to embrace the removal of atmospheric carbon as the greatest financial opportunity since the discovery of fossil fuels. Overnight, CO<sub>2</sub> goes from a problem too big to solve to an opportunity too big to miss.

The size of the atmospheric carbon mine is large enough to entice even the world’s largest corporations and government programmes. In fact, it is large enough to solve all of society’s challenges relating to energy, food and fibres. And by putting carbon back in the soil, millions upon millions of non-arable or harmed hectares of land will transform into new, healthy ecosystems.

**RECIPROCITY BY REVERSING THE CARBON FLOW**

Give nature a tree seed, you soon have a forest. Give nature carbon, and she will cycle it to create ample life in all its forms. If we are to thrive on this planet, humankind must establish a new relationship with nature that is simultaneously sustainable and monetarily profitable.

Skymining reverses the carbon flow by mining carbon out of the world’s single largest carbon reserve – the sky – to create profitable carbon-negative fuel, food and fibre on vast plantations of marginal or degraded land planted with specialised crops. As the crops grow and absorb CO<sub>2</sub> through photosynthesis, their perennial

**Core paradigms required to reverse climate change**



Replace the existing use of fossil fuels



Remove CO<sub>2</sub> from the atmosphere



End deforestation and soil erosion

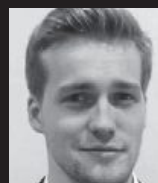
**HELENA NORDSTRÖM**

Helena Nordström studied nuclear physics and later went on to become director of marketing strategy for one of Sweden’s largest companies. The wide gap between these two fields hints at the breadth of her competencies, which in addition to her strong ethics make her a powerful chief marketing officer for Skymining.



**CHRISTOPHER MJELDE**

Christopher Mjelde holds a business degree from King’s College London. He joined Skymining while still studying at university. Chris has also established his own consultancy that works with renewable energy start-ups across Scandinavia and the United Kingdom.



@skymining www.skymining.com

root networks sequester carbon in the ground, building new stocks of healthy topsoil and restoring the land.

As carbon and nutrient stocks in the soil are restored over time, the land appreciates in value and generates increasing revenues. Through our platform, the plantations are turned into digital assets, enabling liquidity for all investments as well as seamless integration into all current business models and financial systems. By doing this, we lay the foundation for reaching reciprocity at the needed speed and scale.

Scaling up, Skymining can counter the challenge of desertification, currently claiming 12 million hectares per year, and growing populations needing

food, demanding five million more hectares. Embracing this opportunity would not only green much of the world’s marginal lands, but also create massive amounts of fuel, food and fibre that lessen our dependency on fossil fuels while slowing deforestation. This means that Skymining tackles the core paradigms required to reverse climate change (see illustration above).

Investing in Skymining also plants the literal seeds for new ecosystems; it builds biodiversity; it supports local economic activity and well-paying jobs in the developing world. In fact, Skymining works towards at least 10 of the United Nations Sustainable Development Goals.

**RECONNECT WITH OUR PLANET**

We are facing a moral and spiritual crisis and it is time for each of us to make a choice. Are we going to reconnect with our living planet in a sustainable, reciprocal relationship, or do we continue to consume with careless abandon?

Given the current technological landscape, Nobel Prize-winning economist William Nordhaus estimates the price of mitigating climate change at roughly \$93 trillion over the next 32 years.

For less than 5% of that investment, Skymining could remove the world’s total annual CO<sub>2</sub> emissions from fossil fuels, all while reclaiming millions of hectares of marginal or degraded land for future food production.

The G20 members now need to do all they can to make the removal of carbon from the atmosphere as habitual as emitting was in the past. With Skymining, that becomes not only possible, but profitable. Together, we can relegate global warming to history. ♻️



*Interview with Erik Solheim*

# Think

# Big

*Erik Solheim, executive director, UN Environment, tells editor John Kirton that there is no problem that we cannot innovate our way out of, which is why the G20 must keep the environment at the top of its agenda*

***What are the major priorities for mitigating, adapting to and reinforcing resilience to climate change?***

What's clear from the recent report from the Intergovernmental Panel on Climate Change (IPCC) is that we have to significantly raise our ambition if we want to limit warming to 1.5°C. It means aiming for net zero by mid-century. It means no more new coal plants and phasing out the old ones. It means a shift to clean energy, and low-emissions buildings and transportation. We have to also address the cooling challenge – making sure that we have green buildings and urban environments that are clean and therefore safe. It means a dogged focus on energy efficiency, and also greening efforts such

as reforestation, better agricultural and land use management, and environmentally friendly urbanisation.

At the same time, we need to prepare and adapt, and that means investing in making the most vulnerable areas more able to face the brunt. The good news is that this shift – decarbonising, detoxifying and protecting our economies – presents huge business opportunities. The technology is there and there is no excuse for inaction.

***How is innovative action in education, infrastructure and food security important to advance these goals?***

These are all critical. Education is fundamental, but not to lecture people on the dangers of climate change. The priority must be on inspiring a new generation of entrepreneurs who are equipped to bring new solutions.

Infrastructure drives development and is an essential tool for reducing poverty. The key is to ensure this does not come at the expense of the environment or drive environmental destruction.

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“As a species, we really must up our game if we want to limit the damage being done. We have to look for wins everywhere”

Food security is perhaps the biggest issue that needs to be addressed. The fundamental question is how we can feed a growing population without the instinctive compulsion to simply plough more land. That means better land use, less waste and overall a major jump in efficiency. The business-as-usual approach is simply not sustainable.

#### **How is UN Environment working to this end?**

These are all areas we work on. For example, in southern India we're spearheading a major shift to organic, sustainable farming that is more resilient. We're helping to drive a change in unsustainable consumption and production through our CleanSeas campaign, which is taking on the issue of single-use plastics and oceans pollution. The key here is to help encourage the broader shift to a more circular and less wasteful economy.


We're also engaging with China on the Belt and Road Initiative and other infrastructure plans, for which it is critical that we maximise the sustainability agenda and promote environmental regeneration.

Our work on cooling and energy efficiency, including the Kigali Amendment to the Montreal Protocol, which will phase down the industrial and consumer use of powerful greenhouse gases, will also help mitigate climate change. The same applies to protecting peatlands in Congo and the Democratic Republic of the Congo.

#### **How can the G20 leaders at their Buenos Aires Summit help?**

The key is to keep the environment at the top of the agenda, where it belongs, and take that a step further by thinking big. The recent IPCC report was a clear, final call to save the planet.

As a species, we really must up our game if we want to limit the damage being done. And that's not just about coal and oil. It's about cutting and offsetting emissions from agriculture, deforestation, buildings, transport and more. We have to look for wins everywhere.

The second step is to see the solutions are all at hand. There is not a single problem – and that includes climate change – that we cannot innovate our way out of. We also have compelling and conclusive data that shows the shift to a low-carbon economy is a driver of growth. It's therefore up to governments to help create the conditions for more sustainable business to flourish, and to have confidence in this pathway. 



#### **ERIK SOLHEIM**

Executive director, UN Environment



Erik Solheim became executive director of the United Nations Environment Programme in May 2016. Previously, he chaired the Development Assistance Committee of the Organisation for Economic Co-operation and Development. From 2007 to 2012, Solheim held the combined portfolio of Norway's minister of the environment and international development, and from 2005 to 2007 served as minister of international development. Solheim has served as UNEP's special envoy for environment, conflict and disaster since 2013 and a patron of nature for the International Union for the Conservation of Nature since 2012.

 @ErikSolheim  [www.unenvironment.org](http://www.unenvironment.org)



# Biodiversity:

## the road to the G20 and G7 thriving

In September 2018, at the One Planet Summit in New York, French president Emmanuel Macron announced that biodiversity will be one of the three priorities of France's 2019 G7, along with oceans and climate change. Putting nature at the heart of economic and social development comes naturally: our natural system underpins our social and economic systems. The solution for many of the world's economic, security and social challenges lies in biodiversity. Better conservation and management of biodiversity are thus essential for sustaining our societies and economies.

Achieving a sustainable food future through improving soils and increasing agricultural productivity is a priority of Argentina's G20 presidency. Biodiversity is key to achieving this aspiration. Maintaining soil biodiversity is crucial for soil quality and productivity. Natural pollinators, such as wild bees, enhance agricultural productivity. Nature-based techniques, including organic pest control, contribute significantly to the sustainable intensification of agriculture. And the genetic resources that underlie our food production are so important that countries adopted the International Treaty on Plant Genetic Resources for Food and Agriculture to promote sustainable agriculture and food security.

*Cristiana Paşca Palmer, executive secretary, UN Biodiversity, calls on the G20 to give biodiversity the attention required to address prominent economic, social and cultural priorities and strengthen our comprehension of how nature relates to society*



Halting biodiversity decline will also support climate change objectives, another Argentinian G20 priority, with nature-based options potentially providing one third of the global climate solutions by 2030. Ecosystems are essential for storing and absorbing carbon and help protect against the effects of climate change. Healthy mangroves are effective against storm surges – an important ecosystem service given the increased climate variability and associated risk of extreme weather events stemming from climate change. Moreover, deforestation and forest degradation account for nearly 20% of global greenhouse gas emissions. Addressing biodiversity loss is key to achieving the twin goals of climate and biodiversity action.

In 2010, the 196 parties to the United Nations Convention on Biological Diversity (CBD) adopted the ambitious Strategic Plan for Biodiversity 2011–2020, with the 20 Aichi Biodiversity Targets. These aim

to enhance successful outcomes for biodiversity conservation and sustainable use, while guiding target-setting on national and regional scales. Many of these targets are reflected in the 2030 Agenda and its Sustainable Development Goals. However, despite some progress since 2010, the world continues to lose biodiversity at unprecedented levels.

### THE HUMAN EFFECT


In 2018, the World Economic Forum *Global Risk Report* listed ecological collapse and biodiversity loss among the top-10 risks in terms of impact. Although humans represent just 0.01% of all life on the planet, our impact has caused the loss of half of the world's plants and 83% of all wild mammals.

Seeking incremental change while continuing business as usual is not an option. To protect ourselves from a future severely affected by ecosystem disruptions, we must shift to a paradigm based on conserving and sustainably using biodiversity. Overhauling how we produce, consume and interact with nature and shifting to an economy 'within planetary boundaries' are key to our survival and well-being on the planet.

Given that biodiversity and natural ecosystems provide the essential infrastructure supporting human development and life, biodiversity must be at the centre of all economic and social projects, and at the heart of political decision-making. We cannot halt the biodiversity crisis by working in isolation, cocooned in specialised bubbles that do not interact. The complex interdependencies among human, social and economic systems and the Earth's natural systems require interconnected measures and solutions.

The Fourth Industrial Revolution can help mitigate and reverse the Anthropocene's effects, but only if technological change is inclusive and contributes to social integration and fair access and distribution of benefits – other G20 priorities. Therefore, pursuing the conservation and sustainable use of biodiversity and the goals of Argentina's G20 go hand in hand.

The strategic plan will expire in 2020, and the CBD parties have embarked on a transparent, inclusive process for developing a post-2020 global biodiversity framework. The roadmap for this process will be adopted at the Conference of the Parties in Sharm El Sheikh, Egypt, in November 2018, with a view to adopting the new global biodiversity framework in Beijing in 2020. As the end of the first 25 years of action under the CBD approaches, the global community has a unique opportunity to define the post-2020 global biodiversity framework and design a 'New Deal for Humanity' and our relationship to nature.

I count on the G20 leadership to give biodiversity the attention needed to address pressing economic, social and cultural priorities, and engage in developing a transformative post-2020 biodiversity framework whose ambition is commensurate with the urgency of the matter. Together, as one global community 'United for Nature', we can transform the way we relate with biodiversity – because nature is the foundation of our societies and our economies. 



**CRISTIANA PAȘCA PALMER**  
Executive secretary, Secretariat of  
the Convention on Biological Diversity

Cristiana Pașca Palmer was appointed executive secretary of the Secretariat of the Convention on Biological Diversity in March 2017. Previously, she served as Romania's minister for environment, waters and forests, and headed the Romanian delegation at the 2015 Paris Climate Conference, 2016 Marrakech Climate Change Conference and 2016 UN Biodiversity Conference in Cancun. She served as head of the Climate Change, Environment and Natural Resources Unit within the European Commission's Directorate-General for International Cooperation and Development. She was also one of two appointed EU negotiators on behalf of the European Commission for the Rio+20 Summit in 2012.

 @CristianaPascaP  [www.cbd.int](http://www.cbd.int)

AkzoNobel

# Pioneering solutions to the world's pollution problem



*Keeping in mind its vision to create everyday essentials that make people's lives more liveable, AkzoNobel has developed smart paint designed to contribute to cleaner air in the world's most polluted cities*

### **What are some of the most pressing challenges that we face today?**

According to the *UN Chronicle*, energy consumption and pollution are two critical issues faced by urban communities, which account for half of humanity or 3.5 billion people. About 60–80% of the world's energy, which is a dominant contributor to climate change, is consumed by cities. The air quality in cities has deteriorated to such an alarming level that about 92% of the world's population breathes unsafe air and more than seven million people die annually, according to the World Health Organization (WHO).

### **What can we do to change the situation?**

In the 2030 Agenda for Sustainable Development, the United Nations has established 17 Sustainable Development Goals with a comprehensive list of targets to be achieved by 2030. Individual countries are expected to take ownership and establish national frameworks to implement the actions. As a leading global paints and coatings company with a strong commitment to sustainability, AkzoNobel supports these goals, which are in line with our purpose to create everyday essentials to make people's lives more liveable and inspiring. We are at the top of the Dow Jones Sustainability Index rankings for the fifth time in six years.

At AkzoNobel, we believe that we can address some of these challenges with the innovative solutions that we have developed. With a focus on India and China, we highlight the major problems faced by these two populous countries and the solutions that we can offer.

#### **INDIA**

While India's economy continues to expand at the world's fastest growth rate of about 7.5% annually, millions of its citizens are exposed to increasingly unhealthy air. The latest air quality report from WHO in May 2018 has announced that the world's top-10 most polluted cities are all situated in India.

Residents in India's capital, New Delhi, which has been ranked the sixth most polluted, are taking the brunt of the health crisis due to vehicle emissions and burning of crops and woods. The air has become so smoggy and severely toxic that Delhi's government had to declare a public health emergency and school closures last year. It also unveiled 26 new programmes with a budget of \$8.2 billion to clean its air, with initiatives such as electric buses and



The world's top-10 most polluted cities are all situated in India

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At AkzoNobel, we believe that we can address some of these challenges with the innovative solutions that we have developed”

vehicles, tree planting and switching from coal-fired to electric or gas ovens.

How can AkzoNobel help Indian cities combat pollution? We have developed an air-cleansing paint based on photocatalytic technology that can degrade major atmospheric pollutants such as nitrogen oxides and sulphur oxides. These gases not only pose health implications themselves but also contribute to the formation of PM2.5 particulate matter that can penetrate deep into lungs and the bloodstream, causing diseases such as stroke, heart disease, lung cancer and respiratory infections. With sunlight exposure and moisture, our paint will generate radicals that can decompose these pollutants. A large-scale field trial is currently being planned to quantify the efficacy of our paint in improving the air quality in Delhi.

To help improve air quality in India through reduction of the emission of volatile organic compounds, we have

launched our strategic programme called Waterway. Our aim is to drive the transition of solvent-based products currently offered in our portfolio for wood care and metal care applications to water-based products with equally high quality and performance.

We can help to mitigate soil pollution in India by controlling the release of biocide used in our paints. Biocide is a film preservative added within the regulatory compliant amount in an exterior paint to help protect building facades against the growth of fungus and algae, which is especially important for tropical and subtropical climates in India. Conventional types of biocide may not be able to release effectively from the paint over its lifetime and they may also be washed off by rain and can contaminate the soil. Encapsulating the biocide allows for its controlled release at its optimum level, therefore safeguarding our paint for better durability in terms of film protection while minimising the environmental impact due to soil pollution. Our researchers also continuously strive to explore biocide-free or low-biocide solutions.

Public urination has been a major issue in India. The government has launched a nationwide campaign called Swachh Bharat Abhiyan to promote public cleanliness. To address this problem, we have developed a superhydrophobic coating with extreme liquid repellency that can protect walls by resisting the adhesion of urine, spit and other stains. Our product will be able to help →

AkzoNobel



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Our Human Cities initiative is our commitment to regenerating and energising urban communities across the world. We use our products and expertise to help cities deliver a stronger sense of community purpose, pride and happiness”

**PAMELA PHUA**

Managing director, Vietnam, Singapore and Indochina and director, research & development

Pamela Phua has more than 20 years' experience in research, development and innovation (RD&I) in the coatings industry. In her current role as director of RD&I for AkzoNobel, she drives new technology development and product implementation across the South East, South Asia and Middle East regions.

Ms Phua was instrumental in setting up the global research and laboratory operations for AkzoNobel Decorative Paints (Global Exterior Wallpaint Expertise Group) in 2011. In her global capacity, Ms Phua implements the functional and product innovation strategy for exterior wallpaint. She spearheads the RD&I functional excellence, standards and capability and the efficient delivery of processes as the approved standards and processes across the globe.

Her efforts enabled AkzoNobel's businesses to roll out new products and services across the region in a fast and coordinated manner, supported by an agile supply chain, efficient sourcing and robust quality control.

Some leading innovations launched by Ms Phua and her team include interior and exterior emulsion paints such as Dulux Weathershield Powerflexx, Dulux Pentalite, Dulux Wash & Wear / Easyclean, and Dulux Catylac / Inspire. Her expertise and experience has been instrumental in setting up industry standards in Singapore. She is the technical chairperson for the Singapore Paint Industry Association and a committee member in the Chemical Standards Council of Singapore. She has helped to set up several Singapore Standards, including SS345, SS150,

SS500 and SS494. She is an industry consultant to regulatory bodies such as Spring Singapore, Singapore Green Label, the Housing and Development Board, Singapore Green Building Council, National Environment Agency and the Singapore Institute of Architects. She is also an A\*Star certified auditor for accredited testing laboratories in Singapore.

Ms Phua has taken part in various series of the United Nations Climate Change Conferences, the most recent being COP23 in Bonn, Germany, in 2017 where she shared innovative solutions to combat challenges around climate change and contribute to developing smart cities for a better tomorrow.

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transform and maintain the cleanliness of many cities and towns across India, thus providing the communities with more liveable neighbourhoods and inspiring, comfortable surroundings.

## CHINA

According to the International Energy Agency, China surpassed the United States as the world's biggest energy consumer in 2009. This has definitely taken a toll on air quality due to China's predominantly coal-based energy production. Key major economic zones such as Beijing and Shanghai have been marred with pollution and notorious thick choking smog in recent years.

In China, buildings account for a large part of the country's energy consumption. To promote building energy conservation, the Chinese government has developed a sophisticated policy system in recent years. These include building energy codes that state the minimum standards for the energy efficiency of building components such as the envelope, heating, ventilation, air conditioning and the power system. These codes are mandatory for residential and commercial buildings in urban areas, and voluntary for rural residential buildings but are promoted through incentives.

How is AkzoNobel going to contribute positively to better the country's energy efficiency and adapt in this storm of policy changes? We approach this by providing solutions for suppressing heat outflow in winter with our Thermal Insulation Decorative Board systems and reducing the heat gain in the building in summer through our Keep Cool offerings.

Thermal insulation decorative boards are prefabricated boards constructed in the factory setting where the insulation and decoration layers are assembled together. These boards are made with a controlled quality unlike the traditional Exterior Insulation and Finish Systems, which are highly subject to the reliability and quality of workmanship. They can be easily secured on the exterior façade of a building just like a jigsaw puzzle with a smart system of bracket and screws. The system also incorporates air-vent plugs to prevent moisture build-up that leads to cracking and peeling issues we see in traditional insulation systems. Factory fabrications also allow us access to a much wider technology platform such as UV-curing systems and sol-gel processes,



Buildings in China account for a large part of the country's energy consumption



The Chinese government has developed energy codes for buildings to reduce pollution

which would have been prohibitive to use in conventional exterior wall paint. This solution essentially allows us to provide a better and higher-quality alternative to building insulation and hence effective energy management.

Another contribution from AkzoNobel concerns the energy savings brought about by specialised coatings. Other than improving our existing Keep Cool offerings to chase the ever tighter standards, we have also extended our Keep Cool offerings to Texture products in China. Keep Cool coatings reflect heat by reflecting in infrared (IR) and near infrared radiation of the solar energy. This is achieved by careful pigment management and the use of special IR-reflective pigments. With less heat build-up on the building façade and less heat transfer to the inside of a building, less energy is then required to maintain a comfortable temperature. Based on the simulation results from external parties, energy savings are quite substantial.

## BEYOND INNOVATION

Proposing true and sustainable technical solutions is one aspect of our contribution.

We also firmly believe in improving everyday life through our corporate social responsibility.

Giving back to communities is deeply rooted in AkzoNobel's culture. Our Human Cities initiative is our commitment to regenerating and energising urban communities across the world. We use our products and expertise to help cities deliver a stronger sense of community purpose, pride and happiness.

For instance, our global Let's Colour programme has been revitalising urban areas all over the world, with almost 70 million people benefiting from 2,000 projects and 12,000 volunteers involved. The 100th mural of the 100 'Let's Colour Walls of Connection', created by AkzoNobel and global peace movement MasterPeace, took place last November in a school in Badshahpur in India. The project transformed the lives of more than 5,000 children by getting them back to school and ensuring they continue their education and improve their grades.

AkzoNobel has also partnered with SOS Children's Village to train the next generation of painters and drive local economic growth through painting training and business development knowledge, thus contributing to the employability of young people from difficult backgrounds. This successful partnership has been rolled out in countries including Brazil, Nigeria, South Africa and Indonesia, and will be extended to up to 10 countries including India. 



# With Urban 20, cities embrace their global responsibilities

*Cities are on the front line of many of the world's challenges. To help find and deliver solutions, Urban 20 facilitates dialogue between cities and the G20. Horacio Rodríguez Larreta, mayor of Buenos Aires, shares how*

From the rapid rate of urbanisation to the digitalisation of the economy and the effects of climate change, our societies and environment are being transformed. These trends are felt most acutely in the fast-growing cities of the world, where persistent problems such as climate change, economic and gender inequality, migration and air pollution have huge impacts on how urban societies advance and develop.

Traditionally, tackling these challenges was the exclusive responsibility of nation-states. Some of the world's largest states discuss these and other problems at the meetings of the G20. However, as the effects of these trends are increasingly and disproportionately played out in our urban centres, it is now time for cities to also act together to address global challenges.

As the mayor of Buenos Aires, I witness these challenges and their impact on *porteños* (as people from Buenos Aires are called) daily.

Our city is part of a fast-growing metropolitan area, with an astounding 3.2 million people commuting into the city every day. We are therefore working to promote an efficient, connected and sustainable transport system. At the same time, Buenos Aires is mitigating the risks arising from climate change by promoting hydric public works to reduce floods.

## A STRATEGY OF RESILIENCE

To face challenges and tensions to which cities are exposed, Buenos Aires recently launched its resilience strategy, the first one to include the future of work and gender equality among its priorities.

We must also prepare for the future: 65% of children who are now in school will work in jobs that do not exist today. As a diverse city, with world-class human capital, Buenos Aires is adapting its education system to promote teaching the skills that future jobs will demand. This is an urgent challenge for cities, and one that we need to address in order to

remain as innovation hubs with the ability to improve the quality of life on a large scale.

We also know that women and men do not experience the city in the same way and that gender-based inequalities persist in the public space, at home and at work. This year, Buenos Aires launched the Gender Indicators System, the first at the subnational level in Latin America, which integrally measures the physical, decisional and economic dimensions of women's autonomy. Among other initiatives, we also launched a new parental leave system that encourages shared care, and we are working with the private sector to promote equality in the labour market.

Moreover, in 2006, we joined the C40 Cities Climate Leadership Group, the leading network of cities committed to addressing climate change. We have been making bold and ambitious commitments to address climate change since then. In 2015, we became fully compliant with the Global Covenant of Mayors on Climate and Energy, having successfully completed the necessary actions to address emissions and improve resilience in our city. We are now striving to achieve net zero emissions by 2050 in order to deliver our share of the Paris Agreement. We are also committed to implementing inclusive climate action, ensuring that the benefits of making Buenos Aires cleaner, healthier and more prosperous are shared equally among our residents.

65%

of children currently in school will work in jobs that do not yet exist


## LOCAL SOLUTIONS FOR GLOBAL ISSUES

We believe that global development issues must also be addressed through local solutions. With Argentina chairing the G20 this year, we seized the opportunity to launch the Urban 20 (U20) – the first ever diplomatic initiative to facilitate a dialogue between cities and the G20.

The U20 was officially launched in Paris in December 2017 during the One Planet Summit, where Anne Hidalgo, the mayor of Paris, and I invited cities located in G20 countries to join us. From two, we quickly became 26 cities determined to make our voice heard in the G20 forum on specific policy areas: climate action, the future of work, social integration, sustainable food systems, women's empowerment and access to finance. Each is crucial to cities and paramount to ensuring sustainable, fair and prosperous urban development worldwide.

Our recommendations for each policy area are encapsulated in the first ever U20 Communiqué, shared with Argentina's president Mauricio Macri, who is chairing the G20, during the inaugural U20

Mayoral Summit, held in Buenos Aires on 29–30 October 2018. This document crystallises best practices at the city level, and makes recommendations to the G20 in terms of enabling national government policies that could help scale up these city commitments and accelerate their implementation for more rapid and transformative results.



Cities are on the front line of the many challenges that define our present, and that will mark our future. They are also incredible sources of talent, innovation, vibrant communities and dynamic economies. Cities are microcosms of our globalised world, and as G20 leaders seek to create a fairer and more sustainable future, they need not look further than their own great cities to find solutions. In turn, cities must embrace their potential to help shape the future of the whole world, with unique perspectives and solutions to global challenges. That is why I believe the U20 can create a new space for dialogue among the world leaders and the mayors of large cities. In the end, the responsibility is also ours. 

*Urban 20 is convened by the C40 Cities Climate Leadership Group in collaboration with United Cities and Local Governments.*

## HORACIO RODRÍGUEZ LARRETA

Mayor of Buenos Aires

Horacio Rodríguez Larreta has been mayor of Buenos Aires since December 2015. He previously served for eight years as the chief of the cabinet of Mayor Mauricio Macri, now the president of Argentina. He holds a bachelor of arts in economics from the University of Buenos Aires and a master's in business administration from Harvard University.

 [@horaciolarreta](https://twitter.com/horaciolarreta)  [www.urban20.org](http://www.urban20.org)



“We believe that global development issues must also be addressed through local solutions”

Cities are microcosms of our globalised world and offer unique insights on global issues

G20  
performance on

# Climate and energy

*As the G20 countries account for a high proportion of the world's CO<sub>2</sub> emissions, they must take the lead in global energy-climate governance, writes Ella Kokotsis, director of accountability, G20 Research Group*

When the G20 began meeting at the leaders' level in 2008, it had the distinct advantage of bringing together, in an informal setting, the world's largest energy producers, consumers and polluters. With 77% of all energy consumption and almost 82% of all global carbon dioxide emissions stemming from the G20, this small but highly influential group of countries plays a critical role in global energy-climate governance. And with Argentina establishing energy as a priority for the Buenos Aires Summit and climate sustainability as one of its key work streams for its 2018 G20 presidency, the time has come for this pivotal group of global energy players to take the appropriate actions needed to move the climate agenda forward.

**COMMITMENTS AND COMPLIANCE**

The G20 has consistently demonstrated that its climate and energy commitments matter. From its inception in 2008 to 2017, the summit generated 222 commitments across both streams. Of its portfolio of 24 issue areas addressed, only financial regulation, macroeconomic policy and development produced a greater number of commitments. And of the core energy and climate commitments assessed by the G20 Research Group at the University of Toronto, compliance with these energy and climate pledges has occurred 69% of the time.

Initially limited in scope, climate change and energy were addressed at the first G20 meeting in Washington DC in 2008, and had more attention at London and Pittsburgh in 2009. At Pittsburgh, leaders made a bold commitment to phase out inefficient fossil fuel subsidies in the medium term. Attention to energy and climate change receded somewhat at Toronto and Seoul in 2010. Beginning at Cannes in 2011, the G20 began linking climate and energy directly, devoting a section of the final declaration to the enhancement of energy markets through "improved energy efficiency and better access to clean technologies, to achieve strong growth that is both sustainable and inclusive". There was a peak in 2013, with 19 commitments on energy and 11 on climate generated at St Petersburg. Here, G20 leaders devoted more than 10% of their final declaration to sustainable energy policy and the fight against climate change. Their most prevalent climate commitment came in the context of a post-Kyoto control regime, where

**222**

commitments made across climate and energy since 2008

**69%**

Rate of compliance with these commitments

**45%**

Amount by which CO<sub>2</sub> emissions need to fall by 2030

G20 leaders agreed to work towards the adoption of a protocol, legal instrument or agreed outcome "with legal force ... applicable to all Parties by 2015".


This upward cadence continued from 2013 to 2017, reaching 42 commitments on energy and 22 on climate at Hamburg in 2017. In highlighting the rift between the United States and its G20 partners on these issues, the joint statement pointed to America's announced withdrawal from the Paris Agreement while affirming the commitment of the rest of the G20 members. Moreover, the final communiqué was accompanied by a climate and energy plan, supporting the key tenets of the Paris Agreement. It set goals to phase out fossil fuel subsidies and sought to shift countries towards "affordable, reliable, sustainable and low greenhouse-gas-emission energy systems as soon as feasible".

**CAUSES AND CORRECTIONS**

With this foundation from Hamburg, a significant opportunity arises for the G20 leaders at Buenos Aires to continue this momentum. Unprecedented natural disasters in 2018, coupled with record-breaking global temperatures, are resonating among the majority of the world's political, business and thought leaders, underscoring the need to act now. A special report by the Intergovernmental Panel on Climate Change published a month before the summit stated that

carbon dioxide emissions need to fall by 45% by 2030, adding pressure and urgency to the 24th Conference of the Parties that will meet in Poland just a few days after the G20 summit.


A key aspect in continuing this trajectory is the ongoing meetings of G20 energy ministers, who met first in Istanbul in 2015. This format has enabled more inclusive energy collaboration by addressing several energy principles, including those tied to better access, renewables, transparency, clean energy technologies and the phase-out of inefficient fossil fuel subsidies. Taking this one step further, the Argentinian presidency has launched the first-ever climate sustainability and energy transitions steering committees, bringing together G20 engagement groups and officials to focus on issues ranging from adaptation, climate financing and sustainable consumption to flexibility, transparency and the digitalisation of energy grids.

The transition to a low-carbon energy future can be a reality if the world's leaders can provide the political certainty to secure it. With its demonstrated ability to show strong leadership on energy governance, the G20 is well positioned at Buenos Aires to deliver on a set of concrete principles and commitments that can guide the world along a carbon-neutral path. 

**ELLA KOKOTSIS**

Director of accountability,  
G20 and G7 Research Groups

Ella Kokotsis is the director of accountability for the G20 and G7 Research Groups. She has consulted with the Canadian and Russian governments, and is co-author (with editor John Kirton) of *The Global Governance of Climate Change: G7, G20 and UN Leadership*..

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# The global energy

*The G20 can lead the way in establishing renewables as the world's primary energy source and uncoupling economic growth from an increase in emissions, writes Adnan Z. Amin, director general, International Renewable Energy Agency*

# transition

The global energy system is undergoing rapid and disruptive change. The way we produce, distribute and consume energy is being fundamentally transformed.

Renewables are at the heart of this new energy age. Since 2012, the majority of all new power-generation capacity added globally came from renewables, which are getting cheaper and cheaper with every day. Analysis by the International Renewable Energy Agency (IRENA) estimates that by 2020, renewables will be cost competitive with fossil fuels in most parts of the world, undercutting them significantly in many cases.

## ACCELERATING ENERGY TRANSFORMATION

G20 members are at the forefront of this energy transformation: China, for example, added a world record of 53 gigawatts of solar photovoltaics last year, and just a few months ago, the European Union decided to increase its renewables target to 32% in total final energy consumption by 2030. Germany aims to reach 65% renewables in its power mix by 2030. This list continues.

But despite the ongoing efforts, an acceleration of energy transformation is urgently needed if we want to avoid the worst effects of global warming and instead enjoy the full breadth of benefits that renewables can provide.

As the recent report published by the Intergovernmental Panel on Climate Change highlighted, we have only 12 years left to keep the global temperature rise below 1.5°C of pre-industrial levels. We need to take immediate and unprecedented action.

## ROADMAP TO 2050

Renewables are, in combination with energy efficiency, the key to uncoupling economic growth from an increase in emissions.

IRENA's Global energy transformation roadmap to 2050 estimates that together they can provide more than 90% of the energy-related carbon dioxide emission reductions required to keep the global temperature rise to 2°C. This would require a share of two-thirds renewables in total final energy consumption by 2050. A deployment of renewables and energy efficiency solutions at that scale would boost global gross domestic product by more than \$50 trillion, creating 11 million additional jobs along the way – not to mention the host of social benefits this would entail, such as improved health, clean water and living environments, and more.

#### WHAT THE G20 CAN DO

The G20 is well positioned to lead the way on global energy transformation. IRENA analysis estimates that G20 countries hold 75% of the global renewables deployment potential by 2030. In cooperation with the G20 presidencies of Turkey, China and Germany in the past three years, IRENA has provided targeted analysis and recommendations for the energy discussions at the G20. Building on this work, we cooperated with the Argentinian presidency this year to prepare an overview of opportunities to accelerate energy transitions through enhanced deployment of renewables. This analysis highlights that there is much room for further improvements to the regulatory, policy and institutional framework settings of the G20 members.

Upgraded targets and market-based support schemes such as competitive procurement programmes can provide the certainty that industry requires to invest in the necessary innovation, infrastructure and supply chains. Auctions have established themselves as a procurement tool, leading to record-breaking prices for renewables. Collectively, there is also an opportunity for the G20 to promote renewables by developing internationally harmonised technical standards and quality controls, and by facilitating investments in renewable energy research and development.

But if we want to make the energy transition a reality, we cannot stop at high shares of renewables in power generation. Policy support needs to be scaled up in all end-use sectors, including transport, industry and buildings.

#### SCALING-UP POLICY SUPPORT

This requires sectoral approaches to be coupled with systems-wide perspectives to reduce the direct use of fossil fuels in end-use sectors, shifting instead to electricity generated from renewables. Hydrogen could be the missing link for electrification in some contexts; for example, power-to-gas could facilitate the integration of large amounts of renewables in sectors that are more difficult to decarbonise, such as transport. IRENA's recently released *Hydrogen from Renewable Power: Technology Outlook for the Energy Transition* shows that the appropriate technologies are already available, but their application would need to grow to a scale large enough to yield the cost reductions that would be necessary for their commercialisation. The G20 could make the difference by creating the policy frameworks that are required for this.

The Buenos Aires Summit is a great occasion for the G20 to send a strong signal to the world on its resolve to accelerate energy transition. The opportunities that present themselves to the G20 to take action are plentiful and, clearly, the potential rewards for demonstrating leadership are too significant to be ignored. <sup>CSO</sup>

#### ADNAN Z. AMIN

Director general, IRENA

Adnan Z. Amin is serving his second term as director general of the International Renewable Energy Agency (IRENA). During his tenure, IRENA has achieved near-universal membership and grown to become the global authority on renewable energy. Previously, he served as head of the United Nations System Chief Executives Board for Coordination Secretariat, and led the secretariat for the UN secretary-general's High-level Panel on UN System-wide Coherence. He also served as the director of the New York office of the United Nations Environment Programme. He is a development economist from Kenya.

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# Fuelling modern economies

*Greater movement is needed on renewable energy, says Fatih Birol, executive director of the International Energy Agency, which is working closely with G20 countries to navigate their energy transition*

**G**20 member economies are central to the global energy transition. Together, they account for 85% of the global economy, three quarters of world trade and two-thirds of the global population. They also collectively account for more than 80% of energy-related carbon dioxide emissions and almost 80% of global energy consumption.

Yet no two G20 countries are completely alike, whether in terms of culture and history, economic structure, natural resources or political priorities. Likewise, no two will follow the same path towards a clean energy transition – which forms the basis of Argentina’s G20 theme of energy transitions.

Despite this diversity, the goals of the countries are the same: modernising and diversifying our economies, improving energy security, securing energy access, improving air quality and, of course, mitigating climate change. But the routes that each country takes to get there will vary considerably.

Some countries will rely heavily on hydropower, while others will look to modern renewables such as wind, bioenergy and solar photovoltaics. Others will focus on electric vehicle deployment, nuclear or abatement of fossil fuel power generation. No single clean energy technology or cleaner fuel has all the answers. Multiple solutions are required.

The International Energy Agency is working closely with G20 countries, helping to navigate their respective energy transitions, in part through providing the most up to date and reliable energy data available – and using it to track the transitions.

**MISSED TARGETS**

What we are seeing globally is not encouraging. Last year, of the 38 energy technologies and sectors that we are tracking, only four are on track to meet

**80%**  
of CO<sub>2</sub> emissions  
come from G20  
countries

**25%**  
The projected share  
of renewables in  
Germany's energy mix

**1.4%**  
rise in global  
energy-related  
emissions last year



## FATIH BIROL

Executive director, International Energy Agency

Fatih Birol has been executive director of the International Energy Agency since 2015. Previously, he was the IEA's chief economist and director of Global Energy Economics, with responsibilities that included directing the IEA's *World Energy Outlook*, recognised as the most authoritative source of strategic analysis on global energy markets. He is also the founder and chair of the IEA Energy Business Council, which provides a forum to enhance cooperation between the energy industry and energy policymakers.

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long-term goals for climate, energy access and air pollution. Energy efficiency improvements have slowed and progress on key technologies including carbon capture, utilisation and storage remains stalled. This lack of progress contributed to an increase in global energy-related emissions of 1.4% last year.

However, if we look at G20 economies specifically, there is reason for optimism. Energy efficiency in particular has been prioritised by G20 members and is a pillar of the 2030 Agenda for Sustainable Development, due to its contribution to energy security, industrial competitiveness, emissions reduction, economic growth, job creation and other social benefits. G20 economies are leading the way on this front: the energy intensity of G20 countries was 21% lower in 2015 than in 2000. Since 2010, G20 economies have improved their energy intensity at rate of 2.4% per year.

There is also good news in terms of renewable power, benefitting from innovation and in part from significant cost reductions – notably for solar and wind, which are now cost competitive in a growing number of cases. In the G20, although hydropower remains the largest source of renewable power capacity, wind and solar photovoltaics are catching up fast.

### THE NEED FOR GLOBAL PROGRESS

But much more progress will be needed on renewables, not only in G20 countries, but worldwide. This will require continuing to address the issue of system integration – that is, how we best incorporate variable renewables such as wind and solar into our electricity systems. This is critically important. A large number of G20 countries are expected to reach double-digit shares of variable renewables in the next five years: Germany will see the largest at over 25% of total generation, followed by the United Kingdom, Italy, Mexico, Australia and the United States.

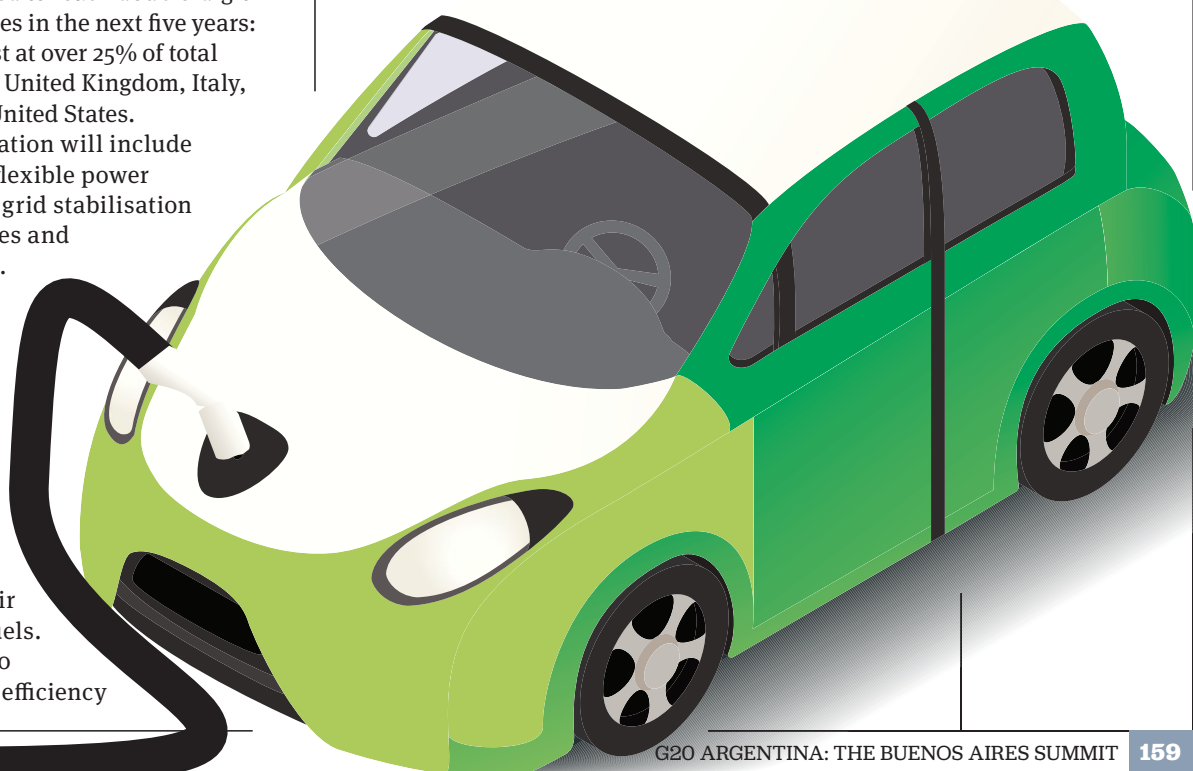
Successful system integration will include regional grid integration, flexible power plants, electricity storage, grid stabilisation through digital technologies and demand-side management.

G20 economies are in a position to encourage market designs that can be used to adapt electricity markets, facilitating their ability to successfully integrate higher shares of variable renewables. There are many approaches to share as countries transition their power sectors to cleaner fuels.

The IEA is supporting G20 economies on both energy efficiency

and renewables, along with a range of other key issues related to the energy transitions: natural gas and energy security, renewable heat and biofuels and electric mobility. In addition, the IEA is committed to ensuring that policies are developed on a foundation of good quality, reliable and timely data.

In support of these efforts, the IEA in collaboration with Argentina's ministry of energy produced a pair of technical reports: *Energy Transitions in G20 Countries: Energy Transitions towards Cleaner, More Flexible and Transparent Systems* and *Energy Transitions in G20 Countries: Energy data transparency and market digitalization*. The IEA will continue to work closely with G20 economies – and of course all other countries around the world – to ensure that whatever path they choose, a successful energy transition can be realised for the good of us all. 🌱



Despite rising use of renewables, oil and gas are still set to provide more than half of the global energy mix by 2040



Stability today begets stability tomorrow. It is vital that global oil market stakeholders seek sustainable stability – for producers, in terms of security of demand, and for consumers, in terms of security of supply; for investments and capacity expansion to flourish; and for economies around the world to grow. Sustainable stability will help provide access to modern energy services for those currently without.

These elements have been a central focus of the historic ‘Declaration of Cooperation’ among the 25 members of the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC producers. Over the past 20 months or so, this cooperation has helped return more balance to the oil market and more optimism to the industry, and has had a

# Ensuring sustainable energy for all

*Mohammad Sanusi Barkindo, OPEC secretary general, explains how the organisation is overcoming the dual challenge of meeting rising energy demand while improving the world’s environmental footprint*

positive impact on the global economy and trade worldwide.

However, we appreciate that our work never stops. All countries that agreed to the declaration are fully committed to sustaining balance and stability in the market, in the interests of both producers and consumers. We continue to explore ways to further institutionalise this long-term all-inclusive framework, to look at some of the industry's pertinent challenges, as well as the opportunities.

The importance of stability is underscored in OPEC's recently released *World Oil Outlook 2018*. The publication paints a comprehensive picture of the path that lies ahead for the global oil market, as well as exploring the possibilities for the overall energy mix.

What is clear is that all energies will be needed in the decades to come. It is not about choosing one fuel over another, given that global energy demand is set to increase by a robust 33% by 2040, driven predominantly by developing countries, which see almost 95% of the overall growth.

#### IN THE ENERGY MIX

There is no doubt that renewables will significantly expand their role, but by 2040 oil and gas combined are still expected to provide more than 50% of the energy mix. The report forecasts that oil will remain the fuel with the largest share of the overall energy mix in the period up to 2040.

In fact, long-term oil demand has been revised upward for the second successive year, with total demand now projected to reach close to 112 million barrels a day by 2040. It is also important to add that the report sees no expectation for peak oil demand over the forecast period.

In light of this expanded demand for oil and energy overall, it is also important to

“

It is not about choosing one fuel over another, given that global energy demand is set to increase by a robust 33%”

recall how oil and gas have transformed the economies and societies of the industrialised world. Oil and gas have provided heat, light and mobility, and created and sustained economic growth and prosperity.

However, this has not been the story for everyone. Today, around three billion people still lack access to clean fuels and efficient technologies for cooking, while almost one billion remain without access to electricity. It is vital that this is addressed. These are people who need their voices heard. They need access to reliable, safe and secure modern energy services at scale.

Of course, we also recognise the importance of the environmental challenge. In this regard, OPEC remains fully engaged and supportive of the Paris Agreement based on the core principle of common but differentiated responsibilities in a fair and equitable manner.

The *World Oil Outlook 2018* shows that OPEC is fully aware of the dual challenge of meeting growing energy demand, while constantly improving the environmental footprint of all the energies we use.

We need to continually look to develop, evolve and adopt all types of cleaner energy technologies. In addition, we need inclusive and non-discriminatory energy policies that will enable us to meet the

expected future energy demand in a sustainable manner.

Meetings such as the G20 Buenos Aires Summit must focus on the critical issues of energy access, expanding energy demand and the need to ensure a level playing field for all energies and technologies.

Given the ever more complex nature of our industry, the best platform to tackle these challenges is a stable market environment, with extensive engagement, dialogue and cooperation at the fore. All stakeholders need to find common ground and to look for shared, realistic and effective solutions, to help deliver the outcome we all desire: ensuring sustainable energy for all. 



## MOHAMMAD SANUSI BARKINDO

Secretary general, Organization of Petroleum Exporting Countries

Mohammad Sanusi Barkindo has been secretary general of the Organization of Petroleum Exporting Countries since 2016. From 2009 to 2010, he was group managing director of the Nigerian National Petroleum Corporation, and previously he served as deputy managing director of Nigerian Liquefied Natural Gas. Among the posts he has held, he represented Nigeria in the negotiations for the United Nations Framework Convention on Climate Change and the Kyoto protocol.

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# 11

## DEVELOPMENT AND THE 2030 AGENDA

Development is a major focus of the G20, embracing food, migration and refugees, and health



Given that the G20's founding mission includes ensuring that globalisation benefits all, development has been a major focus for the G20 leaders since their first summit in 2008. Development embraces health, migration and refugees, and food. Since the 2008 Washington Summit, the G20 leaders have made more than 462 commitments covering development, health, food and migration.

### COMMITMENTS

Since the Washington Summit in 2008, the G20 leaders have delivered a total of 268 commitments on development, 57 on health, 23 on migration and 114 on food. Across 13 summits between 2008 and 2017, the G20 leaders made as many commitments on these issues as the G7 made over 44 summits since 1975, putting the G20 slightly ahead of its G7 counterpart.

At the first G20 summit in 2008, the leaders made four development commitments. None were made on health until the 2014 Brisbane Summit, where the G20 leaders made 33 commitments. The first commitments on food were made in 2009 at the Pittsburgh Summit, with three. This increased to 36 commitments at Cannes in 2011. The first

commitments on migration were made at Antalya in 2015. At the 2017 Hamburg Summit, there was a record high of 16 migration commitments.

### COMPLIANCE

Of the 268 development commitments, the 48 assessed for compliance by the G20 Research Group average compliance of 66%. Compliance was led by the United Kingdom, at 87%. Six health commitments have been assessed for compliance, with an average of 73%, led by the United Kingdom and the United States, both with 100% compliance. They are followed by Canada, France, Germany, Japan and the European Union, each with 92% compliance. Six commitments on food have also been assessed, with an average of 70%. This has been led by Brazil, France and the United States, all with an average of 92%. Two migration commitments have been assessed, with an average of 77%, led by Argentina, Brazil, Canada, Germany, Italy, Turkey and the European Union, each with 100% compliance.

### CAUSES AND CONSEQUENCES

G20 leaders are usually prompted to act on development, health, food and migration

# G20 performance on development

*At its Buenos Aires Summit, the G20 must commit to making progress on development to improve its compliance in this crucial area, says Courtney Hallink, director of the South Africa office, G20 Research Group*

## 462

commitments made on development, health, food and migration

## 66%

Average compliance on development commitments

## 73%

Average compliance on assessed health promises

as a result of a shock. The G20's founding mission in 1999 was to promote financial stability and to ensure that globalisation benefits all, as a result in part of increasing international attention on the least developed countries and the world's poorest. G20 leaders made development commitments at every summit since Washington in 2008. The Ebola outbreak

in 2014 prompted them to issue a separate declaration and to make a record-high 33 health commitments. At Brisbane, the G20 leaders declared they were "committed to do what is necessary to ensure the international effort can extinguish the outbreak and address its medium-term economic and humanitarian costs". Similarly, as a result of the refugee crisis,

G20 leaders made their first commitments related to migration. At Antalya, they pledged to "continue further strengthening [their] support for all efforts to provide protection and assistance and to find durable solutions for the unprecedented numbers of refugees and internally displaced persons in various parts of the world". At the height of the global food crisis in 2011, they made their first food commitments and issued the *Action Plan on Food Price Volatility and Agriculture* at the Cannes Summit.

## COURTNEY HALLINK

Director, South Africa office, G20 Research Group

Courtney Hallink is director of the South Africa office of the G20, BRICS and G7 Research Groups, based in Cape Town. She graduated from the International Relations Program at the University of Toronto in 2017 and is now completing a master's degree at the University of Cape Town. She is associated with the Centre for Social Science Research and the Institute for Democracy, Citizenship and Public Policy in Africa, both based at the University of Cape Town.

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### CORRECTIONS

G20 compliance on development commitments has been relatively weak. At only 66% overall, average compliance falls behind the G20's overall average of 70%. The G20 must improve its compliance on development by delivering clearly defined commitments at the Buenos Aires Summit and maintaining contact among themselves to ensure that all members are delivering on the collective commitments they make there. 

*Interview with Achim Steiner*

*Governments need to work in tandem with industry, society and the public to deliver progress for all, Achim Steiner, administrator, United Nations Development Programme, tells editor John Kirton*

**Target:**

**advancing  
development  
for all**

### **What progress is the world making towards achieving the Sustainable Development Goals (SDGs)?**

Three years after adopting the Sustainable Development Goals, we're witnessing a remarkable uptake. We set out to establish three important principles: one is the recognition of universality – what happens in one part of the world determines what happens in another part of the world. We see that with the impact of trade disputes and the imperative of collective action to prevent violent extremism or climate change. Second, we recognise an integrated approach to development as offering significant returns on investment. How can we make such a framework deliver more intelligent national budgets and joined-up efforts that address poverty and create skills for tomorrow's labour markets? Third is the principle of leaving no one behind. Multidimensional poverty is central to national policy debates and political discourse.

We've made progress, but we're still at the point of informing national discussions and emerging policy responses.

### **What major challenges lie ahead?**

A huge challenge is increasing international tensions and polarisation. The fundamental tenets of the international frameworks and agreements we developed to work together are being questioned. Even the concept of globalisation is again at the centre of debates of national versus collective interest, which creates uncertainty, ambivalence and unpredictability that have spillover effects. Emerging economies are dealing with volatile exchange rates, withdrawn foreign capital and slowing investments, and feeling that they are victims of a broader disagreement in the global arena.

### **How is the United Nations Development Programme working to transcend these challenges?**

“One important principle is the recognition of universality – what happens in one part of the world determines what happens in another part of the world”

We support countries in their national governance, development planning and policy development. We've been surprised by how quickly the SDGs have moved to the level of provinces, states and municipalities. We are also very focused on the issue of financing. We're working with the Indonesian government, for example, on exploring the *sukuk*, an asset-backed green bond that could mobilise capital to invest at the community level to develop local renewable energy infrastructure. From local to national governance and financing strategies for implementing SDGs, that's the core of UNDP's work and we're engaged in more than 100 countries now.

### **Are we raising the required money to support hitting the 2030 targets quickly enough?**

In the United Nations, we start from the premise that cooperation yields greater outcomes than competition, although competition can be good. Public budgets are grossly inadequate to address the scale and magnitude of the investments needed. The economic transformation of infrastructure, decarbonisation and low carbon emissions requires a significant makeover to meet the objectives of the Paris Agreement. →

Inequality is a serious challenge for governments making development and budget decisions, particularly in developing countries investing in modernisation, industrialisation and infrastructure. Decisions have to be balanced with poverty reduction, sometimes long neglected in communities that become so disconnected to their nation state that they respond more easily to support from extremist groups. We need to figure out how governments can crowd in private capital to invest in programmes that bring a return for the investor and align with public good outcomes – whether least developed, middle income or even developed countries.

**How can the leaders at Buenos Aires help?**

A top priority is to reduce the tensions currently preoccupying the G20 members themselves. That would provide some stability for the global economy. It would also help the international community feel the G20 is conscious that its decisions influence what happens at home and also shape the decisions and the scope for national development in virtually every country. G20 meetings matter.

On climate change, differences among G20 members should not preclude those that wish to signal strong leadership and consequential action. Most countries are extremely aware of the need to act and they require reassurance and leadership.

Digitalisation, automation and artificial intelligence affect every country simultaneously. We need a cooperative approach to ensure these technologies do not create greater divides, within or between societies. But new technologies are emerging so quickly that we may already be 30 years behind. No one knows precisely how this will play out, for example in the future labour markets, but it will be dramatic in scale and pace, and in the implications for business, finance and economics. Having governments look ahead to work with industry, society and the public is an absolute imperative.

The G20 also provides direction on what kind of regulatory and enabling environment should be in place to make sure new technologies, which promise enormous benefits, are governed in a way that enables us to shape our future markets in service industries, be it finance, transport or property ownership, informed by the principles in the 2030 Agenda for us to move forward together as nations, and as a global community. 🌐

**ACHIM STEINER**

Administrator, UNDP

Achim Steiner began his four-year term as UNDP administrator on 19 June 2017. He is also the vice-chair of the United Nations Development Group, which unites the 32 UN funds, programmes, specialised agencies and other bodies that work to support sustainable development. Prior to joining UNDP, he was director of the Oxford Martin School and professional fellow of Balliol College, University of Oxford. He led the United Nations Environment Programme from 2006 to 2016 and previously served as director general of the International Union for the Conservation of Nature and secretary general of the World Commission on Dams.

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# ‘Childescents’ of India – they are children, too

Today, every fifth child in India is within the age group of 15–18 years. In the next decade, nearly one billion children will pass through this life stage, and this sheer number makes the developmental trajectory of these children a global concern. Child Rights and You (CRY) is an Indian national non-profit organisation which strongly feels that this is an opportune time for policymakers to prioritise the needs of this age group as they undergo a transition in all spheres (physiological, cognitive and psychological).

Unfortunately, children between 15 and 18 years are seen as ‘adult-like’. Therefore, their situation is not very appealing, as illustrated in the panel. To bring back the attention of policymakers and influencers, CRY released a study on the status of these children, coining the word ‘Childescents’ to reiterate the fact that they are still children.

Internationally and nationally, *Childescents* have been viewed in numerous ways, leading to differential treatment. The government of India, through the National Policy for Children, 2013, has adopted 18 years as the marker for the completion of childhood. This age bar, derived from the United Nations Convention on the Rights of the Child, has also been imbibed by key legislation such as the Protection of Children from Sexual Offences Act, 2012 and the Juvenile Justice (Care and Protection of Children) Act, 2015. But the Right of Children to Free and Compulsory Education Act, 2009 currently does not extend to *Childescents*; and the Child and Adolescent Labour (Prohibition and

What are 100 million *Childescents* in India doing?

3.4m  
Mothers

2.6m  
Heading households

62.7m  
In educational insititutions

22.9m  
Working

9.2m  
Married



Regulation) Act, 2016 creates a segregation by labelling those below 14 years as children, and those between 15 and 18 years as adolescents. India has formulated schemes for adolescents in general including *Rashtriya Kishor Swasthya Karykaram* (adolescent health programme) and Sabla scheme for adolescent girls, among others. However, specific focus is yet to be placed on *Childescents*.

CRY uses the layered approach of “self, society and system” while working with different stakeholders. It strives to improve investment by the state towards strengthening human capital for this age group, improving access to and implementation of relevant schemes. CRY firmly believes that if we are to truly assist *Childescents* in finding their place in society, it is necessary to build a comprehensive understanding of their needs and vulnerabilities and invest in interventions for education and skills within robust protective frameworks. This investment is imperative for them to find decent work free of hazards and lead healthy, fulfilling lives. *Childescents* are children, too!



# Dividends on healthy investments

*Tedros Adhanom Ghebreyesus, director general, World Health Organization, calls on the G20 leaders to position health as an integral and permanent part of their agenda, with commitments made on paper translating into action on the ground*

This year marks two significant milestones in public health: the 70th anniversary of both the World Health Organization (WHO) and the Universal Declaration of Human Rights.

Both WHO's constitution and the declaration assert that health is a human right, rather than a privilege for those who can afford it.

In the past 70 years, the world has made significant progress in safeguarding that right and improving the health of the world's people.

Life expectancy has increased by 25 years. Maternal and childhood mortality has plummeted. Smallpox has been eradicated and polio is on the brink. We have turned the tide on the HIV/AIDS epidemic and deaths from malaria have dropped dramatically. Innovative partnerships have produced effective vaccines against meningitis and the world's first malaria vaccine. There are many other causes for celebration.

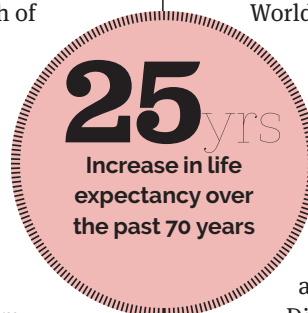
But even as we continue to struggle with old threats, new ones have arisen.

#### THE IMPACT OF CLIMATE CHANGE

Climate change will have profound effects on health. Antimicrobial resistance has the potential to destroy the gains of modern

medicine. Non-communicable diseases, including heart disease, stroke, cancer, diabetes, hypertension, lung diseases and mental illnesses, have become the major killers of our time.

This year also marks another landmark in the history of public health – the 100th anniversary of the 1918 influenza pandemic. The so-called Spanish flu remains the deadliest outbreak on record. At least 50 million people died, three times more than the death toll from the First World War, which overshadowed it.



#### PRESENT THREATS

Thankfully, we have not seen a pandemic on that scale since then. But the threat of outbreaks is ever present, and the world remains vulnerable, especially to airborne viruses.

Diseases do not respect national borders; a threat to one country is a threat to us all. The devastating West African Ebola epidemic of 2014–15 highlighted that we are only as strong as our weakest link.

At the time of writing, I am in the Democratic Republic of the Congo with Jean-Pierre Lacroix, the United Nations under secretary general for peacekeeping operations, to assess the latest Ebola outbreak and the measures we need to take to end it.



Although we have new tools, such as a vaccine and investigational therapeutics, we are also facing new challenges: the outbreak is occurring in an active conflict zone. On several occasions our operations have been in lockdown because of attacks in and around the town of Beni, the epicentre of the outbreak. But while we are in lockdown, Ebola is not.

#### **STRONGER HEALTH SYSTEMS**

Responding to outbreaks and other emergencies is a key part of WHO's work. But even more important is the task of strengthening health systems to support countries on their journey towards universal health coverage.

Strong health systems are the best investment both in health security and in promoting health and preventing disease.

In the Sustainable Development Goals (SDGs), all countries have committed to universal health coverage as part of SDG 3: healthy lives and well-being for all.


Political commitment at the country level is essential for achieving that goal, with support from WHO and other partners working in an integrated and coherent way.

At the invitation of Germany, Ghana and Norway, 11 international agencies have agreed to work together on a Global Action

Plan for Healthy Lives and Well-Being to get the world back on track for achieving the ambitious health targets in the SDGs.

We call on G20 leaders to support the Global Action Plan by ensuring that health remains an integral and permanent part of the G20 agenda, and to encourage its inclusion in other multilateral forums.



At a national level, we need G20 leaders to translate commitments on paper into action on the ground. In particular, we need countries to strengthen their capacities to detect and respond to outbreaks, according to the International Health Regulations; to implement national action plans against antimicrobial resistance; to develop public health policies that tackle malnutrition, with a special focus on childhood obesity, and to improve the availability of and access to healthy food; and to build an adequately trained health workforce with suitable and safe work conditions, especially as the world is facing a gap of 18 million health workers needed to achieve the health-related SDGs.

These actions need no justifications; they are ends in themselves because health is a rights issue. But the dividends they pay in terms of more stable and productive societies make investing in health a no-brainer. 

### **TEDROS ADHANOM GHEBREYESUS** Director general, World Health Organization

Tedros Adhanom Ghebreyesus was elected director general of the World Health Organization in May 2017, and is the first person from the WHO African Region to serve as WHO's chief technical and administrative officer. He served as Ethiopia's minister of foreign affairs from 2012 to 2016 and minister of health from 2005 to 2012. He was elected chair of the Global Fund to Fight AIDS, Tuberculosis and Malaria Board in 2009, and previously chaired the Roll Back Malaria Partnership Board, and co-chaired the Partnership for Maternal, Newborn and Child Health Board.



 @DrTedros  
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## Medicines for Malaria Venture



# Child-friendly health technologies

### Early childhood development and the Sustainable Development Goals

- Prioritisation of early childhood investment in the G20 agenda represents laudable progress and needs sustained commitment.
- Child health is a precondition for the achievement of several Sustainable Development Goals, including zero hunger, quality education, economic growth and the elimination of poverty.
- Children are highly vulnerable to the consequences of poverty and disease. Millions of children today die or suffer from permanent disabilities because of lack of diagnostics or treatments adapted to their needs.
- Innovation into child-friendly health technologies is critical to building stronger health systems and sustainable societies.

### Connecting the dots between early childhood development, health systems and innovation to unleash future potential

By David Reddy, PhD – CEO, Medicines for Malaria Venture

The G20 leaders and the Argentinian presidency should be commended for their unprecedented reaffirmation of the importance of investing in early childhood development and for placing it at the top of their 2018 agenda with the G20 Early Childhood Development Initiative. This recognition that the first 1,000 days of a child's life are crucial for mental and physical development, and a precondition for reaching their full potential, will be vital to breaking the cycle of structural poverty and inequality and thereby helping achieve several of the United Nations Sustainable Development Goals.

Millions of children continue to die or suffer from permanent disabilities each year, either because their diseases are not diagnosed or because the appropriate treatment is not accessible or does not exist. This poses a largely unanswered dilemma to the development community.

Malaria is a case in point. There has been enormous progress in the fight against malaria in recent years, with the number of paediatric deaths dropping by 35%


between 2010 and 2016. However, in 2016, the disease still took the lives of more than 300,000 children under five years of age. To add to these alarming statistics, children who survive malaria must often cope with lifelong consequences, including neurological and cognitive impairment that affects their educational attainment and future potential.



David Reddy, PhD

Political decision makers, drug regulators, health services, families and other caregivers need to be made better aware that medicines designed for adults, when administered to children, can result in underdosing or overdosing, with detrimental effects including toxicity, under-treatment and generation of drug-resistant pathogens. The general lack of age-appropriate formulations of essential life-saving medicines means that suboptimal treatment is all too frequent. In May this year, an event at the World Health Assembly addressed these challenges and informed the international community about the transformative role played by child-friendly treatments in the survival and healthy development of underserved children.<sup>1</sup>

Investment in the research and development of effective and well-tolerated child-friendly technologies, such as vaccines, diagnostics, prevention tools and quality-assured paediatric treatments, is essential to building a better future for these young children.

It is hoped that the G20 will take forward and intensify the pioneering 2018 agenda on early childhood development established by the Argentinian presidency. We look to the G20 members to further encourage and support global and national action to mobilise resources, monitor progress and measure the impact of new health technologies for the very young. 

*Dr David Reddy, PhD, is CEO of Medicines for Malaria Venture. This not-for-profit research foundation discovers, develops and facilitates access to new, effective and affordable malaria medicines in collaboration with a global network of partners. With these partners, MMV has brought forward eight new antimalarial drugs that have saved an estimated 1.5 million lives, and has broadened its malaria drug pipeline to include 10 novel compounds in clinical development.*

*MMV is guided by a board and donor-approved five-year strategy to develop and deliver new antimalarials to meet the needs of vulnerable populations suffering from malaria.*





Medicines  
for Malaria Venture  
and partners have  
developed and delivered  
new medicines for malaria  
that have **saved the lives**  
of more than  
**1.5 million**  
people

**Join**  
the fight  
to end  
malaria

**Help us  
build**  
a healthy world  
for all



# global health

*The G20 has prioritised health – now it must finance it, says Ilona Kickbusch, director, Global Health Centre, the Graduate Institute of International and Development Studies, Geneva*

Germany's inclusion of global health in the G20 agenda in 2017 and its hosting of the very first meeting of G20 health ministers was groundbreaking, as was the serious attention that global health matters received in the final communiqué of leaders in Hamburg. The G20 had agreed to create the Health Working Group in China in 2016, and it came into being under the German presidency the following year, with the strong personal support of Chancellor Angela Merkel. Following some nervousness about whether the next G20 presidencies would maintain this high interest in health, Argentina is continuing to highlight health matters, and Japan will make it a very important part of its 2019 presidency. A strong troika for health – Germany, Argentina and Japan – is anchoring global health in the G20 agenda.

As health becomes a regular feature of G20 deliberations, some issues must remain, as they continue to need strong political support: health security, health systems strengthening and antimicrobial resistance (AMR). These were included in the declaration of the G20 health ministers at their meeting in Mar del Plata in October. That meeting provided continuity by again including a simulation for health ministers, this time on AMR. It also highlighted a high priority for Latin America: childhood malnutrition and obesity. The health ministers encouraged investment in research and development across a range of interventions – including antimicrobials, diagnostics and vaccines – while “promoting affordable and equitable access to all individuals in need”. They also provided strong support for the product development partnership model.

#### ACCELERATING GLOBAL PROCESSES

It is critical that on global health the G20 does what it does best: draw the attention of political leaders to the major health challenges that need the support of heads of state and government and of finance ministers and the investment community. The middle-income economies in the G20 – especially the BRICS members – need to make extraordinary investments in their health systems in order to respond to their populations' health needs, especially the increasing challenges rising from the tsunami of non-communicable diseases. Here, the interface of the G20 commitments with the deliberations at the United Nations and the UN system in general is essential.



## ILONA KICKBUSCH

Director, Global Health Programme

Ilona Kickbusch is the director of the Global Health Programme at the Graduate Institute of International and Development Studies in Geneva, Switzerland. She served on a panel of independent experts to assess the World Health Organization's response to the Ebola outbreak. She previously had a distinguished career with WHO and Yale University, and has published widely on global health governance and global health diplomacy.

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G20 deliberations on health must support and accelerate global processes, not create parallel initiatives. The support expressed in the ministers' declaration, especially for the Sustainable Development Goal (SDG) 3 action plan and several other global action plans, is an excellent example of such political synergy.

#### BROAD INVOLVEMENT

This is why it is important that high-level representatives from major organisations such as the World Health Organization, the Global Fund, the Food and Agriculture Organization, the Organisation for Economic Co-operation and Development, the World Bank, the World Organization for Animal Health and Unitaid were part of the deliberations. Their involvement underlines the multisectoral nature of the issues at stake.

Now that this dialogue and approach are established, the challenge lies with Japan to undertake the critical next step. In 2019, the challenge of universal health coverage (UHC) will be taken to the United Nations General Assembly. This high-level meeting will set the stage for UHC implementation for years to come. The G20 is called upon to consider how to ensure and increase investments in UHC. It is therefore essential not only to have a health ministers' meeting but also to place health financing on the finance

track. Health ministers, finance ministers and leaders themselves must take strong steps to ensure that no one is left behind on health, so their populations are not burdened by unaffordable co-payments, catastrophic expenditures and even fall into poverty because of health costs. The World Bank is already calling for increased investment in human capital – health and education – and other financial institutions must follow, including the G20.

#### A POLITICAL CHOICE

The SDGs set the scene for a new development paradigm in combination with a focus on domestic financing. Transition modalities must be explored, the weakest links (especially regarding health security) must be addressed, and new financing as well as institutional mechanisms must be introduced. The G20 must reaffirm that health is a human right and that it constitutes a social contract at the national and the global levels. Above all, the G20 must make the political choice for health and take this commitment to other political bodies. The Buenos Aires Summit must set the scene and affirm that health is central to the SDGs and that only with significant health investments can the SDGs be achieved and people be able to achieve healthy lives and well-being. <sup>100</sup>

Infectious Diseases Institute



# Stronger global health security

As a young clinician at the Infectious Diseases Institute (IDI) at Makerere University a decade and a half ago, I routinely observed first-hand the great devastation caused by HIV/AIDS. At present, I have the great privilege of leading this same institute, and I have had the honour to lead teams that are contributing to the well-being of individuals, families and entire communities by ensuring that essential interventions such as antiretroviral therapy get to the most vulnerable populations (including refugees) in Uganda. What has been achieved seemed unimaginable a few decades ago when these life-saving treatments emerged. I have witnessed the concerted global efforts and resources that have made a difference in the lives of millions of individuals.

IDI is an established Ugandan non-profit organisation with a mission “To strengthen health systems in Africa, with a strong emphasis on infectious diseases, through

*Dr Andrew Kambugu, Sande-McKinnell executive director, Infectious Diseases Institute, calls on the G20 to commit more resources to enhance regional and national health capacity in Africa*

research and capacity development”. Since inception in 2002, IDI has been contributing to development by addressing the challenges of life-threatening and life-limiting infectious diseases all within the context of a long-term strategic vision. The IDI programmes support treatment for more than 270,000 People Living with HIV (PLHIV) in Uganda, about 25% of the national effort; address other infectious diseases such as Cryptococcal Meningitis, Malaria, Tuberculosis and Hepatitis B; and immediately respond to epidemic outbreaks

(Ebola and the like) as part of national response teams.

**REQUIRED INVESTMENT**

I cannot help but draw parallels between the earlier days of the response to the HIV pandemic and what I see happening in Uganda and the East and Central African region today. In the past two years, Uganda experienced outbreaks caused by high-consequence pathogens including Ebola virus disease, Marburg virus disease, Rift Valley Fever and Congo Crimean Hemorrhagic Fever (CCHF). These are diseases where no licensed therapeutics exist, where health workers may be at risk of infection during patient care and, in the case of Ebola and Marburg, where delays in outbreak detection can result in severe public health and economic consequences.

Sadly, I observe that the same level of investment will be required of the global community to stem the huge risks posed by high-consequence infectious disease threats. I see that some efforts are



currently under way and I feel gratified that IDI is making significant contributions towards preventing, detecting and responding to these threats.

**ON THE FRONT LINE**

Having served on the front line of previous outbreaks, IDI works with government stakeholders and development partners to support Uganda’s global health security strategies by strengthening Uganda’s capacity to prevent, detect and respond to infectious disease outbreaks and other biological threats. Importantly, IDI has leveraged capacity (including clinical care and laboratory systems) and partnerships developed through previous investments in HIV, tuberculosis and malaria to make a strategic shift to confront the threat of emerging infectious diseases, which could be a model for other institutions to emulate.

IDI’s efforts focus on prevention of the emergence and spread of antimicrobial resistance (AMR), establishing a national biosafety and biosecurity system, supporting the national laboratory system, surveillance, preparedness and medical countermeasure systems. A dedicated IDI team supports the national response when an outbreak occurs.

The global health security programme at IDI has supported the establishment of biorisk expert networks across human health and veterinary disciplines, and builds the capacity of health workers in biosafety and biosecurity.

**ANTIMICROBIAL RESISTANCE**

To combat AMR, the programme is focused on enhancing capacity to identify and perform susceptibility testing, strengthening AMR surveillance, establishing a national AMR surveillance and stewardship group, tracking use of commonly prescribed antibiotics, establishing an antimicrobial stewardship

**ANDREW D KAMBUGU**

Executive director, Infectious Diseases Institute

Dr Andrew Kambugu is Sande-McKinnell executive director at the Infectious Diseases Institute. He is an adjunct associate professor at the University of Minnesota and also honorary senior lecturer in the Department of Medicine at Makerere University in Uganda. He received his basic medical training as well as his master’s in internal medicine at Mak and undertook specialist training in infectious diseases at the University of Utah and the University of Manitoba. He is a fellow of the Royal College of Physicians, London. Dr Kambugu has over 14 years of HIV clinical and programming experience and is a member of two national HIV subcommittees of the Ugandan Ministry of Health. He has made significant research contributions in the areas of antiretroviral therapy and opportunistic infections and has been widely published in peer-reviewed journals.



system, and strengthening national infection prevention and control capacity.


The programme is building capacity for the national laboratory system through enhancing the specimen referral network between different levels, enhancing laboratory information and supply chain management systems and increasing the number of laboratories that participate in national and international quality assurance programmes and proficiency testing in Uganda. In support of the Uganda National Health Laboratory Services, IDI is working to operationalise the National Reference Microbiology Laboratory by supporting staffing and quality-management systems, promoting laboratory-based surveillance for antimicrobial resistance in Uganda.

IDI is part of the Joint Mobile Emerging Diseases Intervention Clinical Capabilities consortium that is establishing capacity to conduct drug trials to demonstrate safety and preliminary efficacy against especially dangerous pathogens that cause deadly outbreaks. To my knowledge, this is the

first standby clinical research team for outbreaks in Africa that seeks to integrate a clinical trial into the outbreak response. Capability development is ongoing to facilitate deployment to remote locations to conduct research on investigational compounds at the site of the outbreak.

**COORDINATED ACTION**

The Global Health Security Agenda represents one of the most significant coordinated efforts to strengthen capacities for health security. However, I feel that more can be done by the global community to invest the required resources to ensure that in a timely manner, all countries meet minimum capacities for health security. Lessons learned from the HIV response tell us that we must act fast and act early to ensure that outbreaks do not become expensive and long-lasting pandemics.

I would like to see more resources committed by the global community, including the G20, towards the enhancement of regional and national capacity in the East and Central Africa region. Specifically, resources to enhance national frameworks and structures to boost the prevention, detection and response to high-consequence infectious diseases threats. The work of national and regional resources like the IDI at Makerere University will be enhanced and sustained by resources from a more concerted global effort. 



Bolstering national response teams during epidemic outbreaks



# Climate change and non-communicable diseases: two sides of the same coin

*More must be done to protect small island and low-lying developing states (SIDS) from the escalating dual threats of rising temperatures and unhealthier populations, say the Honourable Dr Timothy Harris, prime minister of St Kitts and Nevis, and CARICOM lead head for health and social development, and Dr James Hospedales, executive director, Caribbean Public Health Agency*



In Genesis, the first book of the Bible, God stated “it was good” five times as the Earth, seas, plants, animals and humans were created. Yet, we are not being good stewards over what we have been given charge. Climate change and non-communicable diseases (NCDs) are symptoms of the inherent failures in our development paradigms. Small island and low-lying developing states (SIDS) are the most vulnerable to the impacts of both climate change and NCDs, as reflected in the Samoa pathway. The unprecedented hurricanes in the Caribbean in 2017 were planetary alarm bells sounding that climate change is real and accelerating. These challenges in SIDS are a litmus test for the international development community. Their responses demand dogged attention, resource mobilisation and a paradigm shift among all levels of leadership within our jurisdictions and beyond.

SIDS comprise mostly small, open economies that are vulnerable to natural and human-made shocks – the most formidable of which appear to be our escalating problem of NCDs. Every year, tens of thousands of people lose their lives, legs, kidney function and sight due to NCDs such as diabetes and hypertension, with a high and unsustainable price tag. This level of social and economic impact cannot be maintained in SIDS. We cannot spend our way out of this, as our economies overall are not growing fast enough.

The heads of government of the Caribbean Community (CARICOM) saw this 10 years ago, when they issued the historic *Declaration of Port of Spain: Uniting to Stop the Epidemic of Chronic NCDs* in September 2007 with 26 commitments, which have been monitored annually.

#### TURNING THE TIDE

There are effective public policies and programmes that can help turn the tide on this NCD epidemic. Measures to improve regulatory capacity for tobacco, alcohol, food and medicines are needed to reduce population risk levels and to increase access to treatment.

Both climate change and NCDs are typified by over-consumption: of food, fossil fuel, tobacco and alcohol. Climate change in the Caribbean means hotter, drier weather, with more category 4 or 5 storms, and inundation by above-average rainfall that leads to loss

#### THE HONOURABLE DR TIMOTHY HARRIS

Prime minister, St Kitts and Nevis

The Honourable Dr Timothy Harris is the third prime minister of St Kitts and Nevis and the CARICOM lead head for health and social development. He has been minister of agriculture, lands and housing; education, labour and social security; foreign affairs, international trade, industry, commerce and consumer affairs; and finance. He holds a doctorate in administration, majoring in accounting.

@pmharriskn

#### C. JAMES HOSPEDALES

Executive director, Caribbean  
Public Health Agency

C. James Hospedales was appointed the inaugural executive director of the Caribbean Public Health Agency in 2013 and recently appointed chair of the Defeat-NCD Partnership governing board. He was previously the coordinator of the Prevention and Control of Chronic Diseases at the Pan American Health Organization and director of the Caribbean Epidemiology Centre.

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of life, property, agricultural crops and infrastructure. The social, economic and environmental implications are profound. We therefore welcome the World Health Organization’s (WHO) initiative on climate and SIDS.

One link between climate and NCDs is the excessively large number of deaths among people with NCDs in the weeks and months after a large storm, given the disruption to services and reduced availability of medicines. Another link is food and nutrition security. We are witnessing the erosion of agriculture as more frequent storms, drought episodes and damage to coral reefs undermine food and nutrition security in SIDS. This leads to more consumption of cheap, low-quality imported food, leading to obesity and attendant NCDs.

The massive agriculture industry in the world – especially for meat – uses huge amounts of gas and oil to make fertilisers and support mechanised agriculture. If we shift to a more plant-based diet there would be benefits to health from reduced risk of NCDs, and benefits to the planet from reduced greenhouse gas emissions.

#### POLLUTION REDUCTION

Another link is that of air quality, as heat and drought lead to more fires and smoke, and pollution from vehicle emissions can trigger asthma and chronic respiratory disease.

Regarding physical activity: people living in SIDS are increasingly inactive, driving up the incidence of heart attacks, strokes and cancers. Transportation is largely by motorised vehicles using fossil fuels. Initiatives to increase alternative transport such as biking and walking and rapid mass transport, which utilise the existing built environment, have potential co-benefits to health, energy security, tourism and the planet. This is in line with the conclusions of the recent G7 meeting of environment ministers in Halifax, Nova Scotia.

The range of health and other social and economic sectors that need to be involved in tackling the NCD challenge is broad and deep. Thus, we welcome the new Defeat-NCD Partnership as a ‘big tent’ to bring together public and private-sector agencies and civil-society organisations to share information and identify good practices in funding, service delivery, positive behaviour change and community engagement so that all of these facets can be scaled up. The urgency today demands that we develop and foster such mutually beneficial and demonstrative partnerships without delay. There is no luxury of time when lives are at stake, livelihoods are in jeopardy, national competitiveness is under threat, our collective labour force is in crisis and our SIDS economies become even more fragile under the crushing weight of the formidable challenges of climate change and NCDs. 



# G20 performance on **countering corruption**



*Stamping out corruption requires a united front from public, private and civil society actors – a strategy being pioneered by the G20, writes Denisse Rudich, G20 Research Group*

Corruption will likely feature at the Buenos Aires Summit as Argentina's presidency builds on the G20's legacy. The International Monetary Fund reports that bribery cost \$1.5–\$2 trillion in 2016, about 2% of global gross domestic product (GDP). The social and economic costs of bribery – not to mention other related illicit activities – are much higher. Since the G20 produces around 80% of global GDP and two-thirds of the world's population live in a G20 country, it can significantly affect the fight against corruption.

Anti-corruption first appeared in G20 leaders' declarations at the Pittsburgh Summit in 2009. Linked to financial integrity and good governance, fighting corruption was central to inclusive growth, the delivery of public common goods, and global peace and stability. The G20 played a leadership role by setting the global

agenda, adopting a systematic approach through establishing the Anti-Corruption Working Group (ACWG) at the 2010 Toronto Summit, and promoting global cooperation and collaboration. It embraced the work carried out by multilateral organisations and encouraged pragmatism, cross-policy coherence and public-private partnerships.

The G20 has called on its members to ratify and implement the United Nations Convention against Corruption (UNCAC) at every summit since 2009. It has asked members to adopt the Organisation for Economic Co-operation and Development's Anti-Bribery Convention, pledged to work with the World Bank's Stolen Asset Recovery Programme, and requested that the Financial Action Task Force (FATF) deter and detect the proceeds of corruption. In doing so, it called on the FATF to enhance standards on customer

110

commitments on  
corruption made  
since 2009

5%

of commitments  
relate to  
corruption

15

years since the  
UN adopted the  
UNCAC

due diligence on politically exposed persons and enhance transparency on beneficial ownership and cross-border payments.

Through the ACWG's recommendations, the G20 can lead by example. Since the 2010 Seoul Summit, the ACWG's detailed action plans have allowed the G20 to make progress on mutual legal assistance, the criminalisation of bribery, asset recovery and confiscation, effective enforcement, denial of safe haven to corrupt public officials, public sector transparency and transparency in sports and the extractive industries, whistleblower protection, information-sharing, conflicts of interest, and domestic and public bribery.

The G20 has linked the fight against corruption to anti-money laundering and tax evasion and also linked the elimination of corruption to sustainable development, poverty reduction, shared prosperity and financial stability. At the 2012 Los Cabos Summit, the G20 welcomed the engagement of the Business 20 (B20) on the issue. Following the 2013 St Petersburg Summit, the G20 began focusing on international collaboration and the development of anti-corruption education programmes to create a global culture of intolerance. It continues to endorse public-private sector collaboration by promoting dialogue among the ACWG, B20 and Civil 20. By the time the G20 addressed corruption at the 2017 Hamburg Summit, it had shifted from government-specific initiatives

to those aimed at "fostering effective compliance by business". The G20 encouraged countries to consider corporate compliance and ethics programmes when determining whether to award export credits and other benefits, and to consider voluntary self-reporting and cooperation when deciding on enforcement such as disqualification from participating in public procurement, company dissolution, fines or confiscation.


#### COMMITMENTS

Since 2009, G20 leaders have made 110 commitments related to corruption, about 5% of the total 2,398 commitments. There were 33 commitments made at the 2013 St Petersburg Summit and 32 at the 2017 Hamburg Summit.

#### CAUSES AND PROSPECTS

The correlation between global events and the development of G20 commitments was particularly relevant at the Hamburg Summit. The publication of the Panama Papers that leaked 11.5 million records relating to an offshore company in 2016 triggered multiple global investigations and political resignations and spurred the fight against corruption. In 2017, 13.4 million records known as the Paradise Papers were leaked, revealing how offshore corporations continue to be abused by corrupt governments, politicians, tax evaders and criminals.



The ACWG has held three meetings under Argentina's G20 presidency. President Mauricio Macri has announced that Argentina will create a national anti-corruption strategy. In an unprecedented show of unity, the B20 and C20 issued two joint statements in July: one encouraging all G20 members to develop national anti-corruption strategies and the other calling on the G20 to increase integrity and transparency in state-owned enterprises (SOEs) and implement existing commitments. The ACWG intends to emphasise integrity in SOEs and manage conflicts of interests. These will likely feed into the leaders' declaration.

It has been 15 years since the UN adopted the UNCAC. Next year, a decade will have passed since corruption first appeared on the G20 agenda. However, much remains to be done to stamp out the 'insidious plague' of corruption. This can only be accomplished by bringing together public, private and civil society actors, as the G20 does. 

### DENISSE RUDICH

Director of the London office of the  
G20 and G7 Research Groups

Denisse Rudich is director of the London office of the G20 and G7 Research Groups. She is director of Rudich Advisory and a financial crime prevention specialist on anti-money laundering, counter-terrorist financing, bribery and corruption, tax evasion and sanctions. She is a member of the Coalition to Fight Financial Crime launched at the World Economic Forum, and set up the AML Group for Global Digital Finance looking at crypto-assets.

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*The G20 plays a crucial role in setting global standards, recognising that weak links in the global financial system threaten economies around the world, writes Marshall Billingslea, president, Financial Action Task Force*

The Financial Action Task Force (FATF) is on a mission to help safeguard the international financial system and strengthen financial sectors across the globe that illicit actors aggressively seek to exploit. Under this year's US presidency, top priorities for the FATF include work on preventing the financing of the proliferation of weapons of mass destruction (WMD), maintaining an emphasis on combatting terrorist financing and clarifying standards related to virtual currencies.

Money laundering, terrorist financing and the financing of WMD proliferation can threaten a country's economic stability and discourage foreign investment. The threat is not limited to one country, as today's interconnected global

financial system is only as strong as the country with the weakest safeguards.

Ineffective measures to keep funds with links to crime or terror out of the global financial system threaten international safety and security. Without a robust framework to detect and disrupt this activity, criminal groups can move and hide the proceeds of their crimes, and terrorists and terrorist groups can finance training and travel, purchase weapons to carry out attacks and fund the recruitment that they need to survive. Similarly, proliferation networks can clandestinely access the global financial system to obtain sensitive goods and materials that are essential to their weapons programmes.

Combatting these crimes is challenging for regulators, law enforcement and the private sector, as criminals, terrorists and WMD proliferators seek to circumvent the safeguards that countries have put in place. The FATF is the global standard-setter for anti-money laundering and countering the financing of terrorism (AML/CFT), and plays a pivotal role in protecting the integrity of the global financial system. It works to understand and raise awareness about evolving methods used to launder illicit funds and move funds in support of terror.

#### EFFECTIVE FRAMEWORKS

The FATF Recommendations provide countries with the tools to implement an effective legal and operational framework to detect, prevent and disrupt money laundering, terrorist financing and WMD proliferation activity. At the core is the risk-based approach that ensures that countries identify and understand the unique risks they are exposed to, allowing them to prioritise resources where risks are highest.

As the FATF approaches its 30th anniversary, it has made considerable progress. Today, 204 countries have committed at the highest political levels to implementing the global AML/CFT standards. The FATF's process of publicly identifying jurisdictions with significant weaknesses in their AML/CFT regimes that present a risk to the international financial system has helped protect the integrity of the international financial system. Such public identifications have encouraged countries to make improvements swiftly – of the 66 countries identified since 2007, 55 have made the necessary AML/CFT reforms.

Most FATF members have the necessary laws and regulations to combat money laundering, terrorist financing or other illicit finance risks. However, the FATF's evaluations of jurisdictions' AML/CFT frameworks reveal that many countries do not use their legal authorities effectively. Some, for example, rarely use domestic sanctions regimes to freeze terrorists' assets and prevent terrorists and their supporters from accessing the international financial system. Nearly half the countries assessed to date through the FATF mutual evaluation process have achieved a low level of effectiveness in preventing persons and entities involved in WMD

## MARSHALL BILLINGSLEA

### President of the Financial Action Task Force

Marshall Billingslea assumed the position of president of the Financial Action Task Force on 1 July 2018. He also serves as assistant secretary in the US Department of the Treasury, heading the Office of Terrorist Financing and Financial Crimes. Previously, he was a managing director at Deloitte. He has more than a decade of service within the US government, including as deputy under secretary of the Navy, and also served as a staff member on the Senate Committee on Foreign Relations.

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proliferation from raising, moving and using funds, consistent with the relevant United Nations Security Council resolutions. Given the significant threat of proliferation to entire regions, it is a FATF priority to fully integrate proliferation financing within its standards and to assess countries against their effective implementation.

#### REFINING STANDARDS

The FATF regularly strengthens and refines its standards so that countries can calibrate their AML/CFT tools to address changing and emerging illicit finance threats. With the support of the G20, the FATF was working to clarify by October 2018 how its standards apply to virtual currency and other digital asset service providers. Virtual currencies and related digital financial services can potentially transform the financial landscape. They may positively affect financial inclusion and spur innovation, but are also vulnerable to abuse by criminals, terrorists and other illicit actors.

Some countries have been quick to respond to the money laundering and other illicit financing risks associated with virtual currency and other digital assets, but the vast majority of jurisdictions neither regulate nor supervise digital assets activities, including virtual currency payments. The current patchwork of regulatory responses creates loopholes that criminals and other illicit actors can exploit. At its next plenary, the FATF will discuss how best to clarify the application of its standards to virtual currency and other digital assets activities.

All G20 members actively participate in the FATF's various efforts, including those relating to terrorist financing, proliferation financing and virtual currency and other digital assets. G20 members, as representatives of the world's most powerful economies, therefore play a crucial role by leading by example and fully and effectively implementing sound AML/CFT standards. 🌐



# Making multilateral institutions work

In 1944, seeking to end the threat posed by the ‘inward-looking nationalism’ that blighted the first half of the 20th century, the powers that be created the United Nations and the Bretton Woods Institutions, establishing a value system for my generation and those to come that led national governments to seek global solutions to global problems.

Now, 74 years later, as we approach this year’s G20 summit, we cannot ignore the reality that, as disruptive new technologies pose new challenges for workforce access, the ensuing rising inequality invites proponents of inward-looking nationalism to seek a comeback.

This comeback can be seen when too many governments point to foreign trade on the one hand and the migration of people on the other as prime causes of their country’s problems, while blaming globalisation as an infringement on their sovereignty.

The rise of counterproductive nationalism is thus a major issue the G20 cannot avoid. First, it requires recognising that freer trade is not the problem and that the World Trade Organization must not become a

sacrificial lamb. A rules-based trading system is essential if global supply chains are to create jobs, which becomes an even greater imperative as the digital economy increasingly replaces today with tomorrow.

Second, it means acknowledging that migration is as old as humanity, and people move because they want to improve their lives.

Countries with ageing populations, like several G20 members, need immigrants. However, for countries that are reluctant to open their doors, the only answer that will work is to focus less on deterrents and more on giving the world’s beleaguered people fewer reasons to leave home.

#### CONTINUITY OF EFFORT

It is here that the Buenos Aires Summit must pick up on last year’s Hamburg Summit call for a compact with Africa, because continuity of effort is essential if the G20 is to live up to expectations. The African continent, with the youngest population in the world, produces 10 million entrants to its workforce every year, yet creates only three million new jobs – or seven million new unemployed

young people every 12 months, year after year. It is a gap that heralds a future of poverty and migration that will reverberate from Africa throughout the rest of the world.

The math is undeniable, as is the need for gender equality, true universal education and a functioning infrastructure within a continental market.

Either the G20 works with Africa as it pursues these goals and the continent becomes a growth engine for tomorrow, or not only will we bear the consequences, but so will our children and grandchildren.

As we come to grips with globalisation, we also need to consider the fate of the world’s great multilateral institutions.

The G20 was created to make globalisation work for all. The world’s great multilateral institutions were designed for the same purpose and, as the G20 evolves, one of its primary responsibilities must be to ensure their success. Yet this is not easily achieved, because synchronised global action by countries is dedicated to their own national interest. Given the opportunity,





10<sub>m</sub>

new entrants join Africa's workforce every year

7<sub>m</sub>

The number of those new entrants who will be unemployed due to a lack of jobs

*The most pressing realities facing the world are ones that no national boundaries can withstand, says the Right Honourable Paul Martin, former prime minister of Canada. To move forward, we must all get to grips with globalisation*

however, multilateral institutions can help pave the way.

This was true a decade ago, and it is truer today, in a world where there is no longer only one economic superpower, but three or four giant economies and a host of wealthy countries at the table – a table where the debate can no longer be limited to ‘what should we do’ but rather ‘how will we get it done’.

Answering this question requires a level of focus that dedicated multilateral institutions are best capable of delivering,

but only if they are properly and predictably funded, which is not now the case.

**KNOCK-ON EFFECT OF NATIONALISM**

For instance, many have predicted that one of the most pressing issues of the 21st century will be the spread of infectious diseases. Given that, how can we explain the underfunding of the World Health Organization? We cannot, but we can point to the navel-gazing nationalism that is the unfortunate stuff of so many headlines today.


It is to this that the G20 must respond, for one of the biggest hurdles it faces is those who, in the name of national sovereignty, preach globalisation as the enemy.

They are wrong.

Globalisation is not a choice. It is a fact of life.

**BEYOND STATE LINES**

From climate change to the agony of the oceans, from the menace of food insecurity to the forced migration of people, from cyclical financial crises to the changing nature of work, the most pressing realities facing the world are ones that no national boundaries can withstand. All have massive economic and social consequences that require responses well beyond what even the most powerful governments can provide alone, and for which few are prepared.

In summary, we all believe in the sovereignty of our own country, but we also know that if that is to be preserved it will only be if countries work together in the global interest. The Buenos Aires Summit is an essential step in that direction. 

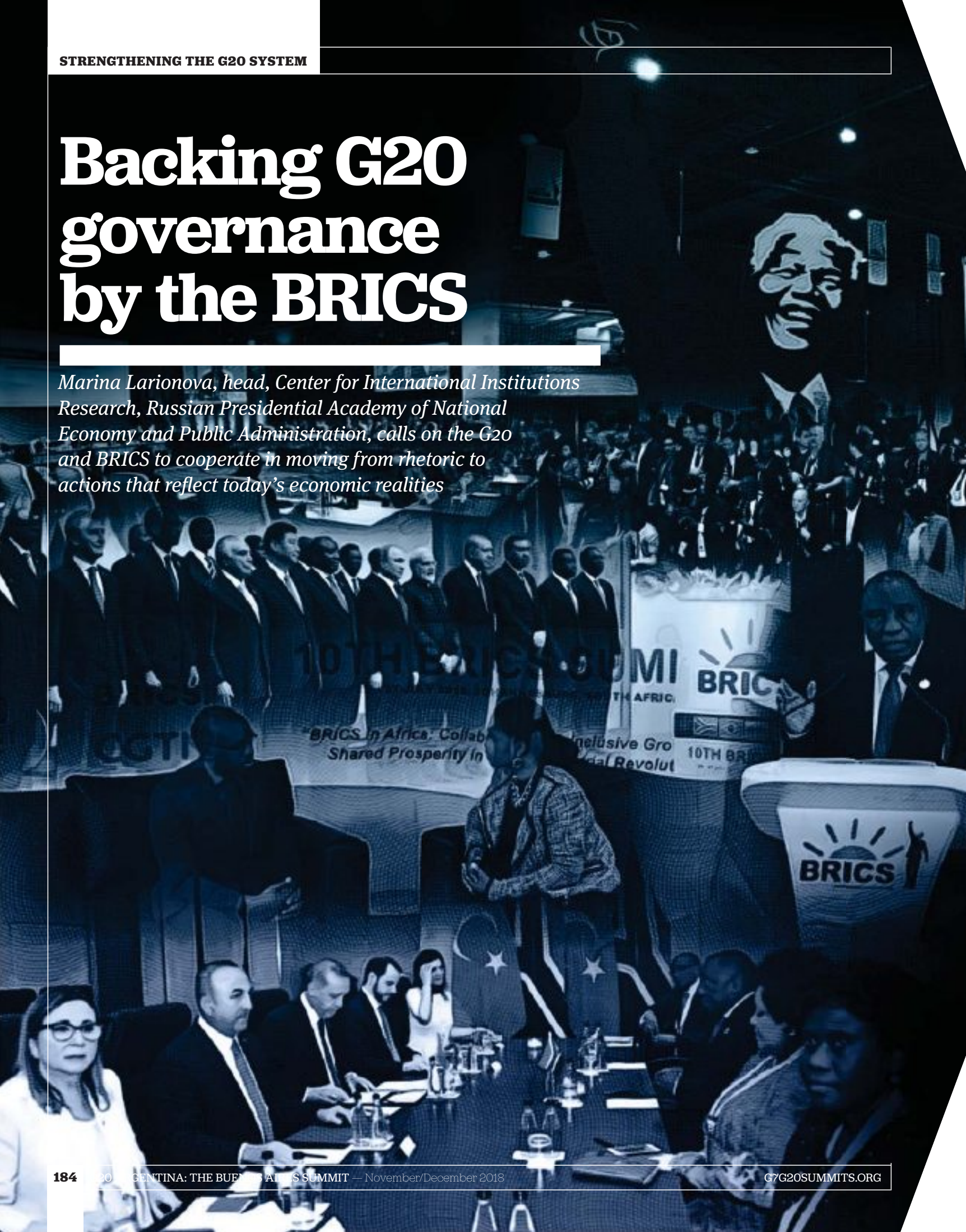
**PAUL MARTIN**

The Right Honourable Paul Martin was prime minister of Canada from 2003 to 2006 and minister of finance from 1993 to 2002. He chaired the inaugural meeting of G20 finance ministers and central bankers in 1999. After leaving politics, Martin joined with members of his family and others to create the Capital for Aboriginal Prosperity and Entrepreneurship Fund and the Martin Family Initiative.



# Backing G20 governance by the BRICS

*Marina Larionova, head, Center for International Institutions Research, Russian Presidential Academy of National Economy and Public Administration, calls on the G20 and BRICS to cooperate in moving from rhetoric to actions that reflect today's economic realities*



The G20 and the BRICS grouping of Brazil, Russia, India, China and South Africa were born into a crowded, institutional world after the 2008 global financial crisis. The G20 pledged to manage the crisis, reform international financial institutions and devise a new global consensus. Soon designated as its members' premier forum for international economic cooperation, the G20 became the 'hub of a global network', operating on the universal principles of rationality, norm-building and openness. The BRICS committed its members to cooperation, policy coordination and political dialogue and reform of international institutions to reflect changes in the world economy. Set up to tighten economic ties and promote a fair and equitable multipolar order, the BRICS has now entered its second 'golden decade' as a concert of rising powers rapidly institutionalising and gradually generating stronger political influence.

The BRICS supports the G20's role in reforming the international monetary system, curbing protectionism and improving the international environment for trade and investment. At their second summit, in 2010, the then BRIC leaders underlined: "We advocate the need for the G20 to be proactive and formulate a coherent strategy for the post-crisis period. We stand ready to make a joint contribution to this effort."

The BRICS has invariably reiterated its commitment to the shared goals of reforming the international governance architecture and acted accordingly both within the G20 and the BRICS. However, more needs to be done.

#### **SLOW PROGRESS**

The G20 has consistently pushed for reforming the quotas and governance of the International Monetary Fund (IMF), supported replenishing its resources, and endorsed new lending instruments and stronger surveillance tools. In 2009, the BRIC (before South Africa was a member) pledged to contribute \$80 billion to supplement IMF resources, called for a shift of quota targets in the IMF and the World Bank to redistribute voting powers more equitably, and made a detailed proposal for reforming the two institutions. Nonetheless, progress has been slow; thus the G20's 2010 Seoul commitment to "a comprehensive review of the quota formula by January 2013 [and] ... completion of the next general review of quotas by January 2014" has been postponed again – now to 2019. And although China's 2016 G20 summit supported "the ongoing examination of the broader use of the [special drawing right] ... as a way to enhance resilience", there was no mention of it at the Hamburg Summit in 2017. The BRICS declarations at Xiamen in 2017 and Johannesburg in 2018 focused on intra-BRICS finance and monetary cooperation rather than reforming the international monetary system.

The G20 and BRICS should undertake bolder actions

## MARINA LARIONOVA

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to strengthen the international monetary system in the face of increasing multipolarity and financial innovations such as distributed ledger technologies and cryptocurrencies.

#### **NECESSARY COOPERATION**

Both the G20 and BRICS have committed to curbing protectionism, pursuing comprehensive and balanced results of the Doha Development Agenda of the World Trade Organization (WTO) and maintaining the stability of the multilateral trading system. While the G20's push for a successful WTO outcome on trade facilitation could be perceived as a contribution to the Trade Facilitation Agreement, progress on the other tracks is modest. The WTO is weakened by trade tensions, the conclusion of Doha is elusive, and strengthening the WTO dispute settlement system and crisis resolution is nowhere in sight. Since 2008, G20 members have introduced 1,671 trade-restrictive measures and removed only 408. At Hamburg they pledged to continue fighting protectionism including all unfair trade practices, while recognising the role of legitimate trade defence instruments that accommodated the Trump administration's pursuit of national trade advantages. Since then, escalating trade tensions have constrained economic growth. Yet the G20 has not acted "to mitigate risks and enhance confidence" as promised by its finance ministers. At their Johannesburg Summit in 2018 BRICS leaders committed to strengthen the WTO and urged its members to address the impasse over the appellate body and develop a legal framework for multilateral trade within the WTO.

The G20 and BRICS must move from rhetoric to actions and cooperate in the WTO to implement its rules, preserve its dispute settlement mechanism, advance negotiations on e-commerce and investment facilitation, and conclude Doha.

Their pursuit of the international monetary and trade systems has produced no fundamental change. They should step up efforts to create a global governance system that reflects the new economic and technological realities, responds effectively to persistent challenges and new risks, and creates conditions for balanced and inclusive growth. <sup>185</sup>



# A new global framework

*At a time of rising unilateralism and bilateralism, flexible plurilateralism will become the chosen framework for engaging world affairs, writes Naoki Tanaka, president, Center for International Public Policy Studies*

Since the referendum on Brexit in the United Kingdom and the election of Donald Trump in the United States in 2016, Japan's government and foreign policy have focused on plurilateralism.

Unilateralism and bilateralism have become the dominant framework for UK decision making and US presidential initiatives. One reason is the solid basis that was established in the West after the Second World War.

The international economic order represented by the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) has spread throughout the world, with benefits felt even in developing countries. In established and dominant countries such as the United States and the United Kingdom, because of the solid basis of that order, some revision has become possible.

## TRADE RELATIONS

One reason for this revision relates to trade. In renegotiating the North American Free Trade Agreement, the United States sought to increase its own benefits. However, Mexico and Canada have protected their own basic value-producing systems. In the case of trade relations between the United States and the European Union, President Jean-Claude Juncker has shown the European Union to be resilient in maintaining its benefits. There will be some room for the United States and European Union to negotiate on the basis of mutual benefit.

Another reason for rising unilateralism and bilateralism comes from the collapse of the Cold War. During the Cold War, multilateralism was necessary for world security. In both the Atlantic and the Pacific regions, there were strong alliances. However, since the collapse of the Soviet Union, the post-Cold War regimes have had many issues. Alliances in the West appear too simplistic for the United States under President Trump, who has said that mutual benefits should be obtained by mutual burden-sharing. Within the framework of the North Atlantic Treaty Organization (NATO) and the security treaty between Japan and the United States, there should be discussions about burden-sharing. Every participant would accept this framework.

After the United States withdrew from the Trans-Pacific Partnership, the Japanese government has chosen plurilateral approaches to high-level integrated trade and investment regimes, such as the Comprehensive and Progressive Trans-Pacific Partnership. The US government could rejoin. New entrants, such as Thailand and the Philippines, would be welcome.

Plurilateralism depends on shared value systems and a high regard for basic human rights and intellectual property rights.

#### THE ROLE OF THE G20

What is the G20's role in shaping this revised order? G20 summits began as a result of the global financial crisis in 2008. In managing this crisis, China has become one of the most important actors because of its huge public works at home. Consequently, a 'G2' framework has arisen. Demand created by China has propelled the country to the highest level in world politics. In 2011, its gross domestic product surpassed that of Japan. The United States and China became the two largest countries in economic size. The G20 has thus become very important, because China's engagement in world affairs could be discussed openly there. However, those happy days for the G20 did not last for long.

One reason is Chinese assertiveness in its military expansion. China built artificial military bases in the South China Sea. After the Philippine government sought the judgement of the Hague's International Arbitration Court, China's historical claim was denied. However, China did not accept the judgement of the court. It rejected international law and Beijing did not reduce its military build-up.


Another reason for resistance to Chinese policies came after attacks in cyberspace by the People's Liberation Army. Details about an F36 stealth bomber were stolen and almost the same stealth bomber appeared in China. Moreover, with the US Congress opposing Chinese investment and the important role played by the Committee on Foreign Investment in the United States, Chinese

investment in high technologies will be rejected because of concerns about US security.

Within the G20 framework, there are several very important actors other than the G7 members. With regard to the next peace process in Syria, Russia and Turkey are very significant. The United Nations may prepare for such a dialogue in Geneva but it cannot actually intervene. In 2017, Russia, Turkey and Iran met in Astana and influenced the peace process. That discussion mattered for the possibilities of Syrian refugees, affecting the political landscape in the European Union.

However, the G20 is not effective in such a process, as shown by its efforts regarding peace-building in Eastern Ukraine. As to trade wars, at the 2017 summit in Germany, the G20 could not improve the situation. The G7 at its summit in Canada in 2018 could not contain the United States, with President Trump tweeting his abandonment of the communiqué after he left Canada.

So today, the effectiveness and existence of the G20 and of the G7 are being questioned.

Consequently, flexible plurilateralism, on issue after issue, will become the framework for engaging world affairs. 



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