INTERNATIONAL CHAMBER OF COMMERCE

G20 BUSINESS SCORECARD

EXECUTIVE SUMMARY

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International Chamber of Commerce

The world business organization

ICC G20 ADVISORY GROUP

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About the G20 Advisory Group

The ICC G20 Advisory Group, an initiative of the International Chamber of Commerce (ICC), is a platform for global business to provide input to the work of the G20 on an ongoing basis. The Group mobilizes ICC's worldwide policy-making expertise and solicits priorities and recommendations from companies and business organizations of all sizes and in all regions of the world.

About the International Chamber of Commerce

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. The fundamental mission of ICC is to promote cross-border trade and investment and the multilateral trading system, and to help business meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy, as well as on vital technical subjects. ICC works closely with the United Nations, the G20, and other intergovernmental organizations including the World Trade Organization. ICC was founded in 1919. Today, it groups hundreds of thousands of member companies and associations from 120 countries. For more information please visit: www.iccwbo.org/g20

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Executive Summary

Introduction

G20: Steering group for the global economy

In 2008, 20 heads of state and government decided to take over the reins of a collapsing world economy and rebuild the foundations of the global governance system. The Group of Twenty (G20), bringing together a broad base of leading industrialized economies, has now emerged as the highest-level policy forum for international economic cooperation.

In today's interdependent world, increased dialogue among governments is vital to foster a better understanding of the economic interactions among nations. Serving as the "steering group" for the global economy, the G20 is demonstrating that stronger intergovernmental cooperation can transcend national boundaries and tackle major challenges that governments cannot resolve on their own. The big issues of today—including climate change, food and energy security, water scarcity, and long-term economic stability—all require global solutions that can be devised only through the collective engagement of all countries.

Not surprisingly, the G20 agenda manifestly bears upon core business goals for trade, economic growth and job creation and will increasingly shape the policy direction and programs of multilateral and intergovernmental organizations that impact business and commerce.

Business engagement: a prerequisite for success

Business has a clear stake in the success of the G20. As everyday practitioners of the global economy, companies are set to play an increasingly influential role in G20 action. These companies share in the vision to foster economic growth; promote open trade and investment; build a more stable financial system; improve the environment for doing business; and facilitate the transition towards a low-carbon economy. With its mixed membership of advanced and emerging economies, the G20 is in a powerful position to shape the rules of engagement for competing in global markets.

The importance of business engagement is accurately presented by Korean President Lee Myung-bak, who ushered in a new era for direct business-to-government communications through establishment of the Seoul G20 Business Summit in 2010. In doing so, he stated the following: "Participation from business will reinforce the positive outcome from the official summit, and highlight the vitality that can only be provided by the private sector to further enhance the G20 as an effective forum for promoting global prosperity."

In this context, the work of the G20 is a natural focal point for ICC's unique international policy stewardship—helping government leaders make complex decisions affecting global welfare. In response, ICC has established the *ICC G20 Advisory Group* composed of business leaders committed to developing policy recommendations; introducing innovative approaches; and pressing for the inclusion of business views in the deliberations by G20 Heads of State.

Development of business policy recommendations

ICC's principal objective with the G20 is to develop constructive policy recommendations on key issues from a world business perspective. ICC's policy input derives from the guidance of the ICC G20 Advisory Group and the expertise of ICC's 12 standing policy commissions. It relies on its long experience in building broad consensus among the world business community on complicated policy issues. Finally, a global and inclusive consultative process involves input from business organizations of all sizes and regions worldwide.

This work has been integrated into the policy development efforts of various working groups and task forces that have been formed to draft policy recommendations prior to the G20 Business Summits, starting with and continuing from Seoul. For each Summit, business has been invited by the host government to contribute to policy development. Currently, ICC, the World Economic Forum, and principal host-nation business associations are working collaboratively to canvas business input into the policy development process and convey the broad range of global business views.

The business recommendations compiled and evaluated here are derived from ICC G20 Advisory Group (ICC G20AG) document *Policy recommendations for consideration by G20 officials,* as well as the final Seoul and Cannes G20 Business Summit Working Group reports. For delineation purposes, only "key" business recommendations have been included, i.e., those listed under the Executive Summary section in the Seoul G20 Business Summit report and those indicated as Specific Recommendations in the Cannes Report. Additional recommendations, proposals and considerations developed by the G20 Business Summit Working Groups are not included in this assessment.

The scorecard: towards balanced and reliable measurement

The *ICC G20 Business Scorecard* compares global business recommendations with G20 commitments and directives conveyed in Summit Declarations since Washington.

The purpose of the *Scorecard* is to generate a balanced and reliable measurement of the G20's performance in response to business recommendations that have been put forward to Heads of Government. The listing of recommendations and responses by category, along with the indicative scoring, is intended to provide an effective way to concentrate attention on the need to track performance and monitor progress over time.

The results of the *Scorecard* serve three purposes:

- Government authorities with better information on how their actions are interpreted by the business community are better able to establish priorities, honour commitments, gauge their own progress over time and identify deficiencies that deserve greater attention.
- Business leaders with better information on whether the G20 has recognized business input and how it has carried through on specific business recommendations are better able to tailor forthcoming recommendations and engagement with the G20—and with national governments and intergovernmental organizations tasked with implementing G20 commitments.
- Government and business leaders with a crisp and tangible summary of accomplishments and shortcomings can more effectively chart a roadmap for improvement and next steps and more efficiently deploy actions and resources.

Scope and methodology

Scope

Beginning with the Seoul G20 Business Summit, the spectrum of subject areas for which business has supplied views and recommendations is wide, numbering over 20 policy groupings including: trade, investment, financial sector reform, infrastructure and natural resource finance, nurturing SMEs, energy efficiency, green jobs, health care, commodities and raw materials, food security, employment, ICT and innovation, energy, green growth, anti-corruption, and financing for growth and development. Some of these issues have been on the G20's rolling agenda (e.g., anti-corruption), while others have been put forward by business for G20 consideration and inclusion (e.g., ICT and innovation).

In this first edition of the *Scorecard,* ICC has focused on four policy areas:

1. trade and investment
2. green growth
3. anti-corruption
4. financing for growth and development

These policy areas were selected for the following reasons: (i) they are among ICC's current policy focus and are the subject of one or more of ICC's standing policy commissions; (ii) ICC has supplied specific policy recommendations, either uniquely or in collaboration with G20 Business Summit working groups; and (iii) they have been on the G20's agenda long enough to measure performance and progress. Finally, each is among the topic areas business has highlighted for the June 2012 Los Cabos Business Summit.

ICC recognizes that there are many other policy areas that are not covered in this first edition of the *Scorecard,* but which are of interest to the global business community. These include food security and employment, where the G20 has made some progress in responding to recommendations from the business community. Business recommendations on ICT and innovation also are not covered, as they were first introduced at the Cannes Business Summit in November 2011—leaving insufficient time for an evaluation of G20's work in this area.

Notably, only a limited number of the G20's "core" work programme issues, for example, addressing the macro-economic policy coordination, financial regulation and IFI reform, have been addressed here. This is largely due to: (i) the government-to-government nature of this work; (ii) ICC's policy grounding in the four policy areas outlined above; and (iii) the limitations of time for producing this first edition.

Methodology

Here it is important to note that the *Scorecard* assesses the G20 *as a whole*, evaluating its collective actions, commitments and directives. As such, individual actions by member countries are not considered for the score. Examples from G20 members may be highlighted, however, to illustrate general action and progress. Likewise, the *Scorecard* does not evaluate G20 performance on the basis of whether the "end goal" is achieved. Rather, it evaluates G20 recognition of the issue, then assesses G20 actions as a body, followed by an assessment of its responsiveness to business recommendations. As such, the *Scorecard* recognizes that the G20 is one of many intergovernmental entities tackling global economic issues. Consequently, the *Scorecard's* implicit bottom line is an assessment of whether the G20 is listening to business and whether the G20, as a collective body, is following through on its decisions.

The *ICC G20 Business Scorecard* evaluates the G20's response to business recommendations based on three criteria:

1. **Recognition** – If the G20 has recognized/addressed an issue raised by business, either actively (i.e., leaders have referred to the issue in a Summit Declaration) or passively (i.e., referencing the work of others or supporting initiatives that, in turn, focus on the issue).

2. **Action** – If the G20 has taken action (e.g., set a goal, created a Task Force, called on an IGO to act, requested a report, etc.); and

3. **Adequacy** – If the G20's response/action is adequate in addressing business concerns.

For each criterion that has been met, a numerical point has been assigned (for a total of 3 points). Each category assigned is then awarded a score based on the total amount of points received. The overall score is an average score based on the responsiveness to all business recommendations.

Points	Score
0	Insufficient
1	Incomplete
2	Progress
3	Pass

An "Insufficient" score indicates that the G20 has not addressed the issue at all. An "Incomplete" score signifies that the G20 has, at minimum, taken notice of the subject, with little or no action taken in response. A "Progress" score illustrates that the G20 has acted in line with the business recommendation and is well on its way to tackling the issue. "Pass" means that the G20 has effectively and satisfactorily addressed the business recommendation.

Notably, we have not differentiated the weights among recommendations in this first edition. Referencing the section on trade and investment, for example, G20 progress in the area of trade finance is appreciably more significant than the lack of progress on establishing public-private partnerships, though both carry the same weight in the scoring.

Scoring

Overall score

The overall G20 score across 54 business recommendations[1] in the four policy groups evaluated here is **Incomplete.**

Overview of all topics	Score
(1) Trade and Investment	Incomplete (1.0)
(2) Green Growth	Incomplete (1.4)
(3) Transparency and Anti-Corruption	Incomplete (1.0)
(4) Financing for Growth & Development	Progress (2.0)
Overall Score	**Incomplete (1.4)**

This score is perhaps somewhat intuitive given the protracted nature of global policymaking and the limited time for appreciation of and response to business contributions into the process.

As an overall average, this score masks the outlying high scores that the G20 has achieved by policy area such as encouraging the favourable treatment of trade finance, promoting energy efficiency and advancing the climate change agenda, reinforcing global anti-corruption mechanisms and shepherding the production of tangible tools to create enabling SME policy environments. However, this works both ways, concealing 8 "insufficient" scores at the level of policy areas.

By definition, the *ICC G20 Scorecard* is "a policy tool to identify deficiencies that merit greater attention." In this light, the overall score reveals that marginal new achievements in Financing for Growth & Development (e.g., promoting the value of Intellectual Property) and in Green Growth (e.g., promoting free trade in environmental goods and services) could result in a score upgrade. Likewise, G20 advances to break the stalemate in WTO negotiations or to build a multilateral framework for investment would be reflected in a significantly higher score.

In summary, the overall score suggests that the G20 is responding to the calls of business. Still, additional time, a more comprehensive work program, and greater global cooperation are necessary to address considerable remaining challenges.

Finally, while a scoring system may be seen as a criticism, ICC is not critical of the G20. On the contrary, ICC recognizes and appreciates the G20's significant achievements in guiding the global economy out of the recent economic crisis. In this vein, ICC draws from the May 2012 assessment of the G20 by Matthew Goodman of the Center for Strategic International Studies: *"The G20 has*

[1] T&I (16); GG (19); T&AC (7); FG&D (12).

established itself as a credible forum for crisis response, and it is important to keep [this system on the ready]. And while the dramatic gains of its early days have not been repeated, the G20 has continued to make meaningful, if incremental, progress toward building the foundations of strong and balanced global growth, strengthening the financial system, and redistributing "shares and chairs" in international financial institutions. It has also had important wins on issues outside the core agenda—for example, reinforcing global anti-corruption mechanisms and encouraging a phase-out of wasteful fossil-fuel subsidies. Third, the G20 has brought a new set of players—notably, large emerging markets such as China, India, and Brazil—into the "boardroom" of global economic governance. Just as the original G8 members have refined their skills of international leadership through more than 35 years of practice, so too can the G20 extend the "habits of cooperation" so essential to an interconnected global economy."

Scoring by policy area

In addition to the Overall Score, the *ICC G20 Scorecard* presents scores by policy area and scores on responsiveness to specific recommendations (or small subgroups of similar recommendations).

Drawing again from its definition, the *ICC G20 Scorecard* aims to "provide guidance for action and improvement, and monitor progress from Summit to Summit." To deliver on this objective, a more robust treatment of G20 responsiveness to specific recommendations is presented below in four policy categories. A much deeper assessment of each category and specific recommendation are presented in Chapters 2-5 in the full report.

1. Trade and Investment

The financial crisis' dramatic impact on global trade—with the sharpest decline in trade flows in almost 70 years—was a key catalyst for the first G20 Summit in Washington, DC, in November 2008. Stressing the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty, leaders emphasized the importance of open trade and investment and committed to "refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures to stimulate exports." This commitment, known later as the Standstill Provision, would be reiterated at all subsequent G20 Summits, with leaders at the 2011 Cannes Summit extending the standstill until the end of 2013.

The Washington Summit's commitment to reach a successful conclusion of the Doha Development Agenda would similarly become a recurring G20 commitment. Leaders at the 2009 London Summit stated that a conclusion of the Doha Round was "urgently needed." In Pittsburgh, they expressed a determination to "seek an ambitious and balanced conclusion to the Doha Development Round in 2010." Subsequent Summits included similar language, although they did not explicitly commit to any specific deadline. By the Cannes Summit, leaders recognized the lack of progress and expressed a need to pursue a new and credible approach.

In response to the unprecedented limits on access to trade finance in the wake of the 2008-09 financial crisis, G20 leaders at the London Summit committed to take "whatever steps we can to promote and facilitate trade and investment, and we will ensure availability of at least $250 billion over the next two years to support trade finance through our export credit and investment agencies and through the [multilateral development banks]." The G20 continued at the Toronto and Seoul Summits to support measures to increase the availability of trade finance in developing countries, particularly low-income countries. It also encouraged international agencies, including the World Bank and other regional development banks to step up their capacity and support trade facilitation.

The relationship between trade, investment and development has been an important part of the G20's trade and investment agenda. In particular, starting with the London Summit, leaders have continuously reaffirmed their historic commitments on Aid for Trade. In Seoul, leaders pledged to at least maintain, beyond 2011, Aid for Trade levels that reflect the average of the last three years. More recently, leaders at the Cannes Summit highlighted the role of investment—in particular in infrastructure in developing countries—as a way to unlock new sources of growth.

G20 score on Trade and Investment

Despite the importance of trade and investment to the global economic recovery, and while noting that progress has been made in some areas, the overall score for the global business assessment of G20 outcomes on trade and investment is **INCOMPLETE.**

Summary of G20 Response to Business Recommendations

Trade and Investment	Score
1.A – Achieve progress on WTO/Doha Round	Incomplete
1.B – Framework agreement on investment	Insufficient
1.C – Establish public-private task force	Incomplete
1.D – Roll back protectionism	Incomplete
1.E – Make trade and investment a permanent item on the G20 agenda	Insufficient
1.F – Impact of Basel III on Trade finance	Progress
1.G – Support FDI	Insufficient
1.H – Russian accession to the WTO	Pass
1.I – Trade facilitation agreement	Incomplete
Overall Score	**INCOMPLETE (1.0)**

The central theme of businesses' recommendations is the urgent need to advance the multilateral trade agenda. The current Doha Round stalemate—now in its 11th year—constrains the effectiveness of the WTO and its ability to advance multilateral trade liberalization. Without progress on multilateral trade negotiations there can be no advancement on key business issues, such as a WTO agreement on trade facilitation. Similarly, the business community has repeatedly urged the G20 to adopt a statement in favour of open investment as a tool for growth and to make trade and investment a permanent item on the G20's agenda.

Scoring component highlights:

- Although the G20 has consistently emphasized the importance of completing the Doha Round, it has not proposed a path for the WTO to pursue its core functions of trade liberalization and rule making.
- None of the G20 Summit declarations contains language supporting a framework agreement on investment. So far, the G20 has not integrated trade and investment into its overall structure.
- The G20 has neither emphasized the role of trade as a tool for economic growth, nor supported the creation of a specific public-private task force to help facilitate business actions.
- The Standstill Provision is a cornerstone of the G20's trade and investment agenda. Despite G20 leaders' consistent pledge to roll back protectionist trade measures, several international monitoring reports show that members are not adhering to their commitments. The trend suggests an overall rising tide of protectionism.
- The BCBS decision to reduce capital requirements for some types of trade finance exposure reflects the global business recommendation to give trade finance favourable treatment under the Basel III Framework.
- The business community's call for G20 action on FDI has not been taken up. G20 leadership on investment is essential given its contribution to jobs and growth.

- Russia's accession to the World Trade Organization is an important milestone that will benefit global trade.
- The G20 has repeatedly expressed support for trade facilitation, albeit without explicitly mentioning the need for a WTO trade facilitation agreement.

2. Green Growth

The G20's first mention of *Green Growth* was made at the 2009 London Summit where leaders pledged to "build an inclusive, green, and sustainable recovery [...] and accelerate the transition to a green economy." Six months later in Pittsburgh, leaders began delineating a G20 green growth agenda by committing to phase out inefficient fossil fuel subsidies in the medium term, stimulate investment for clean and renewable energy and promote the deployment of clean, affordable energy resources to the developing world.

The November 2010 *Seoul Action Plan* has increased emphasis on clean energy, calling for additional investments to develop long-term energy policies, support education, enterprise and R&D. At the 2011 Cannes Summit, G20 leaders pledged to promote low-carbon development strategies to optimize the potential for green growth, encourage policies that overcome barriers to efficiency, and spur innovation and deployment of clean and efficient energy technologies. G20 leaders also called on multilateral development banks (MDBs) to develop new and innovative financial instruments to further leverage private investment. Supported by a number of climate finance reports produced by intergovernmental organizations, G20 leaders asked their Finance Ministers to report progress on climate finance at the June 2012 Los Cabos Summit.

In parallel, the G20 has made recurring commitments to the *UN Framework Convention on Climate Change* (UNFCCC) process. At the first G20 Summit in 2008 in Washington, leaders acknowledged the critical challenge of climate change; then in London, they explicitly endorsed the UN process and committed to reach an agreement at the 2009 UNFCCC conference in Copenhagen "based on the principle of common but differentiated responsibilities." This ambition was restated in Pittsburgh, with leaders including a statement that "an [climate change] agreement must include mitigation, adaptation, technology, and financing." Support for the UN process has been reaffirmed in Toronto, Seoul and most recently in Cannes, with leaders then committing "to the success of the Durban Conference on Climate Change."

G20 score on Green Growth

The overall score for the global business assessment of G20 commitments and directives on Green Growth is **INCOMPLETE.** This score indicates that G20 leaders have recognized and made good progress on the priorities expressed by the global business community, but that several recommendations still remain unaddressed.

Calls on the G20 to focus on energy efficiency and market-based carbon pricing are particularly recurrent. Recommendations for G20 leaders to phase out fossil fuel subsidies and promote free trade in environmental goods and services are also repeated topics, indicating the importance attributed to these issues by the business community.

Summary of G20 Response to Business Recommendations

Green Growth	Score
2.A – Energy efficiency	Pass
2.B – Carbon pricing	Progress
2.C – Fossil fuel subsidies	Progress
2.D – Trade in green goods & services	Insufficient
2.E – Reduce trade distortions	Insufficient
2.F – Advance UNFCCC agreements	Progress
2.G – Measure environmental footprints	Progress
2.H – Energy Ministerials	Insufficient
2.I – Universal access to energy	Progress
Overall Score	**INCOMPLETE (1.4)**

Scoring component highlights:

- Energy efficiency has been a continuing theme of the G20's green growth agenda. Leaders have made commitments, requested, received and endorsed reports by the IEA on energy and energy efficiency technology deployment.
- G20 governments are commended for strengthening the existing market mechanisms at the Durban climate conference. The inclusion of CCS in the Clean Development Mechanism is a milestone decision, formally recognizing this technology and allowing potential projects in the developing world to issue and sell carbon credits for the carbon emissions they capture and store. A number of G20 countries have progressed domestic policies which will put a price on carbon.
- The G20 has continuously pressed forward, making measurable progress on its Pittsburgh and Toronto commitments to phase out fossil fuel subsidies. Leaders have maintained the fossil-fuel subsidy reform issue on the G20 agenda; delegated reporting functions to intergovernmental organizations; and followed up on their energy and finance ministers' recommendations.
- The G20 has not responded to the business community's call on establishing free trade in environmental goods and services, although many G20 countries via APEC have started a process.
- Although the Cannes commitment to strengthen the WTO system is significant, the current impasse on the Doha Round compromises the WTO's ability to make progress on new challenges, such as trade in green goods.
- Furthermore, G20 leaders have not recognized the importance of IPR at any of the G20 Summits. This is unfortunate, as strong IPRs are fundamental for growth creation, particularly in stimulating R&D in new techniques like clean energy.
- The outcome of the Durban climate conference was a diplomatic achievement in many regards, creating the first roadmap for all countries to sign a new legally binding climate change treaty. G20 leaders must carry on the momentum from Durban. Slow progress in delivering on the elements of the Durban platform will hamper the opportunity to catalyze the private sector investment, ultimately delaying or even foregoing a critical means of climate finance.
- Common clean energy and energy efficiency standards are invaluable tools for measuring and benchmarking actual progress. The G20's request, and subsequent delivery, of a monitoring report by the IEA ensures that these issues continue to receive focus.
- The G20 has not acted on the global business community's recommendation to mandate its energy ministers to meet regularly.
- By highlighting the UN's *Sustainable Energy for All* initiative, G20 leaders have acknowledged the importance of universal access to energy. The G20 has also focused on how to stimulate private sector investments in clean energy, asking a number of international organizations to provide climate finance reports for the Cannes Summit.

3. Transparency and Anti-Corruption

Recognizing that failure to address corruption undermines the effectiveness of G20 efforts across its entire agenda, G20 leaders have increasingly taken up the fight against corruption. The G20 first addressed corruption at the Pittsburgh Summit, committing to "maintain the momentum in dealing with tax havens, money laundering, proceeds of corruption, terrorist financing, and prudential standards."

More specifically, Pittsburgh called for the "adoption and enforcement of laws against transnational bribery, such as the OECD Anti-Bribery Convention, and the ratification by the G20 of the UN Convention against Corruption (UNCAC)." Since then, G20 Summits have continuously called for the

ratification by the G20 of the UNCAC and encouraged other countries to do the same. There has also been a recurring call for the adoption and enforcement of laws against transnational bribery, with an emphasis on the OECD Anti-Bribery Convention.

Leaders at the 2010 Seoul Summit adopted an ambitious *Anti-Corruption Action Plan* and—pledging to lead by example in the fight against corruption—challenged a Working Group to implement and monitor progress. The Action Plan marked a paradigm shift in the fight against corruption, as the G20 recognizing the proactive role played by the private sector and the need for public-private partnership. In particular, leaders extended an invitation to the private sector to examine best practices and other forms of business engagement in combating corruption. They also encouraged them to consider how G20 based companies could share their ongoing efforts.

At the 2011 Cannes Summit, G20 leaders endorsed the G20 Anti-Corruption Working Group's first Monitoring Report on individual and collective progress made by G20 countries in the implementation of the Seoul Action Plan. Reiterating the importance of the private sector, leaders in Cannes commended the enhanced engagement of the private sector in the fight against corruption and welcomed commitments by the B20 to build on the Action Plan. The Cannes Summit concluded with leaders committing "[to] hold ourselves accountable for our [Anti-corruption] commitments and will review progress at our next Summit."

G20 score on Transparency and Anti-Corruption

The overall score for the global business assessment of G20 commitments and directives on Transparency and Anti-Corruption is **INCOMPLETE.**

Summary of G20 Response to Business Recommendations

Transparency and Anti-Corruption	Score
3.A – UNCAC and OECD Convention	Incomplete
3.B – Reporting mechanisms	Incomplete
3.C – Government procurement within the WTO	Insufficient
3.D – G20/B20 joint platform	Progress
3.E – Recognize public bodies and officials	Incomplete
Overall Score	**INCOMPLETE (1.0)**

The G20 leaders' continued commitment to address corruption is duly recognized and highly endorsed. The G20 has been successful in reinforcing global anti-corruption mechanisms. Nevertheless, more decisive steps can—and should—be taken. The fight against corruption requires that countries have effective legal and institutional frameworks in place to ensure a level playing field. The UNCAC is particularly important for business because it has the potential for a truly global scope in curbing corruption and creating a level playing field for all participants in the global economy. The business community has therefore been adamant in its call for ratification by all G20 countries. The business community will continue to press G20 governments to ratify, enforce and monitor the implementation of the UNCAC and to continue their involvement in OECD's Anti-Bribery Convention.

Calls for further and closer cooperation between the public and private sectors have also been recurring, particularly in raising awareness of the societal cost of corruption and supporting private sector-driven initiatives. Business has also pushed for the creation of global standards requiring transparency procedures in government procurement.

Scoring component highlights:

- It is disappointing to see that despite being on the G20 leaders' agenda since the 2009 Pittsburgh Summit, not all G20 countries have ratified the UNCAC. That the remaining countries have not committed to any specific deadlines for ratification is perhaps even more disquieting. These shortcomings undermine the G20's global leadership in this area.

- To date, the G20 has not specifically endorsed the creation of reporting mechanisms. Results of the first AWG's (G20 Anti-corruption working group) *Monitoring Report* show some action, as well as further potential.
- The G20 has recognized businesses' call for governments and businesses to work together on raising awareness of the need to fight corruption. The business community has a shared responsibility in achieving this common goal and is meeting its part. The G20 must provide additional support, however, to encourage enterprises to establish and enforce corruption prevention policies.
- The G20 has recognized the pivotal role of the private sector in the fight against corruption and is living up to its commitment to encourage public-private partnerships.

4. Financing for Growth and Development

Access to finance is key to development. Recognizing the crucial need to strengthen the financial infrastructure in developing countries, G20 leaders have launched several initiatives to support affordable access to safe, secure and reliable finance. This includes increasing the availability of trade finance in developing countries and supporting financial inclusion and financial services for Small- and Medium-sized Enterprises (SMEs).

In response to a dramatic reduction of trade finance following the 2008-09 financial crisis, leaders have continuously supported measures to increase the availability of trade finance in developing countries, particularly in low-income countries (LICs), and encouraged international agencies, including multilateral development banks (MDBs), to increase their capacity for trade facilitation. Most recently, leaders in Cannes emphasized that "Improved market access for least developed countries should be complemented with a strengthening of trade facilitation, trade finance and aid-for-trade programs to enhance their trade capacity."

At the Pittsburgh Summit, the G20 launched its financial inclusion and SME initiative with leaders committing to "support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and [to] scale up the successful models of small- and medium-sized enterprise financing." To achieve this ambitious goal, the G20 established a G20 Financial Inclusion Experts Group (FIEG) and launched the G20 SME Finance Challenge at the Toronto Summit.

Further advances were made under auspices of the Korean Presidency. Recognizing the vital role of SMEs in employment and income generation, leaders in Seoul pledged to "increase access to finance for the poor and small and medium enterprises." Based on the work done by the FIEG and its nine Principles for Innovative Financial Inclusion, leaders in Seoul endorsed a comprehensive Financial Inclusion Action Plan and launched the Global Partnership for Financial Inclusion (GPFI) "as an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward our work on financial inclusion." Cementing its importance for development and growth, financial inclusion was endorsed as one of the nine key pillars for development in the Seoul Multi-Year Action Plan for Development.

Leaders at the 2011 Cannes Summit commended the progress made by the GPFI on implementation of the Financial Inclusion Action Plan, endorsed the GPFI's first report, and pledged to follow through on its five recommendations. Building on the success of the SME Finance Challenge, leaders in Cannes launched the G20 Challenge on Inclusive Business Innovation. This online competition seeks to find the best examples worldwide of businesses with innovative, scalable, and commercially viable ways of working with low-income individuals in developing countries.

Notable are the few references to the role of the private sector in combating unemployment. The G20 should step up private and public efforts to increase employment by encouraging further business engagement, particularly in training and education. The G20 should also emphasise the positive impact of the activities of multinational enterprises, particularly regarding job creation, working

conditions, training opportunities, wealth creation and social welfare, both in developed and in developing countries.

G20 score on Financing for Growth and Development

The overall score for the global business assessment of G20 commitments and directives on Financing for Growth and Development is **PROGRESS.**

Summary of G20 Response to Business Recommendations

Financing for Growth and Development	Score
4.A – Capital frameworks' impact on trade finance and SMEs	Progress
4.B – Policy Environment	Pass
4.C – SME finance	Pass
4.D – Promote the value of Intellectual Property	Insufficient
4.E – Create an enabling legal, regulatory and financial framework	Progress
Overall Score	**PROGRESS (2.0)**

In particular, the work done by the GPFI and its Sub-Groups to raise awareness and attract more financing to SMEs is praiseworthy. Equally commendable are the comprehensive reports, which provide a range of policy recommendations and best practices for governments and business alike. The business community has repeatedly asked the G20 to explore innovative distribution channels, including supporting digital marketplaces and establishing modern communication networks to address the needs of the "unbanked"—amounting to more than two billion people who have no access to financial institutions. The private sector encourages the GPFI to intensify efforts, adding to its two-years of work in this area. Although progress so far in the implementation of the *Financial Inclusion Action Plan* has been impressive, now is the time to start producing tangible results.

Scoring component highlights:

- The Seoul Summit's call to evaluate the impact of regulatory regimes on trade finance—and the subsequent BCBS decision to reduce capital requirements for some types of trade finance exposure—corresponds to the global business recommendation to give trade finance favourable treatment under the Basel III Framework. Similarly, the GPFI's review of the Basel Frameworks effects on SME finance is commendable; however, additional work should be undertaken to ensure that increased capital requirements under Basel III do not unjustly burden SMEs' access to finance.
- The G20 has, through FIEG work and current GPFI initiatives, heightened awareness of the importance of creating enabling SME policy environments. In particular, the SME Finance Sub-Group's comprehensive *SME Finance Policy Guide* provides governments and businesses alike with a wide range of options and recommendations for increasing SME's access to finance. Similarly, the Sub-Group's efforts in raising awareness and the importance of SME finance/financial inclusion among policy makers and global standard-setting bodies, ensure that these issues remain on the global agenda.
- The issue of Intellectual Property (IP)—a cornerstone of mobile banking and other new technologies to reach the unbanked—is noticeably absent.
- The G20 Financial Inclusion Action Plan recognizes the business community's call for the creation of an enabling legal, regulatory and financial framework that supports SMEs. The GPFI's reports, which identify best practices and support further development, are important steps and create valuable tools for governments interested in advancing their financial inclusion agenda.

Conclusions

- ICC has developed the *ICC Scorecard* as a means to compare global business recommendations with G20 commitments and directives conveyed in Summit Declarations since Washington. The overall G20 score across 54 business recommendations[2] in the four policy groups evaluated here is "Incomplete."
- This score is perhaps somewhat intuitive given the protracted nature of global policymaking and the limited time for appreciation of and response to business contributions. As an overall average, this score masks the outlying high scores that the G20 has achieved in the various policy areas, such as encouraging the favourable treatment of trade finance, promoting energy efficiency and advancing the climate change agenda, reinforcing global anti-corruption mechanisms and shepherding the production of tangible tools to create enabling SME policy environments. However, this works both ways, concealing 8 "insufficient" scores at the level of policy areas. By definition, the *ICC G20 Scorecard* is "a policy tool to identify deficiencies that merit greater attention." In this light, the overall score reveals that marginal new achievements in Financing for Growth & Development (e.g., promoting the value of Intellectual Property) and in Green Growth (e.g., promoting free trade in environmental goods and services) could result in a score upgrade. Likewise, G20 leadership to break the stalemate in WTO negotiations or to build a multilateral framework for investment would be reflected in a significantly higher score.
- In summary, the overall score suggests that the G20 is responding to the calls of business, but that additional time, a broader and more comprehensive work programme, and greater global cooperation are necessary to address the considerable challenges that remain.
- The purpose of the *Scorecard* is to generate a balanced and reliable measurement of the G20's performance in response to business recommendations that have been put forward to Heads of Government. The listing of recommendations and responses per issue area, along with the indicative scoring, is intended to provide an effective way to concentrate attention on the need to track performance and monitor progress over time. The results of the *Scorecard* serve three purposes:
    - Government authorities with better information on how their actions are interpreted by the business community are better able to establish priorities, honour commitments, gauge their own progress over time and identify deficiencies that deserve greater attention.
    - Business leaders with better information on whether the G20 has recognized business input and how it has carried through on specific business recommendations are better able to tailor forthcoming recommendations and engagement with the G20—and with national governments and intergovernmental organizations tasked with implementing G20 commitments.
    - Government and business leaders with a crisp and tangible summary of accomplishments and shortcomings can more effectively chart a roadmap for improvement and next steps and more efficiently deploy actions and resources.
- The *Scorecard* is part of the ICC's overall agenda to establish an enduring, legitimate voice of global business and to target G20 policy development on a global scale. It is a framework by which ICC monitors G20 actions and commitments, as well as its response to business recommendations. ICC recognizes that this first edition of the *Scorecard* is a snapshot of progress at this point, and that there is more work to be done and additional areas to address. The *Scorecard* is envisioned to be a living document that evolves and with G20 developments. Subsequent *Scorecard* editions will refine the process for identifying deficiencies; provide guidance for improvement and action; and monitor progress from Summit to Summit.

[2]T&I (16); GG (19); T&AC (7); FG&D (12).

The International Chamber of Commerce

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of farsighted business leaders who founded ICC called themselves "the merchants of peace."

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice. ICC also offers specialized training and seminars and is an industry-leading publisher of practical and educational reference tools for international business, banking and arbitration.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy, as well as on vital technical and sectoral subjects. These include anti-corruption, banking, the digital economy, telecommunications, marketing ethics, environment and energy, competition policy and intellectual property, among others.

ICC works closely with the United Nations, the World Trade Organization and other intergovernmental forums, including, the G20.

ICC was founded in 1919. Today, it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with ICC members in their respective countries to address their concerns and convey to their governments the business views formulated by ICC.

For information on how to join ICC, visit the ICC website (iccwbo.org) or contact the ICC Membership Department in Paris.

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