

ICC G20 BUSINESS SCORECARD

SECOND EDITION

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International Chamber of Commerce

The world business organization



About the ICC 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. The Group comprises approximately 30 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. www.iccwbo.org/g20

About the International Chamber of Commerce (ICC)

ICC is the world business organization, the largest, most representative international business organization speaking on behalf of thousands of member companies in over 120 countries with interests spanning every sector of private enterprise. The fundamental mission of ICC is to promote cross-border trade and investment and the multilateral trading system, and to help corporations meet the challenges and opportunities of globalization. As the voice of global business, ICC takes the pole position in representing the business views and priorities to the United Nations network of agencies, the World Trade Organization, the G20 and many other international and regional intergovernmental bodies. ICC's worldwide network of national committees operates at the doorstep of governments in over 90 countries, enabling ICC to channel business priorities to policymakers and stakeholders where it matters most. More than 2,000 experts drawn from ICC's member companies feed their knowledge and experience into crafting the ICC stance on specific business issues. For more information please visit: www.iccwbo.org



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Foreword

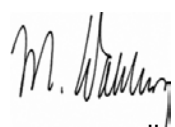
In 2008, 20 heads of state and government decided to take over the reins of a collapsing world economy and rebuild the foundations of the global governance system. The Group of Twenty (G20), bringing together a broad base of leading industrialized and emerging economies representing 80% of world trade and 85% of global GDP, has now emerged as the highest-level policy forum for international economic cooperation.

Despite this distinguished pole position, after seven summits spanning four-and-a-half years, the G20 is at risk of losing some of its momentum. From the perspective of international business, however, the G20 has emerged as vital institution of global governance – one that is uniquely positioned to address some of the world’s most important and intractable economic problems and one that manifestly bears on core business goals for trade, investment, economic growth and job creation.

G20 actions have produced a number of policies that have improved the climate for international business and its decisions increasingly shape the policy direction and programmes of multilateral and intergovernmental organizations that affect business internationally. Business believes that many of these measures have helped rationalize the global economic agenda and enhance international “habits of cooperation” by compelling greater coordination between governments, and between governments and other institutions. Business also remains confident that the G20 still has potential to deliver more.

The scope of the G20 agenda and limited progress on its larger development agenda have not been lost on this year’s Russian leadership of the G20 that has acknowledged that the organization will have to shift from crisis response to long-term reform in order to remain relevant. The real challenge now is to achieve consensus on long overdue issues, such as IMF quota reform, climate change, unemployment, closing the infrastructure investment gap, combating corruption and a successful conclusion of the WTO Doha Development Round. As noted by Ksenia Yudaeva, Russian G20 Sherpa and office of the President of the Russian Federation, we are at the stage where the G20 agenda contains no easy solutions.

This report, issued after the conclusion of the Mexican G20 Presidency in 2012 and midway through the Russian Presidency in 2013, is designed to offer global business views on the G20’s progress in advancing its agenda, with a focus on priority issues of interest to international business.



Marcus Wallenberg

Chairman, ICC G20 Advisory Group

Executive Summary

The importance of the G20 to the international business community

In today's interdependent world, greater dialogue among governments is vital to foster a better understanding of the economic interactions among nations.

The Group of 20 (G20) was established as a Leaders' forum in 2008 in the wake of the global financial crisis. It played an essential role in preventing a worldwide depression, stabilizing the international financial system, stemming protectionism, and restoring confidence. Now emerging as the "steering group" for the global economy, it is demonstrating how stronger intergovernmental cooperation can tackle major challenges which transcend national boundaries and which governments are increasingly unable to resolve on their own. The big issues of today, including long-term economic stability, climate change, food and energy security and water scarcity all require global solutions which can only be devised through the collective engagement of all countries.

Consequently, the G20 agenda manifestly bears upon core business goals for trade, investment, economic growth and job creation and will increasingly shape the direction, policy and funding programmes of multilateral intergovernmental organizations that affect business internationally. For these reasons, ICC has been deeply engaged in the work of the G20, and formed the *ICC G20 Advisory Group of CEOs* to intensify international business engagement and to press for the inclusion of business views in the deliberations of G20 Leaders.

The scorecard: towards balanced and reliable measurement

The purpose of the *ICC G20 Business Scorecard* is to provide a detailed analysis of the G20's recognition of, action on and response to recommendations put forward by the international business community. It is the ICC's view that the *Scorecard* and its results deliver value to both government and business leaders by providing:

- Government authorities with better information on how their actions are interpreted by the business community so that they are better able to establish priorities, honour commitments, gauge their own progress over time and identify areas 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.

With these objectives in mind, ICC published the first edition of the *ICC G20 Business Scorecard* in June 2012, which compared 54 global business recommendations with G20 commitments and directives conveyed in Summit Declarations since Washington. The overall assessment was "Incomplete"¹ across the four policy areas evaluated: trade and investment, green growth, transparency and anti-corruption, and financing for growth and development. This suggested that the G20 was at least acknowledging business priorities, but that additional time, a broader and more comprehensive work programme, and greater global cooperation would be necessary for the G20 to address more adequately the considerable challenges that remained.

¹N.B. The 1st and 2nd edition of the *Scorecard* share the same scoring methodology, however they have somewhat different scoring terminology. Cf. First edition (*Second edition*) scores: Inadequate (*Inadequate*), Incomplete (*Poor*), Insufficient (*Fair*), Pass (*Good*). While the overall assessment score for the first edition *Scorecard* was "Incomplete", the corresponding score in the 2nd edition would be "Poor".

This 2nd edition of the *Scorecard* focuses on the 2012 Mexican G20 cycle and aims to generate an assessment of the G20's performance during the Mexican presidency. The listing of recommendations and responses by category, along with the indicative scoring, is intended to improve transparency and accountability, concentrate attention on business priorities and monitor progress over time. The overall assessment for the 2nd edition of the *ICC Scorecard* is "Fair". This marks a modest improvement over last year and illustrates the value of a business scorecard, as well as the need for continued monitoring efforts.

Development of business recommendations – Los Cabos

The "Business-20" ("B20") Summit in Los Cabos Summit generated 80 business recommendations from 153 taskforce members from more than 25 countries and in 7 policy task forces. Of the recommendations for conveyance to G20 Leaders, some reiterated past priorities, some called on the G20 to take action in new areas and some have not been conveyed in a way that permit a fair evaluation of the G20, but nonetheless called for higher levels of engagement by all.

Given the breadth and complex nature of the G20's policy work, the 2nd edition of the *Scorecard* does not attempt to assess progress on the G20's entire agenda, nor does it attempt to assess all of the business recommendations put forward to G20 Leaders. Instead, the 2nd edition of the *Scorecard* focuses on four major groupings selected on the basis of a subset of issues that the *ICC G20 Advisory Group* considers priorities for G20 attention at this time. Notably, the major groupings also correspond to trends in recurring priorities put forward over time by the broader B20 participants. In the *Scorecard*, each major grouping is presented as a specific chapter that includes the treatment and assessment of between 4-6 aggregated business recommendations.

- 1. Trade and Investment**
- 2. Financing for Growth and Development**
- 3. Energy and Environment**
- 4. Anti-Corruption**

The *Scorecard* also includes "Other Priorities" in chapter 5, which addresses the topics of Food Security, Employment, ICT and Intellectual Property. While Food Security and Employment have been addressed in multiple instances by the G20, they cover complex realities and were phrased in broad terms and therefore provide little recourse for a fair evaluation. ICT and IP have been put forward by business for G20 consideration and inclusion, but have not so far been addressed in any official way by the G20. As such, the *Other Priorities* grouping highlights these subjects without commensurately evaluating performance at this stage.

Scoring

It is important to elucidate that the *Scorecard* assesses the G20 as a whole, evaluating its collective actions, commitments and directives. Likewise the *Scorecard* does not evaluate G20 performance on the basis of whether the "end goal" is achieved. Rather, it concentrates the evaluation on G20 recognition of the problem, then an assessment of actions the G20 as a body has taken to help, followed by an assessment of its responsiveness to business recommendations.

The ICC G20 Business Scorecard evaluates the G20's response to an aggregated business recommendation based on three criteria:

- **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, are focused on the issue).
- **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
- **Adequacy** - If the G20's response / action is adequate in addressing business concerns.

For each criterion that has been met, a corresponding point has been assigned. Consequently, an aggregated recommendation can achieve a minimum numerical score of "0" and a maximum score of "3". This numerical score is further translated to a qualitative assessment.

The qualitative assessment of "Inadequate" indicates that the G20 has not addressed the issue at all (i.e., no points were earned). A score of "Poor" indicates that the G20 has, at minimum, taken notice of the subject, but little or no action taken in response (i.e. 1 point assigned). A score of "Fair" illustrates that the G20 has recognized the business recommendation and has initiated at least some steps in response (i.e., two points had been achieved). A score of "Good" means that the G20 has effectively addressed the business recommendation (i.e., a point had been gained for each of the three scoring criteria for a total of three points).

Points	Score
0	Inadequate
1	Poor
2	Fair
3	Good

Overall score

The overall G20 score across 46 business recommendations² in the four major policy groups evaluated here is **Fair (1.9)**.

This score indicates that Leaders are making progress on addressing business priorities, albeit at a protracted pace. The score is perhaps somewhat intuitive given the extended nature of global policymaking and the limited time for appreciation of and responsiveness to business contributions into the process. The score is also relatively congruent with the G20's limited progress at recent summits, contributing to a widely held view that the G20 is losing momentum.

Overview of all topics	Score
Trade and Investment	POOR
Financing for Growth & Development	GOOD
Energy and Environment	FAIR
Anti-Corruption	FAIR
Overall Score	FAIR

An assessment of the Mexican G20 cycle must nevertheless be put into context. The Mexican G20 Summit in Los Cabos was once again held under the shadow of the Eurozone sovereign debt crisis. Despite the Mexican G20 Presidency's ambitious agenda – which included sustainable and inclusive development, food security, and improved international financial architecture – a sizeable part of the Summit and the Los Cabos Declaration was devoted to discussions on containing the Eurozone crisis, thus reducing precious time for Leaders to discuss other aspects of the G20 agenda. Notwithstanding the 'crisis-nature' of the Summit period, the relatively strong final G20 Declaration indicates that G20 Sherpas and official working groups are undertaking good work before and after summits. As this work matures, we would expect scores to continue to improve.

²Trade and Investment (16); Financing for Growth and Development (10); Energy and Environment (12); Anti-Corruption (8). From these, a total of 19 aggregated recommendations were evaluated.

Business also greatly appreciated being increasingly recognized as a constructive and meaningful partner in the G20 process and Mexico's efforts to deepen the G20's partnership with business. President Calderón personally launched the B20 taskforce process and, along with other Heads of State, participated meaningfully in the G20 Business Summit held 18-19 June 2012, in conjunction with the G20 Leaders Summit in Los Cabos.

As an overall average, the score masks the outlying high scores that the G20 has achieved on a categorical basis, including concerted efforts to increase SME access to finance, global support for scaling up energy efficiency technologies and a deepened public-private dialogue on the fight against anti-corruption. However, this knife cuts both ways, concealing 4 "Poor" scores and one "Inadequate" at the categorical level, reflecting the lack of progress on trade liberalization within the WTO, rising trade protectionism and the absence of G20 discussions on reducing tariffs on environmental goods and services.

In summary, the overall score suggests that the G20 is responding to the calls of business, but that renewed efforts and increased international cooperation will be required to achieve reform on major global challenges.

Introduction

Business engagement in the G20: a prerequisite for success

As the everyday practitioners of the global economy, international business has a clear stake in the success of the G20 – and is willing to play an increasing role, delivering real-world input to policymaking, partnering with governments to implement commitments, and validating the G20's actions through increased international trade and investment, economic growth and job creation. Business believes that by monitoring G20 actions and offering constructive feedback, it can help improve G20 outcomes and support the group's objectives of growth, financial stability, and better global governance.

For these reasons, ICC has been closely engaged in the G8/G20 policy process since 1990, when it initiated the practice of conveying world business priorities to the host country Head of State.

The G20, with its mixed membership of advanced and emerging economies, has emerged as a powerful force to shape the rules of engagement for competing in global markets. With this understanding, along with the recognition that the G20 agenda will have a major impact on core business goals to expand economic growth and employment, ICC formed the *ICC G20 Advisory Group* of CEOs to spearhead global business engagement and to press for the inclusion of business views in the deliberations of G20 Heads of State. With the advent of the Seoul G20 Business Summit ("B20") in 2010, ICC has served as a strategic, global business partner to country hosts in Korea, France, Mexico – and now Russia, and CEO members of the *Advisory Group* have worked collectively to develop constructive policy recommendations on key issues from a world business perspective.

The critical importance of business engagement was put forward 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: "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."

Development of business recommendations – Los Cabos

Over the last several years, the *ICC G20 Advisory Group* has joined with host country business associations, the World Economic Forum, McKinsey & Company, CEOs from corporations large and small, and representatives from the B20 coalition of national business federations to collaborate on the formulation of business-based policy recommendations. Inclusive of the Seoul G20 Business Summit, 31 unique policy task forces have prepared no fewer than 250 recommendations and presented these for consideration by G20 leaders during respective G20 Business Summits held in conjunction with the respective G20 Leaders Summits.

On 19 January 2012, Alejandro Ramirez, CEO of Cinopolis, launched preparations for business engagement in the Mexican G20 cycle. Mr Ramirez had been designated by President Felipe Calderon to coordinate the G20 Business Summit preparations and managed an intensive 6 month process that culminated in the 18-19 June 2012 G20 Business Summit, held in conjunction with the G20 Leaders Summit in Los Cabos.

The Ramirez-led B20 Organizing Committee included two of the most important Mexican business associations, COMCE and COPARMEX. ICC, the World Economic Forum, and McKinsey & Company served as G20 Business Summit strategic partners for the third year in a row. Representatives from the B20 coalition of national industrial federations rounded out the business leadership during the Mexican cycle.

For its part, ICC sought to help deliver a more robust international business presence, through engagement by its *G20 Advisory Group* of CEOs who participated in the policy task forces and served as lead/co-leads. ICC also contributed institutional expertise, drawn from its 12 standing policy commissions and its global network, and conducted a global consultative process that provided local businesses with an opportunity to be heard and to help shape ICC's policy recommendations.

During the Mexican G20 presidency, 153 taskforce members from more than 25 countries participated in 7 policy task forces (Food Security; Green growth; Employment; Anti-corruption; Trade and investment; ICT and innovation; and, Financing for growth and development) and collectively generated 80 recommendations. Of the recommendations for conveyance to G20 Leaders, some reiterated past priorities, some called on the G20 to take action in new areas and some were arguably not actionable but nonetheless called for higher standards of engagement by all. According to the June 2012 Los Cabos (Mexico) "B20 Task Force Recommendations" report, 26 of the recommendations generated by the business taskforces coincide with G20 priorities and the final G20 declaration included 5 explicit references to the B20's work.

The Scorecard: towards balanced and reliable measurement

The purpose of the *ICC G20 Business Scorecard* is to provide a detailed assessment of the G20's recognition of, action on and response to recommendations put forward by the global business community. It is the ICC's view that the *Scorecard* and its results deliver value to both government and business leaders:

- Government authorities with better information on how their actions are interpreted by the business community so that they are better able to establish priorities, honour commitments, gauge their own progress over time and identify areas 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.

With these objectives in mind, ICC published the first edition of the *ICC G20 Business Scorecard* in June 2012, which compared 54 global business recommendations with G20 commitments and directives conveyed in Summit Declarations since Washington. The overall numeric score was 1.4 (out of 3), which translated to a qualitative score of "Incomplete"³ across the four policy areas evaluated: Trade and Investment, Green Growth, Transparency and Anti-corruption, and Financing for Growth and Development. In the area of Trade and Investment, for example the 1st edition score was "Incomplete", based primarily on the G20's failure to help advance multilateral trade negotiations. The scoring noted, for example, "if G20 leaders were to break the stalemate in WTO negotiations or to make progress towards a multilateral framework for investment, these advances would be reflected in a significantly higher score".

The overall assessment concluded in the 1st edition suggested that the G20 was at least acknowledging business priorities, but that additional time, a broader and more comprehensive work programme, and greater global cooperation would be necessary for the G20 to address more adequately the considerable challenges that remained.

³N.B. The 1st and 2nd edition of the *Scorecard* share the same scoring methodology, however they have somewhat different scoring terminology. Cf. First edition (*Second edition*) scores: Inadequate (*Inadequate*), Incomplete (*Poor*), Insufficient (*Fair*), Pass (*Good*). While the overall assessment score for the first edition *Scorecard* was "Incomplete", the corresponding score in the 2nd edition would be "Poor".

This 2nd edition of the *Scorecard* focuses on the 2012 Mexican G20 cycle and aims to generate an assessment of the G20's performance during the Mexican presidency. The listing of recommendations and responses by category, along with the indicative scoring, is intended to improve transparency and accountability, concentrate attention on business priorities and monitor progress over time.

Organizing the business recommendations for scoring

Given the breadth and complex nature of the G20's policy work, the 2nd edition of the *Scorecard* does not attempt to assess progress on the G20's entire agenda, nor does it evaluate the G20's response to all of the of the business recommendations. Instead, the 2nd edition focuses on five major groupings selected on the basis of a subset of issues that the *ICC G20 Advisory Group* considers priorities for G20 attention at this time. Notably, the major groupings also correspond to trends in recurring priorities put forward over time by the broader B20 participants.

We recognize that by selecting only a subset of issues, some important work that the G20 has addressed is not covered in the *Scorecard*; for example, a number of G20 energy-related issues, from commodity markets to marine environment protection, are not covered here. Nonetheless, it is hoped that these five major groupings best reflect the business priorities, maximize clarity and present a logical basis for future assessments.

Each major grouping is presented as a specific chapter in the *Scorecard*:

- 1. Trade and Investment** – This chapter captures a major subset of the business recommendations over the past 3 cycles and reflects the international business view that trade and investment are vital contributors to the global economy. Consequently, open markets and efficient rules for international trade and investment are a recurring priority for business.
- 2. Financing for Growth and Development** – This chapter reflects several of the official G20 work areas, including the ambitious reform agenda to make the financial system more resilient and better able to serve the needs of the real economy, the Seoul Multi-Year Development Action Plan, and the establishment of the Global Partnership for Financial Inclusion (GPFI). This work bears directly on business priorities for economic growth, market expansion and infrastructure development.
- 3. Energy and Environment** – This chapter covers some of society's most intractable and borderless challenges to rationalize energy markets and achieve sustainable development. Starting with the inaugural G20 Summit in Washington in 2008, energy and environment issues have been recurring items on the G20's agenda and several official G20 working groups have been established to advance the work, with significant impacts on business investment decisions, product development and employment.
- 4. Anti-Corruption** – G20 leaders have increasingly taken up the fight against corruption as a core item of their work programme, establishing the G20 Anti-Corruption Action Plan and calling for action by business and various intergovernmental organizations. Consequently, Anti-corruption and the associated task forces and recommendations have been a consistent presence in the past two business summit cycles.

5. Other Priorities – This chapter includes the topics of Food Security, Employment, ICT and Intellectual Property. While Food Security and Employment have been dealt with in multiple instances by the G20, they addressed complex realities and were phrased in broad terms and therefore provide little recourse for a fair evaluation. ICT and IP have been put forward by business for G20 consideration and inclusion, but have not so far been addressed in any official way by the G20. As such, the *Other Priorities* grouping highlights these subjects without commensurately evaluating performance at this stage. Finally, since the *Scorecard* is envisioned to be a living document that evolves with the G20 agenda, this grouping sets the stage for including these additional policy areas in future editions.

Selecting which recommendations to evaluate

While the 2nd edition of the *Scorecard* focuses on the G20's performance during the Mexican Presidency, it recognizes that the response cycle of government policy making is generally longer term than the time afforded by the 1-year G20 Presidencies. The *Scorecard* also recognizes that over the last three Summit cycles, business recommendations were prepared by 31 unique policy task forces, concentrating on different policy topics and featuring different leaders, different priorities, and largely composed of different companies – and thus yielding a mix of recommendations relating to the same topics. Finally, of the more than 250 recommendations that have been “officially” developed by business and conveyed to G20 Leaders, ICC considers only about half have been conveyed in a way that is “actionable” by the G20.

For these reasons, the *Scorecard* takes a “multi-cycle” approach to both the business recommendations and the G20's response. The compendiums of business recommendations presented to the G20 Business Summits in Seoul, Cannes and Los Cabos were reviewed. The most salient of the recommendations were then selected for evaluation based on the following criteria:

1. Recommendations clear and specific enough to be actionable by the G20;
2. Recommendations that have recurred in the compendiums of business recommendations;
3. Recommendations that share enough similarities to warrant a collective assessment and score.

The resultant recommendations were then delineated by their respective Summit and then aggregated for evaluation.

In total, the 2nd edition of the *Scorecard* condenses 46 recommendations into 19 aggregated recommendations for evaluation: Sixteen recommendations in the major grouping of Trade and Investment were condensed to six aggregated recommendations for evaluation and tabulated in chapter 1. Ten recommendations in the major grouping of Financing for Growth and Development were condensed to five aggregated recommendations for evaluation and tabulated in chapter 2. Twelve recommendations in the major grouping of Energy and Environment were condensed to four aggregated recommendations for evaluation and tabulated in chapter 3. And, eight recommendations in the major grouping of Anti-Corruption were condensed to four aggregated recommendations for evaluation and tabulated in chapter 4.

For each aggregated recommendation, a corresponding assessment has been produced and a score assigned, as discussed below.

Methodology

Here it is important to consider that the *Scorecard* assesses the G20 as a whole, evaluating its collective actions, commitments and directives. The assessment of G20 compliance is based on official documents issued by the G20, its working groups and ministerial meetings, international organizations and other publicly available documents. While all documents are considered for the evaluation, the *Scorecard* puts a particular emphasis on the G20's principal policy instrument, the "Leaders Declaration" (sometimes referred to as "Summit Communiqué"). This document embodies the collective voice of the G20 Leaders and is the primary source delineating G20 commitments, priority areas, progress and next steps. In addition, the "Communiqué of Meeting of G20 Finance Ministers and Central Bank Governors" on 5 November 2012 is also underscored in the assessment, as this meeting concluded the Mexican cycle and thus the scope of the *Scorecard*.

Individual actions by member countries are not considered for the score. However, examples from G20 members may be highlighted 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 concentrates the evaluation on G20 recognition of the problem, then an assessment of actions the G20 as a body has taken to address the problem, followed by an assessment of its responsiveness to business recommendations. As such, the *Scorecard* recognizes that the G20 is just one of many intergovernmental bodies tackling global economic issues.

Numerical scoring

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

- 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, are focused on the issue).
- 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
- Adequacy – If the G20's response/action is adequate in addressing business concerns.

For each criterion that has been met, a green (✓) is attributed and one corresponding point has been assigned. If the criterion has not been met, a red (✗) is attributed and no points have been assigned. Consequently, an aggregated recommendation can achieve a minimum *numerical* score of "0" and a maximum score of "3".

For example, in the major grouping "Trade and Investment", aggregated recommendation 1a, *Promote multilateral trade liberalization and rule making within the WTO*, one point was assigned for "Recognition", no points were assigned for "Action" and no points were assigned for "Adequacy" – for a total *numerical* score of "1".

Score Criteria

Recognition	✓
Action	✗
Adequacy	✗

Qualitative assessment

Since the *Scorecard*'s implicit bottom line is an assessment of whether the G20 is taking business priorities into consideration and whether the G20, as a collective body, is effectively responding, the numerical score is further translated to a *qualitative* assessment.

The qualitative assessment of "Inadequate" indicates that the G20 has not addressed the issue at all (i.e., no points were earned). A score of "Poor" indicates that the G20 has, at minimum, taken notice of the subject, but little or no action taken in response (i.e. 1 point assigned). A score of "Fair" illustrates that the G20 has recognized the business recommendation and has initiated at least some steps in response (i.e., two points had been achieved). A score of "Good" means that the G20 has effectively addressed the business recommendation (i.e., a point had been gained for each of the three scoring criteria for a total of three points).

Points	Score
0	Inadequate
1	Poor
2	Fair
3	Good

Referring again to the major grouping "Trade and Investment", aggregated recommendation 1a, *Promote multilateral trade liberalization and rule making within the WTO*, the numerical score of "1" translates to the qualitative assessment of "Poor". This suggests that the *Scorecard* considers that the G20 has taken notice of the subject, but that little or no action taken has been taken in response.

Overall scoring

Each major grouping⁴ has also been given an average score based on the responsiveness to all of the aggregated business recommendations within that chapter. For example, the six aggregated recommendations under Chapter 1, Trade and Investment, earned a total of 8 points. This translates to an overall chapter score of 1.3 or "Poor".

Finally, an Overall score is provided, based on the average of all 19 aggregated recommendations reviewed in the 2nd edition of the *Scorecard*.

⁴With the exception of Chapter 5 – *Other Priorities*. This Chapter does not contain an assessment of business recommendations and thus does not generate an average score.

Overall Score

The overall G20 score across 46 business recommendations⁵ in the four major policy groups evaluated here is **Fair (1.9)**. This can be compared with the overall score of first edition of the Scorecard, which was **Poor (1.4)**.⁶

The score of “Fair” indicates that Leaders are making progress on addressing business priorities, albeit at a protracted pace. The score is perhaps somewhat intuitive given the extended nature of global policymaking and the limited time for appreciation of and responsiveness to business contributions into the process. The score is also relatively congruent with the G20’s limited progress at recent summits, contributing to a widely held view that the G20 is losing momentum.

Overview of all topics	Score
Trade and Investment	POOR
Financing for Growth & Development	GOOD
Energy and Environment	FAIR
Anti-Corruption	FAIR
Overall Score	FAIR

An assessment of the Mexican G20 cycle must nevertheless be put into context. The Mexican G20 Summit in Los Cabos was once again held under the shadow of the Eurozone sovereign debt crisis. Despite the Mexican G20 Presidency’s ambitious agenda – which included sustainable and inclusive development, Food Security, and improving the international financial architecture – a sizeable part of the Summit and the Los Cabos Declaration was devoted to discussions on containing the Eurozone crisis, thus reducing precious time for Leaders to discuss other aspects of the G20 agenda. Notwithstanding the ‘crisis-nature’ of the Summit period, the relatively strong final G20 Declaration indicates that G20 Sherpas and official working groups are undertaking good work before and after summits. As this work matures, we would expect scores to continue to improve.

Business also greatly appreciated being increasingly recognized as a constructive and meaningful partner in the G20 process and Mexico’s efforts to deepen the G20’s partnership with business. President Calderón personally launched the “Business-20” (“B20”) taskforce process and, along with other Heads of State, participated meaningfully in the G20 Business Summit held 18-19 June 2012, in conjunction with the G20 Leaders Summit in Los Cabos.

As an overall average, the score masks the outlying high scores that the G20 has achieved on a categorical basis, including concerted efforts to increase SME access to finance, global support for scaling up energy efficiency technologies and a deepened public-private dialogue on the fight against anti-corruption.

However, this knife cuts both ways, concealing 4 “Poor” scores and one “Inadequate” at the categorical level, reflecting the lack of progress on trade liberalization within the WTO, rising trade protectionism and the absence of G20 discussions on reducing tariffs on environmental goods and services.

In summary, the overall score suggests that the G20 is responding to the calls of business, but that renewed efforts and increased global cooperation will be required to achieve reform on major global challenges.

⁵Trade and Investment (16); Financing for Growth and Development (10); Energy and Environment (12); Anti-Corruption (8). From these, a total of 19 aggregated recommendations were evaluated.

⁶While the first edition of the ICC Scorecard used a similar scoring system, it utilised a somewhat different scoring terminology: Inadequate (0); Incomplete (1); Insufficient (2); Pass (3). The score of the first edition Scorecard was accordingly “Incomplete” (1.4)

Looking forward

The purpose of the *ICC G20 Business Scorecard* is to provide a deeper assessment of the G20's recognition of, action on and response to recommendations put forward by the international business community. As such, the qualitative nature of the *Scorecard* is primarily a policy tool that advocates greater attention to business priorities and expectations.

At the same time, the *Scorecard* yields a valuable working tool, enabling business to rationalize engagement with the G20 and better tailor its forthcoming recommendations. The 1st edition of the *Scorecard* has, for example, been used to help shape business recommendations for the Russian cycle. Further, this 2nd edition of the *Scorecard* has been presented and welcomed by the members of the G20-B20 Dialogue Efficiency Task Force, the mission of which is to support continuity and provide guidance to future B20 efforts. This task force is chaired by Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs (RSPP), who was designated by President Putin to organize the Russian B20 process. ICC serves as a co-chair for this task force, along with a number of other key business organizations and leaders committed to building continuity between Summits.

In the run up to the Saint Petersburg summit, the task force has initiated a review of all B20 recommendations made since Toronto and their impact on G20 decision-making as reflected in the G20 documents. To ensure independence and quality, as agreed in the B20 Los Cabos recommendations, the task force has invited an international network of scholars under the leadership of the International Organizations Research Institute of the National Research University Higher School of Economics (IORI HSE) and the G20 Research Group at the University of Toronto to conduct the research and produce a report on *How B20 Recommendations Translate into G20 Decisions*. The report objective is to review the progress of G20-B20 engagement, identify what works, support continuity of B20 efforts on the key areas of policy coordination with the G20, and help in developing B20 recommendations for future G20 actions.

Together these products deliver valuable tools to help the business community strengthen its engagement with the G20. ICC, IORI HSE and the G20 Research Group at the University of Toronto are committed to co-operate more closely to inform and support future B20-G20 engagement.

Chapter 1: Trade and Investment

International trade is a vital contributor to the global economy as a source of economic growth and employment. Starting with the inaugural G20 Summit in November 2008, G20 Leaders have continuously underscored the critical importance of open trade, highlighting the centrality of the World Trade Organisation (WTO) and the multilateral trading system, while repeatedly committing to refrain from raising new trade barriers and trade protectionism. While there is no specific G20 working group on trade and investment issues, the Mexican G20 Presidency included two new initiatives to support an increased G20 dialogue on these matters. In April, the G20's Trade Ministers convened for the first time in Puerto Vallarta, Mexico. In November, the first G20 Trade and Investment Promotion Summit (TIPS) was held in Mexico City. Both events brought together high-level representatives of governments, trade and investment promotion agencies as well as business Leaders from G20 member countries to share perspectives and recommendations aimed at facilitating Trade and Investment throughout the global economy.

This section contains six aggregated business recommendations on how G20 Leaders can improve the global trade and investment environment.

The following table delineates key business recommendations on Trade and Investment as they appeared in the compendiums of "B20" business recommendations prepared and presented to the G20 Business Summits in Seoul, Cannes and Los Cabos. Notably, for each of the three Summit cycles, recommendations were prepared by unique "Trade and Investment" task forces, featuring different Leaders, different priorities, and largely composed of different companies. Cumulatively, some 43 recommendations on Trade and Investment have been made. The table lists the most salient of these recommendations based on clarity, recurrence and whether they share enough similarities to warrant a collective assessment and score. These are grouped together under as an aggregated recommendation, e.g., 1A, 1B, etc., and are listed in the left column. Notably, the aggregated recommendations serve as the subheadings for assessment and scoring through the rest of this chapter. Finally, the summary score is indicated in the right column.

Aggregated Recommendations	Business Recommendations	SEOUL	CANNES	LOS CABOS	Score
1a (Promote multilateral trade liberalization and rule making within the WTO)	Recommit to completing the Doha Development Round in 2011 and reinforce that commitment through the personal engagement of each G20 leader.	X			POOR
	Propose a path for the World Trade Organization (WTO) to pursue its core functions: trade liberalization and rule making. (Completing an ambitious Doha Round would have provided an important stimulus to global growth, however, progress seems unlikely in the near future).		X		
	The G20 should encourage progress in multilateral trade liberalization and rule-making within the WTO.			X	
1b (Finalize a WTO Trade Facilitation Agreement)	The WTO should finalize rapidly a Trade Facilitation Agreement and develop its scope of negotiations to boost global trade – We call on the WTO to conclude trade facilitation negotiations, which are less politically sensitive, by the 2011 Ministerial Conference.		X		FAIR
	The G20 should support more rapid progress of specific items on the WTO negotiating agenda on a priority basis, particularly with a view to promoting the long-term interests of developing and developed economies alike.			X	
1c (Roll back protectionism)	Roll back protectionism at least to where it was at the start of the global financial crisis and resist protectionism and trade-restrictive measures going forward.	X			POOR
	Governments should reiterate their commitment to free and open trade and investment and [...] back their commitments with concrete measures including the promotion of high-standard trade and investment liberalization agreements, and continued efforts to roll back protectionism.		X		
	The G20 should lead by example in rejecting measures that restrict trade and investment and in promoting measures that enhance them.			X	
1d (Make trade and investment a permanent item on the agenda)	Put trade and investment permanently on the agenda of the G20 and embed trade in the G20 structures and processes in recognition of its role in fostering global development.	X			FAIR
	The G20 should make trade and investment a permanent item on its agenda.			X	
1e (Improve the international investment environment)	Work toward a Multilateral Framework for Investment reflecting all interests (host and home countries), developing a non-binding International Model Investment Treaty as an interim step.	X			FAIR
	Launch joint negotiations for a Framework agreement on investment.		X		
	The G20 should reiterate its support for open cross-border investment as an essential contributor to growth, development and job creation.			X	
1f (Promote the positive impact of FDI)	Ensure a clear and enforceable legal FDI framework and build a better understanding of the mainly positive impact of FDI.	X			INADEQUATE
	Launch long term programs in cooperation with multilateral institutions to build and share better understanding of the positive impact of long-term, commercially driven foreign direct investment.		X		
	The G20 should create a working group on investment to advance this agenda and report back to the next G20 summit in Russia in 2013.			X	
Average Score for Trade and Investment		POOR (1.3)			

1a) Promote multilateral trade liberalization and rule making within the WTO⁷

The international community's ability to resist protectionist pressures during the global financial crisis of 2008-2009 proved that the WTO continues to play a key role in discouraging protectionism and that the rules-based multilateral trading system constitutes one of the central pillars of international cooperation. However, the absence of progress on the Doha Development Agenda – the current round of WTO trade negotiations – has raised questions about the effectiveness of trade liberalization through the WTO, and impaired the organization's ability to address existing issues and future challenges.

Explicit calls for the successful completion of the Doha Round have featured in every declaration of successive G20 Summits, and Los Cabos was no different. Leaders expressed continued support for the Doha Round and reiterated the Cannes Communiqué's commitment to pursue "fresh, credible approaches to furthering trade negotiations across the board". Re-emphasising the importance of an open, predictable, rules-based, transparent multilateral trading system, Leaders committed to "ensure the centrality of the WTO" and to strengthen and improve the way [WTO] conducts its regular business, and its dispute settlement system."

The 5 November 2012 Finance Ministers communiqué reaffirmed the G20's commitment "to open trade and investment, expanding markets and resisting protectionism in all its forms", although without any mention of multilateral trade liberalization, the WTO or the Doha Round. Progress on the Doha Round was very limited in 2012. WTO Director-General Pascal Lamy noted "signs of re-engagement" among members at the General Council meeting in October and stressed the "need to explore any and all options, small as they may be, for incremental progress on the negotiating agenda".

The G20 should propose a path for the World Trade Organization (WTO) to pursue its core functions: trade liberalization and rule making.

(Cannes G20 Business Summit)

The G20 should encourage progress in multilateral trade liberalization and rule-making within the WTO.

(Los Cabos G20 Business Summit)

⁷The *ICC G20 Scorecard* recognises that the G20 is not the WTO; the latter consisting of a much broader membership (157 members). Holding the G20 accountable for progress on the Doha Round and overall multilateral trade liberalization may therefore seem excessive. Nevertheless, the G20 members have taken upon themselves the task and consistently pledged to achieve a balanced conclusion to the Doha Round and support open trade. Notably, G20 countries account for 80% of global trade and several of the remaining disagreements are between G20 members.

G20 Score: Multilateral trade liberalization and rule-making within the WTO

POOR

Score Criteria

Recognition	✓
Action	✗
Adequacy	✗

The multilateral trading system is the guarantor of the consistency and predictability that are essential for companies to trade and invest across borders, as well as an insurance policy against protectionism. The current Doha Round impasse continues to be the single largest obstacle in advancing multilateral trade liberalization and rule making within the WTO. Business is encouraged by the G20's continued support of the Doha Round and by progress on certain issues (e.g. trade facilitation). Still, concerns over the prospects of concluding the Doha Round are persistent and the Los Cabos Leaders' Declaration contained nothing new. Now in its 12th year of negotiations, more than just supportive language is needed.

The G20 is in a unique position. Together its members represent around 90% of global GDP, 80% of global trade, and two thirds of the world's population. With the inclusion of the Russian Federation into the WTO in 2012, all G20 members are now also WTO members. Business calls upon the G20 to honour its commitment to work towards concluding Doha Round negotiations and encourages the G20 to show leadership in advancing the multilateral trading system. This includes supporting more rapid progress of specific items on the WTO negotiating agenda on a priority basis – such as implementing trade-enhancing measures for least-developed countries, and eliminating agricultural export subsidies – as well as pursuing alternative negotiating approaches, including plurilateral approaches and approaches focused on particular sectors, such as the Information Technology Agreement or the Agreement on Basic Telecommunication Services.

1b) Finalize a WTO trade facilitation agreement

Trade transaction costs are a critical determinant of export competitiveness and remain one of the main obstacles that developing countries face in benefiting from globalization. Business believes that a WTO agreement on trade facilitation is fundamental to the establishment of an improved and more efficient management process for international trade in goods on a global basis.

Recognising the lack of progress on the Doha Round – in which the WTO trade facilitation agreement is being negotiated – Leaders at the 2011 Cannes Summit called on trade ministers to pursue “fresh, credible approaches to furthering negotiations”. Leaders in Los Cabos clarified the G20's strategy, indicating that the G20 will focus on “outcomes in specific areas where progress is possible,” explicitly mentioning trade facilitation in this category. The Leaders Declaration thereby echoed much of the G20 Trade Ministers' discussions in their meeting in Puerto Vallarta in April 2012, where Ministers considered that an agreement on trade facilitation was a “low hanging fruit which could be harvested with renewed efforts in Geneva”.

The WTO should finalize rapidly a Trade Facilitation Agreement and develop its scope of negotiations to boost global trade.

(Cannes G20 Business Summit)

The G20 should support more rapid progress of specific items on the WTO negotiating agenda on a priority basis, particularly with a view to promoting the long-term interests of developing and developed economies alike

(Los Cabos G20 Business Summit)

Reports on negotiations in 2012 have been positive and indicate that progress is being made, albeit perhaps slower than some would like. Beyond political rhetoric, G20 members have also shown financial support. For example, in November the EU donated €1 million to the Doha Development Agenda Global Trust Fund and €180,000 to the Trade Facilitation Negotiation Group Fund. These funds will help finance WTO technical assistance activities targeted especially at the needs of developing and least-developed countries, as well as economies in transition, to enhance their ability to participate effectively in WTO negotiations.

The Doha Ministerial Declaration contains a provision for reaching early agreement on certain issues but until recently several WTO members, including G20 members such as India, have expressed reservation about such an approach.

G20 Score: WTO Trade Facilitation Agreement

FAIR

Score Criteria

Recognition	✓
Action	✓
Adequacy	✗

The explicit inclusion of trade facilitation as one of the G20's priority areas in moving forward with the Doha Round Agenda in the Los Cabos Declaration is a significant step forward and indicates both recognition and action by the G20. Business is also encouraged by the G20 Trade Ministers' discussions in Puerto Vallarta, as well as reports on the negotiations, which indicate that progress is being made, albeit at a somewhat protracted pace. Completion of a trade facilitation agreement would bring enormous benefits for world trade: It is estimated "that significant improvements in trade facilitation could increase exports of developing countries by approximately US\$570 billion and exports of developed countries by US\$475 billion".⁸ Trade facilitation improvements could also result in global job gains of 21 million, with developing countries gaining over 18 million jobs and developed countries increasing their workforce by 3 million.⁹ Moreover, trade gains delivered by meaningful trade facilitation could translate to world GDP increases of approximately US\$ 960 billion.¹⁰ Significantly, trade facilitation does not alter the market access balance between WTO members and is therefore much less politically sensitive than other areas of the DDA.

Business is cautiously optimistic and encourages G20 Leaders to push trade ministers to urgently engage in bridging gaps on remaining issues, with the goal of delivering tangible results by the ninth WTO Ministerial Conference (MC9) in Bali, December 2013.

⁸Gary Hufbauer and Jeffrey Schott, "Payoff from the World Trade Agenda 2013", ICC Research Foundation commissioned report (Peterson Institute for International Economics: Washington DC, January 2013) p. 11.

⁹Ibid. p. 12.

¹⁰Ibid. p. 13.

1c) Roll back protectionism

Despite the G20's recurring commitment¹¹ to refrain from protectionism and pledge to roll back any new protectionist measure that may have arisen, business notes with concern that measures restricting trade and investment continue to be imposed. Even more worrisome is the fact that many of those measures originate in G20 countries. Global Trade Alert found that between November 2008 and March 2012, governments worldwide implemented more than 1,600 trade policy measures, with G20 countries responsible for the vast majority of these measures (their share in the total rising from about 60% in 2009 to 80% in 2012).¹² While open protectionist measures have been resisted relatively well, there has been a rise in the use of less transparent forms of trade restrictions, such as granting subsidies and other government support programmes to assist specific sectors that are more difficult to monitor.

The October 2012 WTO report on G20 trade measures found that trade coverage of the restrictive measures put in place since October 2008, excluding those that were terminated, is estimated to be around 3% of world merchandise trade and around 4% of trade of G20 economies.¹³ Although the report noted a slowdown in the imposition of new trade restrictive measures by G20 economies, as well as a slight increase in the pace of removal of previous restrictions, most of the restrictive measures put in place since October 2008 remain in effect. Out of the total measures that can be considered as restricting or potentially restricting trade implemented since October 2008, only 21% have so far been eliminated.

With respect to investment, the October UNCTAD-OECD *Report on G20 Investment Measures*¹⁴ found that in the first half of 2012, global foreign direct investment (FDI) flows fell by 8% compared to the first half of 2011. However, according to the report, G20 members continue to honour their pledge not to introduce new restrictive investment measures and almost all of the few investment policy measures taken during 2012 represent continued moves towards eliminating restrictions to international capital flows and improving clarity for investors.

Leaders in Los Cabos expressed a deep concern about rising instances of protectionism around the world and reaffirmed the G20's commitment resisting protectionism and "roll back any new protectionist measure that may have arisen, including new export restrictions and WTO-inconsistent measures to stimulate exports". To this end, Leaders extended their "standstill" commitment until the end of 2014 (previously end-2013). To increase transparency, Leaders also committed to notify in a timely manner trade and investment restrictive measures and encouraged the WTO, OECD and UNCTAD to "reinforce and deepen the work in these areas, consistent with their respective mandates".

Roll back protectionism at least to where it was at the start of the global financial crisis and resist protectionism and trade-restrictive measures going forward.

(Seoul G20 Business Summit)

The G20 should lead by example in rejecting measures that restrict trade and investment and in promoting measures that enhance them.

(Los Cabos G20 Business Summit)

¹¹Leaders at the first G20 Summit, Washington 2008, 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." The commitment has been reiterated at all following G20 Summits and is known as the Standstill Provision. Leaders have continuously called on the WTO, UNCTAD and OECD to monitor and publicly report on the G20's adherence to the commitment.

¹²Restoring and Sustaining Growth, World Bank, June 8 2012.

¹³WTO Report on G-20 Trade Measures (Mid-May 2012 to mid-October 2012) http://www.wto.org/english/news_e/news12_e/g20_wto_report_oct12_e.doc

¹⁴http://unctad.org/en/PublicationsLibrary/unctad_oecd2012d8_en.pdf

G20 Score: Roll back protectionism

POOR

Score Criteria

Recognition 

Action 

Adequacy 

Strong temptation to resort to protectionist measures – fuelled by the current state of the world economy and the stalemate in multilateral trade negotiations – continue to hamper trade and investment's capacity to create badly needed growth and employment. Business has expressed serious concerns over recent years' rise in trade and investment protectionism, despite the G20's recurring standstill commitment. While the extension of the standstill commitment was a significant achievement under the G20's Mexican Presidency, there continues to be divergence between the commitments taken and the actions on the ground. Business encourages G20 members to fulfil their pledges and take concrete steps to address the rise in protectionism and to roll-back measures already in place.

The inventory and monitoring role of the WTO, OECD and UNCTAD has been extremely useful in tracking G20 measures affecting trade and investment, and business supports deeper monitoring and reporting on G20 trade and investment measures. This is a step in the right direction, but G20 Leaders should go further and agree to conduct regular peer reviews of trade and investment measures and their impacts based on the WTO-OECD-UNCTAD reports. The objective of this peer-review process should be to support the effective rollback of measures that restrict trade and investment and help establish common G20 principles for open and fair competition.

1d) Make trade and investment a permanent item on the G20 agenda

Trade and Investment saw an increased focus under the Mexican G20 Presidency. In April, Mexico convened the first meeting of G20 Trade Ministers in Puerto Vallarta. The meeting brought together trade ministers, international organizations (WTO, OECD) and business representatives, allowing for a first G20 high-level public-private dialogue on trade and investment. The Los Cabos Leaders Declaration included a specific section on trade and investment and emphasised a number of issues of interest to the global business community, including: the role of investment in contributing to growth, strengthening the role of the WTO and the multilateral trade system, and curbing the rise in protectionism. Significantly, the Los Cabos Leaders Declaration expressed an appreciation for the substantive discussion held by G20 Trade Ministers in Puerto Vallarta and encouraged a deepening of these discussions.

In response to the recommendations issued by the B20 Taskforce on Trade and Investment, ProMéxico (the Mexican trade and investment promotion agency), in collaboration with ITC, ICC, OECD, UNCTAD and WTO organized the first G20 Trade and Investment Promotion Summit in Mexico City in November 2012. The Summit brought together

Put trade and investment permanently on the G20 agenda, and embed trade in the G20 structures and processes in recognition of its role in fostering global development.

(Seoul G20 Business Summit)

The G20 should make trade and investment a permanent item on its agenda.

(Los Cabos G20 Business Summit)


high-level representatives of trade promotion organizations and investment promotion agencies as well as business Leaders from G20 member countries to share perspectives and recommendations aimed at facilitating trade and investment throughout the global economy. The principal focus of the Summit was on the synergies between trade and investment promotion, the growing importance of global value chains in shaping the environment for modern international business, support for building the supply capacity of SMEs, and SMEs' linkages with global companies.

G20 Score: Make trade and investment a permanent item on the G20 agenda

FAIR

Score Criteria

Recognition 

Action 

Adequacy 

Business commends the Mexican G20 Presidency for convening the first ever G20 Trade Ministers meeting in Puerto Vallarta in April 2012. The Meeting allowed business an important opportunity to deliver business views on trade and investment directly to G20 Trade Ministers, including the relevance of regional and global value chains to world trade. Equally commendable is the convening of the first G20 Trade and Investment Promotion Summit in November.

Despite positive responses by Trade Ministers¹⁵ and the Leaders Declaration's call on Ministers to deepen the discussions held in Puerto Vallarta, there has been no formal decision to hold additional G20 Trade Ministers meetings. This is unfortunate, as there are several trade-related issues that would benefit from an on-going dialogue between G20 Trade Ministers and business, including the impact of "made in the world" value chains on global trade and the links between trade, growth and jobs. Under the new working arrangements agreed at Los Cabos, only Sherpas can approve ministerials. Business therefore calls on the G20 Sherpas to use the Puerto Vallarta meeting as a precedent for institutionalizing a business-G20 dialogue on Trade and Investment, starting with holding a second G20 Trade Minister meeting during the Russian G20 presidency. Business also welcomes an opportunity to participate in a second summit of G20 trade and investment promotion agencies under Russia's Presidency of the G20 in 2013.

1e) Improve the international investment environment

Business has urged G20 Leaders to promote mutual understanding on the role of open cross-border investment as an essential contributor to growth, development and job creation. In particular, business has asked the G20 to avoid protectionist measures and to encourage a broad dialogue on issues such as dispute settlement in investment agreements and to move towards the establishment of a multilateral framework on investment.

Compared to previous Summits, the Los Cabos Leaders Declaration contained relatively strong statements on the importance of open investment. Referring to trade and investment issues, G20 Leaders in Los Cabos expressed "deep concern" about rising instances of protectionism and expressed their commitment for "open trade and investment, expanding markets and resisting protectionism in all

¹⁵Australian Minister for Trade C. Emerson: "On the question of ongoing meetings, based on the very positive tone of the discussion which has occurred already and the sense of purpose around the discussion, the case for ongoing meetings of the G20 Trade Ministers would be a strong one. But no decision has yet been made on that — but I can say that the atmosphere in the room has been pleasingly positive." http://trademinister.gov.au/transcripts/2012/ce_tr_120419.html

its forms, which are necessary conditions for sustained global economic recovery, jobs and development.” Leaders also recognized “the importance of investment for boosting economic growth” and committed “to maintaining a supportive business environment for investors.”

However, as with previous Summits, there was no mention of launching discussions on a multilateral framework on investment. Still, a number of reports prepared for the 2012 Los Cabos Summit contained policy recommendations on international investments. Delivering on a request from the G20 Leaders in Seoul, UNCTAD, ILO, UNDP, the World Bank and the OECD, prepared the report *Promoting responsible investment for sustainable development and job creation* for the Los Cabos Summit.¹⁶ The report contains policy recommendations on improving the business climate and the regulatory framework for foreign and domestic investment in developing countries. In the lead up to Los Cabos, several G20 countries also made structural policy commitments to reduce barriers to foreign ownership, investment and trade.¹⁷

“Growth through quality jobs and investment” is one of the three core priorities of the Russian G20 Presidency for the Saint Petersburg Summit in September 2013. The G20 Finance Ministers 5 November 2012 Communiqué acknowledged the “importance of long term financing, particularly for infrastructure investment, recognizing that work on this subject will foster an environment more conducive to long-term investment, effectively helping to boost jobs and growth”. Ministers asked the World Bank, IMF, OECD, FSB, UN and other relevant international organizations to undertake further diagnostic work to assess factors affecting long-term investment financing including its availability and looked forward to receiving this work in early 2013 to provide a sound basis for future G20 work. The role of investment and its relationship with trade was also emphasised at the G20 Trade and Investment Promotion Summit in Mexico City 5-6 November 2012. Held as part of a series of follow-up events to the Los Cabos Summit, the Summit brought together high-level representatives of trade promotion organizations and investment promotion agencies as well as business Leaders from G20 member countries to share perspectives and recommendations on practical approaches to facilitate cross-border trade and investment.

Leaders should broaden monitoring of changes in conditions for private investment to areas affecting all private investment and to improvements in order to stimulate further opening.

(Seoul G20 Business Summit)

Leaders should launch joint negotiations for a Framework agreement on investment.

(Cannes G20 Business Summit)

The G20 should reiterate its support for open cross-border investment as an essential contributor to growth, development and job creation.

(Los Cabos G20 Business Summit)

¹⁶Although the report was not mentioned in the Los Cabos Leaders Declaration, it was highlighted by the G20 Development Working Group’s (DWG) *Progress Report to the Leaders*: “Fostering private investment to create jobs requires an overall business climate and regulatory framework that is conducive to the attraction of foreign and domestic investment.” To this end, the DWG recognized “the value of making use of appropriate policy tools and instruments designed [by the IGOs] to help governments promote private investment and entrepreneurship, on a voluntary basis.”
¹⁷These include: Argentina, Canada, China, European Union, France, India, Indonesia, Japan, Mexico, and South Africa. See Pursuing Strong, Sustainable And Balanced Growth: A Note on implementation of G20 structural reform commitments, OECD, June 2012. www.oecd.org/dataoecd/21/41/50635983.pdf

G20 Score: Improve the international investment environment

FAIR

Score Criteria

Recognition	✓
Action	✓
Adequacy	✗

Business commends Leaders in Los Cabos for reiterating their strong support for open cross-border investment and emphasising its role in boosting economic growth, creating jobs and supporting development. Although there was no reference to moving towards a multilateral framework on investment, the delivery in Los Cabos of a report on responsible investment in developing countries helps highlight the importance of foreign and domestic investments in these countries. Business is particularly pleased that the B20 recommendations provided the impetus for trade and investment promotion agencies, intergovernmental organizations and business to get together, resulting in the first G20 Trade and Investment Promotion Summit. The private sector looks forward to continuing this dialogue under the Russian Presidency and in the years to come.

Moving forward, Leaders should continue to explore the benefits of foreign direct investment by requesting organisations such as the OECD, UNCTAD and the WTO, to produce a study of existing investment practices in G20 countries and of the corollary economic impacts of such practices. The goal should be to identify the elements of a multilateral framework on investment. A starting point would be for the G20 to create a specific working group on investment to identify issues, impact, and key action areas, including improving the monitoring of conditions for investments so that restrictions or reviews are limited to well-defined concerns and are applied in a transparent and non-discriminatory manner – and not de facto disguised protectionism.

1f) Promote the positive impact of FDI

Despite recurring business calls for G20 Leaders to promote a better understanding of the positive impacts of foreign direct investment (FDI), the Los Cabos Declaration continued the unfortunate G20 Summit trend of not mentioning FDI specifically. A review of the official Los Cabos G20 documents indicates a similar deficiency. Beyond a policy commitment by India to “Improve environment for FDI”¹⁸ and a passing mention in the *G20 Agriculture Vice Ministers / Deputies Meeting Report*¹⁹, there have been no explicit mentions of FDI. While the report *Promoting responsible investment for sustainable development and job creation* (see 1.E) contains policy recommendations on foreign and domestic investment and several G20 countries have made structural policy commitments to reduce barriers to foreign ownership and investment, the G20 has to date not brought its collective voice to bear on FDI.

Build a better understanding of the positive impact of FDI; Ensure a clear and enforceable legal framework; aim for principle-based FDI regulation rather than detailed rules leading to simple compliance through box ticking.

(Seoul G20 Business Summit)

¹⁸See “Policy Commitments by G20 Members” annexed to the Los Cabos Declaration

¹⁹We call on “relevant IOs, private sector stakeholders, the B20, and farmers’ organizations to [share] best practices to increase foreign direct investment and R&D [to attract increased investment in the agri-food sector]”

G20 Score: Promote the positive impact of FDI

INADEQUATE

Score Criteria

Recognition



Action



Adequacy



Business is pleased that Leaders in Los Cabos committed to maintaining a supportive business environment for investors. However, the continued lack of any mention of FDI in the Leaders Declarations is disappointing.

Business continues to encourage G20 Leaders to build a better understanding of the positive impact of FDI. Local investment and FDI are not alternatives to each other; rather, they are complementary in a mutual partnership of cooperation and competition, with a key role for FDI in improving the growth impact of overall private investment. FDI flows foster a more efficient allocation of resources – capital, knowledge, and human – which in turn boosts research, innovation and transfer of new technologies and know-how globally.

More specifically, the increasing share of developing countries in both inflows-and outflows requires a new understanding of the role of FDI. G20 Leaders should encourage international organisations, such as UNCTAD, OECD, and the WTO to undertake studies to demonstrate more clearly how FDI contributes to prosperity for host and home countries alike, and how investment relates to trade and global value chains.

Chapter 2: Financing for Growth and Development

In response to the financial crisis, G20 Leaders have agreed on an ambitious reform agenda to make the financial system more resilient and better able to serve the needs of the real economy. Recognizing that finance is the oxygen of development, G20 Leaders have called on the Financial Stability Board (FSB) to ensure that agreed financial reforms are implemented in a uniform manner across all G20 countries and to monitor that new regulations do not have unintended effects on emerging and developing economies. Through the launch of the *Multi-Year Development Action Plan* (MYDAP) at the 2010 Seoul Summit, G20 Leaders have also called on International Organizations (IOs) and Multilateral Development Banks (MDBs) to explore ways to encourage private sector infrastructure investments (with the creation of a High Level Panel on Infrastructure Investment) and, through the establishment of the Global Partnership for Financial Inclusion (GPFI), improve access to financial services for the poor and to increase financing available to SMEs.

This section contains five aggregated business recommendations aimed at monitoring and improving Financing for Growth and Development.

The following table delineates key business recommendations on Financing for Growth and Development as they appeared in the compendiums of “B20” business recommendations prepared and presented to the G20 Business Summits in Seoul, Cannes and Los Cabos. Notably, for each of the three Summit cycles, recommendations were prepared by several unique task forces, featuring different Leaders, different priorities, and largely composed of different companies. Cumulatively, some 19 recommendations on Financing for Growth and Development were made. The table lists the most salient of these recommendations based on clarity, recurrence and whether they share enough similarities to warrant a collective assessment and score. These are grouped together as an aggregated recommendation, e.g., 2A, 2B, etc., and are listed in the left column. Notably, the aggregated recommendations serve as the subheadings for assessment and scoring through the rest of this chapter. Finally, the summary score is indicated in the right column.

Aggregated Recommendations	Business Recommendations	SEOUL	CANNES	LOS CABOS	Score
2a (Give trade finance favourable treatment under Basel III)	[G20 governments should] Give trade finance favourable treatment under the New Capital Framework, often referred to as Basel III.	X			GOOD
	Before any new regulatory changes are made, take stock of the current regulatory agenda and set up a structured roadmap for reform, considering the state of implementation and potential unintended consequences for trade finance and SME finance.		X		
	The FSB, IMF and World Bank [in their study commissioned by the G20 to consider the effect of regulatory reform on emerging markets] should focus on the unintended consequences of regulation affecting the capital and liquidity treatment of trade finance.			X	
2b (Increase SME Finance)	[The G20 should:] Provide incentives encouraging the financial sector to lend to SMEs	X			GOOD
	Encourage capital formation, including access to financial markets and venture capital, to enable SMEs to grow under the new conditions, and facilitate cross-border operations of venture capital investors in SMEs.		X		
	The G20 should support efforts by all countries to improve data on SME finance – in particular, bank access to credit data – to help banks reduce the cost and increase the availability of credit.			X	
2c (Improve financial education, protection and inclusion)	Improve financial education, protection and financial inclusion by addressing the issue of over-indebtedness and supporting national financial education platforms.			X	GOOD
2d (Mitigate risks associated with infrastructure investments)	Help to better quantify and reduce infrastructure project risk to fully utilize private funding and lower investment costs;	X			FAIR
	Create a taskforce to explore solutions to mitigate risks (country, currency, credit) associated with long-term infrastructure projects.	X			
2e (Create conditions for successful private-public partnerships)	Government and the private sector should cooperate to create alternative funding mechanisms to reduce the government’s need to invest in projects and make infrastructure more attractive to private investors.	X			FAIR
	Address the significant funding need, estimated at over \$600 billion annually, to build infrastructure. Private-public partnerships (PPPs) need to be encouraged with learnings from previous experiences incorporated in new PPPs, in order to mobilize funding to ensure completion of these important projects.		X		
Average Score for Financing for Growth and Development		GOOD (2.6)			

2a) Give trade finance favorable treatment under Basel III

Trade finance is critical for supporting global trade flows, which totalled around US\$18 trillion in 2011. Business has cautioned that the proposed changes in capital requirements under the Basel III capital framework could have a major impact on the ability of banks and credit insurers to support businesses trading globally, particularly in emerging markets. The 2012 ICC Trade Register data set strongly reinforces the hypothesis that trade finance transactions enjoy a lower than average likelihood of default. That is, in relation to comparable corporate default rates, the trade register data recorded a lower level of defaulted transactions. Recognizing the low-risk nature of trade finance—and after consultations with the World Bank, WTO and ICC—the Basel Committee on Banking Supervision (BCBS) decided in October 2011 to reduce overall capital requirements for certain types of trade finance exposure.

In response to a request by the G20's Finance Ministers in February 2012, the FSB (in coordination with the IMF and the World Bank) produced a report for the Los Cabos Summit on the extent to which the agreed financial regulatory reforms, including Basel III, may have unintended consequences for emerging market and developing economies (EMDEs).²⁰ Corroborating business' recommendation, the FSB's report recognised concerns that the 100% credit conversion factor applied to off-balance sheet items (including trade finance exposures) for Basel III leverage ratio purposes could have unintended consequences trade finance, thereby impairing banks' ability to provide affordable trade financing and having an adverse effect on overall trade activity.

The FSB report was highlighted in the Los Cabos Declaration, with Leaders supporting additional monitoring by the FSB and continued dialogue on how to address material unintended consequences of agreed financial reforms. This was further echoed by the Finance Ministers and Central Bank Governors in their 5 November 2012 Communiqué: "We expect the FSB to continue monitoring, analyzing and reporting on the unintended consequences of regulatory reforms on EMDEs".

On 7 January 2013, the BCBS decided to relax the guidelines on the composition of the liquidity coverage ratio (LCR) in Basel III by relaxing the outflow assumptions for a number of bank liabilities, including those arising from trade finance.

[G20 governments should] give trade finance favourable treatment under the New Capital Framework, often referred to as Basel III.

(Seoul G20 Business Summit)

The FSB, IMF and World Bank, in their study commissioned by the G20, should consider the effect of regulation on the provision of trade finance

(Los Cabos G20 Business Summit)

²⁰Identifying the Effects of Regulatory Reforms on Emerging Market and Developing Economies: A Review of Potential Unintended Consequences.

G20 Score: Give trade finance favourable treatment under Basel III

GOOD

Score Criteria

Recognition	✓
Action	✓
Adequacy	✓

Trade finance is one of the safest forms of finance – with relatively low levels of defaults and short tenors – and has the advantage of promoting increased trade flows and development. And as much as 80-90% of world trade relies on some form of trade finance, such as trade credit and insurance / guarantees. The G20 is therefore highly commended for recognizing business' recommendation to give trade finance favorable treatment under the Basel III Framework. The request (and delivery) of the FSB study and the Los Cabos Declarations' support for additional FSB monitoring indicates a continued commitment by the G20 to monitor and mitigate any unintended consequences of the Basel III framework on trade finance.

While recent changes to the LCR are good news for trade finance, concerns remain around the Basel III's leverage and capital requirements. Business encourages the G20 to continue to recognise trade finance as a particular class that should not be treated in 100% way under the leverage ratio.

2b) Increase SME finance

Through the creation of the Global Partnership for Financial Inclusion (GPFI) in 2010, the G20 has recognized at the highest level the importance of supporting financial inclusion and sought to transform ideas into action in order to achieve the vision of universal access to, and usage of, financial services.

The GPFI's SME Finance Sub-Group continued to identify and scale up successful models of SME financing under the Mexican G20 Presidency. Notably, in 2012 the Sub-Group:

- Continued to support and mobilize resources for the *SME Finance Challenge*²¹ and *SME Finance Framework*.²² In addition to the SME Finance Innovation Fund grants, a total of \$75 million have been committed as equity, loans, guarantees and technical assistance to the SME Finance Challenge winners, with another US\$123 million anticipated being committed during 2012.
- Launched the *SME Finance Initiative* as a catalytic investment and technical assistance platform. The initiative's first phase will cover Sub-Saharan Africa and South Asia, and will provide (1) advisory services for banks targeting SMEs, and for the development of financial infrastructure, and (2) an Investment Facility to provide financing to banks to help them mitigate the risks of moving into more challenging, under-served SME markets.

[The G20 should:] Provide incentives encouraging the financial sector to lend to SMEs; improve awareness of the range of financing options available for SMEs.

(Seoul G20 Business Summit)

The G20 should support efforts by all countries to increase SME finance through better provision of data on SME credit-risk guarantee programmes and a unified national agency that promotes this segment.

(Los Cabos G20 Business Summit)

²¹In 2010, the G20 launched the *G20 SME Finance Challenge* as a call to the private sector to put forward its best proposals for how public finance can maximize the deployment of private finance on a sustainable and scalable basis. The Challenge received 356 entries by its close in early September 2010. Fourteen winners were chosen by a panel of 5 independent and 3 G20 judges.

²²Later in 2010, the G20 constructed a flexible SME Finance Framework to mobilize grant, risk capital and private financing by using existing funding mechanisms and the new SME Finance Innovation Fund to finance the winning proposals and other successful SME financing models.

- Together with the International Finance Corporation (IFC), the Sub-Group prepared a comprehensive Stocktaking Report of Innovative and scalable Agrifinance models to finance agricultural SMEs and SME farmers, as well as risk mitigation mechanisms and distribution channels to overcome rural finance challenges.
- Launched the *SME Finance Forum* in April 2012 (www.smefinanceforum.org). The Forum, managed by IFC, is a collaborative knowledge sharing platform for data, research and best practices for SME finance. It promotes the dissemination of good practice guidance to agencies, donors and regional networks to improve the effectiveness of the industry.

G20 Leaders have highlighted the Sub-Group's work. The Los Cabos Declaration welcomed the launch of the *SME Finance Compact*²³ to "support developing innovative models and approaches to address the specific access to finance challenges and constraints faced by developing countries with regards to SME finance." The work done by GPFI to continue improving SME finance was also commended by the G20 Finance Ministers in their 5 November 2012 Communiqué.

G20 Score: Increase SME finance	
GOOD	
Score Criteria	
Recognition	✓
Action	✓
Adequacy	✓
<p>SME access to finance lies at the heart of the G20's Financial Inclusion agenda and the work done by the GPFI Sub-Group on SME Finance has been extensive. Although it is difficult to measure tangible progress, the numerous reports and initiatives – particularly the launch of the SME Finance Forum and the SME Finance Initiative – continue to educate and help increase SMEs access to finance. By creating these types of forums, the G20 and GPFI are able to collect and disseminate knowledge gathered globally.</p> <p>As an example, the IFC published in December 2012 the second edition of the <i>Credit Reporting Knowledge Guide</i> on the SME Finance Forum's web portal. The report includes the first universal set of standards for credit reporting for micro, small, and medium enterprises, and highlights the role that credit reporting plays in the evolving global landscape of responsible lending. The report corroborates and supports business' position that the creation of credit bureaus and the expansion of their data are essential steps in the development of effective credit markets and will help to reduce the risks to the financial system. A key problem for SME finance is that insufficient data are available to evaluate credit risk, despite the fact that SMEs employ around 75% of employees globally and contribute between 30 and 60% of world GDP and 45% of net new wealth.</p> <p>Business praises the GPFI for its efforts and now looks to G20 Leaders to take concrete steps, including by establishing or strengthening credit bureaus, developing partial-guarantee schemes for SME finance and ensuring that all financial institutions are reporting client data to the credit bureaus in G20 countries and beyond.</p>	

²³The *SME Finance Compact* is an initiative to support a pilot set of developing countries committed to implementing the SME Finance Policy Framework.

2c) Improve financial education, protection and inclusion

Finance is the oxygen of economic growth, yet 2.7 billion adults in developing countries do not have access to basic financial services, including access to bank accounts, loans, insurance, payment systems, pension plans and remittance facilities. The business community and governments have a shared agenda to foster growth that promotes jobs and development and financial institutions have a role to play in helping to support more comprehensive access to finance. However, governments have to develop the necessary frameworks to achieve this.

Recognising the need for action, the G20 has taken several steps to address the financially excluded, including the establishment of the GPFI with a focus on improving the quality of measurement and data on financial inclusion of individuals, households and SMEs, as well as promoting a shared vision of universal access to financial services.

Financial education, protection and inclusion issues need to be addressed by G20 Leaders.

(Los Cabos G20 Business Summit)

Leaders at the G20 Los Cabos Summit welcomed the progress made by the GPFI on implementing the five recommendations set out in its 2011 report and called on the GPFI to continue working towards their full implementation. Leaders endorsed the GPFI-developed Basic Set of Financial Inclusion Indicators aimed at improving the quantity and quality of data on financial inclusion and welcomed the launch of several GPFI initiatives to support developing innovative models and approaches to SME finance.

Highlighting the importance of financial education, Leaders supported efforts to establish a fourth GPFI Sub-Group focused on consumer protection and financial literacy issues and acknowledged efforts by G20 and non-G20 countries to create the *G20 Financial Inclusion Peer Learning Program*. The Programme is envisaged as a process for countries to share their experience of establishing national coordination mechanisms and create a high-level coordination platform for stimulating financial inclusion actions.

In addition, Leaders endorsed the OECD/International Network on Financial Education (INFE) *High Level Principles on National Strategies for Financial Education* and called on the OECD/INFE and the World Bank in cooperation with the GPFI to deliver further tools to promote financial education, with a special focus on barriers for women and youth. A progress report is expected by the Saint Petersburg Summit in 2013. The G20 also endorsed an Action Plan presented by the G20/OECD Task Force on Financial Consumer Protection to develop effective approaches to support the implementation of the *High Level Principles on Financial Consumer Protection*.

Additional developments in 2012 include the first annual GPFI Conference on Standard-Setting Bodies (SSBs) and Financial Inclusion, "Promoting Financial Inclusion Through Proportionate Standards and Guidance". The event, held on 29 October 2012, was hosted by the Financial Stability Institute of the Bank for International Settlements (BIS) and included participants from both G20 and non-G20 countries as well as representatives from five global standard-setting bodies: the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF), the Committee on Payment and Settlement Systems (CPSS), the International Association of Deposit Insurers (IADI) and the International Association of Insurance Supervisors (IAIS). G20 Finance Ministers welcomed the conference in their 5 November communiqué as a "substantial demonstration of growing commitment among (SSBs) to provide guidance and to engage with the GPFI to explore the linkages among financial inclusion, financial stability, financial integrity and financial consumer protection".

G20 Score: Improve financial education, protection and inclusion

GOOD

Score Criteria

Recognition	✓
Action	✓
Adequacy	✓

Effective financial education helps consumers to better engage with (and benefit from) financial products and services. This includes strengthening financial literacy and consumer protection of individuals and SMEs. Increased financial education will permit financial institutions to provide financial services and products at scale, allowing banks to deliver services more cheaply and to deliver them to a wider range of customers. The Los Cabos Summit continued the positive trajectory from previous Summits, drawing on GPFI propositions and launching several new initiatives. Business commends G20 Leaders for steps taken in 2012. The *G20 Financial Inclusion Peer Learning Program*, born by strong leadership of the Mexican Presidency, and explicit support by G20 Leaders for the *OECD/INFE High Level Principles* will ensure a continued dialogue on the importance of financial education, protection and inclusion. Business also commends the G20 Russian Presidency for carrying forward this work and convening a Seminar on Financial Literacy and Financial Education in April 2013 in Washington DC.

Business encourages the G20 to continue its efforts. In particular, business urges Leaders to give more attention to the issue of over-indebtedness. There needs to be the right infrastructure, including credit bureaus, so financial institutions can contribute to limiting the over-indebtedness of their customers, by conducting rigorous risk analysis when providing credit. Business has also called G20 Leaders to support the creation of comprehensive national financial education platforms (coordinated across the private and non-profit sector) to develop consumer knowledge and skills so they can more effectively use financial products and services.

2d) Mitigate risks associated with infrastructure investments

Acknowledging the critical role of infrastructure for growth and development, G20 Leaders at the 2010 Seoul Summit established a High-Level Panel (HLP) on Infrastructure Investment to work with Multilateral Development Banks (MDBs) to identify how to foster infrastructure investment in the developing world, with a focus on low-income countries (LICs). The *HLP Final Report* and the *MDB Infrastructure Action Plan* – presented to Leaders at the 2011 Cannes summit – included discussions on how to manage project risks and the importance of risk mitigation to make infrastructure investments attractive to potential private sector investors. In particular, the HLP Report urged MDBs to take stock of the suite of risk mitigation products that they currently offer and identify new innovative approaches and solutions.

Help to better quantify and reduce infrastructure project risk;

Create a taskforce to explore solutions to mitigate risks (country, currency, credit) associated with long-term infrastructure projects.

(Seoul G20 Business Summit)

Building on the HLP's assessment that the actual risk of infrastructure projects in LICs and Middle Income Countries (MICs) is frequently lower than the perception amongst investors, the G20 requested that Roland Berger Strategy Consultants (RBSC) prepare a report on the risks of infrastructure investments. The report, *Misperception of Risk and Return in Low Income Countries*, was presented to Leaders at the 2012 Los Cabos Summit. Showcasing successful projects and identifying good practices, the report provided evidence that infrastructure investments are safer than what is commonly perceived. However, due to lack of information and risk misperception, the report concluded that many investors still consider LICs and Lower MICs to be unsafe places for investment. To address this, the report called on financial institutions to expand their existing financing tools to share and mitigate risk whereas MDBs should "evolve from a 'lending' culture to an 'enabling' culture by giving comfort to the private sector and assisting it with their accumulated expertise in the field".

The Los Cabos Leaders' Declaration highlighted and welcomed the RBSC report. In addition, the G20 Development Working Group's *2012 Progress Report* noted that the report "demonstrates the value of the G20's continued direct engagement with the private sector to better understand the constraints it faces in financing infrastructure" and encouraged the B20 to "disseminate the report among its members and give due consideration to its findings".

The issue of long term financing for infrastructure investments was one of the key topics discussed by the G20's Finance ministers at their November 2012 meeting, and work has continued under the Russian Presidency. At their February 2013 meeting, Finance Ministers reviewed a World Bank report entitled *Long-Term Investment Financing for Growth and Development* and established a Study Group on Financing for Investment. The group will explore how certain sources of long-term financing, including local currency bond markets, domestic capital markets, and institutional investors, could play a larger role in support of investment, including infrastructure. "Financing for Investment" has been selected by the Russian G20 Presidency as one of the priority topics for the Saint Petersburg Summit in September 2013.

G20 Score: Mitigate risks associated with infrastructure investments

FAIR

Score Criteria

Recognition	✓
Action	✓
Adequacy	✗

Business commends the G20 for focusing on new ways to encourage infrastructure investments. The creation of the HLP in Seoul helped spawn the *MDB Infrastructure Action Plan* as well as facilitate a broader private-public dialogue on the challenges and opportunities for private sector investments. The perception of risk is key to private sectors willingness to provide capital and invest in long-term infrastructure projects. A better risk perception means lower hedging costs. Business therefore welcomes discussions within the HLP and MDBs on how to measure and mitigate risk. However there is a need increase the number and, more importantly, the bankability of infrastructure projects.

Business supports the need to build and strengthen MDB-private sector's dialogue to meet the challenges identified by the G20 and the HLP. In particular there should be more communication and awareness raising activities on project preparation for infrastructure, as well as engaging and educating long-term investors on infrastructure investment risk profiles.

2e) Create conditions for successful private-public partnerships (PPPs)

The need for investments in infrastructure is enormous: the OECD estimates global infrastructure requirements until 2030 to be in the order of US\$50 trillion. To address this investment gap, governments need to move beyond traditional sources of public finance and encourage convergence of public and private sector activity.

Starting with the *Multi-Year Development Action Plan* (MYDAP) and creation of the HLP on Infrastructure Investments at the 2010 Seoul Summit, Leaders have called on International Organisations and Multilateral Development Banks (MDBs) to explore new ways to leverage private sector infrastructure investment. In particular, the G20 has pledged to address key constraints on regional projects and private-public partnerships (PPPs) for regional infrastructure projects in low-income environments.

As a result, Leaders have requested - and received - several reports that discuss ways to improve the PPP environment, including the HLP's *Final Report*, the MDBs' *Infrastructure Action Plan* and the RBSC report *Misperception of Risk and Return in Low Income Countries*.

Leaders at the Los Cabos Summit reaffirmed that public financing of infrastructure development projects should be complemented by private sector investment and welcomed the strong progress made in implementing the recommendations in the MDBs' *Action Plan* and the HLP's *Final Report*. Some of the key steps taken include:

- Expanding Technical Assistance through expanded PPP practitioners' networks;
- Increasing incentives for MDB staff to engage in PPP transactions and regional projects;
- Improving Procurement Practices to bring greater flexibility in PPP procurement.

Looking ahead, Leaders called on their Finance Ministers to consider ways in which the G20 can foster investment in infrastructure and ensure the availability of sufficient funding for infrastructure projects, including MDBs financing and technical support.

To meet this challenge, the ICC has been working with the Asian Development Bank (ADB) to foster a structured framework, initially via the creation of an Infrastructure Working Group (IWG), for effective public-private high-level dialogue (aimed at the G20 process) to improve the preparation and delivery of infrastructure PPPs.

Government and the private sector should cooperate to create alternative funding mechanisms to reduce the government's need to invest in projects and make infrastructure more attractive to private investors.

(Seoul G20 Business Summit)

Private-public partnerships (PPPs) need to be encouraged to meet the biggest social and economic challenges, including a \$600 billion a year infrastructure investment gap.

Make infrastructure a strong enabler for development by creating conditions for successful PPP projects.

(Cannes G20 Business Summit)

G20 Score: Create conditions for successful private-public partnerships (PPPs)

FAIR

Score Criteria

Recognition



Action



Adequacy



According to the World Bank, between 75% and 80% of infrastructure projects worldwide are run by the state. Business believes that successful public-private partnerships supported by government initiatives and MDBs can encourage additional private capital investment in infrastructure. Business welcomes the G20's continued focus on exploring new ways to leverage private sector investments through PPPs. Proper implementation of the recommendations put forward in the HLP's report and the MDBs' Action Plan will help PPPs play an important role in addressing infrastructure and other basic service gaps.

A key constraint in increasing private participation in infrastructure in low-income countries lies with the lack of bankable projects and limited PPP expertise in local governments and MDBs. The concept of consistency and standards is key for infrastructure investments seeking private participation, from their planning and preparation to their investment by private investors. There is a need for comprehensive project preparation across all regions, sectors, as well as throughout the different phases of the project cycle (from prefeasibility to financing) but not necessarily via one detailed standardized model. Sectors and legal country frameworks are different, but lowest common principles can promote consistency and standardization. Business encourages the G20 to provide an impetus and support for the creation of permanent public-private dialogue, based on project preparation, to increase bankable infrastructure projects.

Chapter 3: Energy and Environment

Starting with the inaugural G20 Summit in Washington in 2008, Energy and Environment issues have been recurring items on the G20's agenda. Prior to the Mexican G20 Presidency, work on the G20's Energy and Environment agenda was pursued in a number of different working groups. However, under the Mexican Presidency, a single Energy and Commodity Markets Working Group (ECMWG) was established within the G20's "Finance Track" to consolidate work and ensure that elements of the commodities and energy work across different G20 agendas are fully aligned and avoid duplication.²⁴ Identifying the need for stronger engagement and cooperation to fight climate change, Leaders in Los Cabos also established a Study group on Climate Finance (CFSG) in the G20's "Finance Track" with the objective of discussing ways to effectively mobilize resources for climate finance taking into the objectives, provisions and principles of the United Nations Framework Convention on Climate Change (UNFCCC).

This section contains four aggregated business recommendation oriented at increasing the development of energy efficiency innovations and alternative energy sources, creating new business opportunities and green jobs.

The following table delineates key business recommendations on Energy and Environment issues as they appeared in the compendiums of "B20" business recommendations prepared and presented to the G20 Business Summits in Seoul, Cannes and Los Cabos. Notably, for each of the three Summit cycles, recommendations were prepared by several unique task forces, featuring different Leaders, different priorities, and largely composed of different companies. Cumulatively, some 47 recommendations on Energy and Environment issues were made. The table lists the most salient of these recommendations based on clarity, recurrence and whether they share enough similarities to warrant a collective assessment and score. These are grouped together under as an aggregated recommendation, e.g., 3A, 3B, etc., and are listed in the left column. Notably, the aggregated recommendations serve as the subheadings for assessment and scoring through the rest of this chapter. Finally, the summary score is indicated in the right column.

²⁴Under the Russian G20 Presidency energy and commodity issues are organised under the "G20 Energy Sustainability Working Group" which is established under the G20's "Sherpa's Track".

Aggregated Recommendations	Business Recommendations	SEOUL	CANNES	LOS CABOS	Score
3a (Phase out fossil fuel subsidies)	The G20 should end fossil fuel subsidies.		X		FAIR
	End inefficient fossil fuel subsidies and redirect a portion of them to support energy access and other public priorities.			X	
3b (Scale up energy-efficiency & low-carbon innovation)	Improve energy efficiency for buildings, industry and transport through targeted incentives, energy-efficiency standards and publicly funded incentives for green investments. G20 members should also accelerate uptake of renewable and other low-carbon energies.	X			GOOD
	Dramatically scale up support for green technology development and innovation (finance for R&D and scale-up of clean energy, transport and sustainable, high-productivity agriculture).		X		
	Develop incentives to encourage deployment of energy efficiency.		X		
	Accelerate low-carbon innovation through energy efficiency. Support a concerted, consistent drive for energy efficiency across G20 countries to deliver the full strategic, financial, social and environmental benefits of energy efficiency.			X	
3c (Eliminate barriers to trade in environmental goods and services)	Promote free trade in environmental goods and services by eliminating tariff and non-tariff barriers, which will accelerate diffusion of green technologies, lower prices, encourage competition, and result in faster job creation.	X			POOR
	Allow free trade in environmental goods and services.		X		
	Support free trade negotiations for green goods and services.			X	
3d (Achieve market-based carbon pricing)	Pursue market-based carbon pricing to incentivize investment on the scale necessary to shift to renewable and low-carbon energy sources.	X			POOR
	Achieve a robust price on carbon and enhance flexible offset mechanisms.		X		
	Achieve robust pricing of carbon that is high and stable enough to change behaviours and investment decisions.			X	
Overall Score for Energy and Environment		FAIR (1.8)			

3a) Phase out fossil fuel subsidies

At the 2009 Pittsburgh Summit, G20 Leaders committed to “rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption.” Starting with the 2010 Seoul G20 Business Summit, the private sector has continuously called on the G20 to follow through on its pledge and commit to specific targets for completion.

End fossil fuel subsidies.

(Cannes G20 Business Summit)

End inefficient fossil fuel subsidies and redirect a portion of them to support energy access and other public priorities

(Los Cabos G20 Business Summit)

Leaders in Los Cabos reaffirmed the Pittsburgh commitment, albeit without any specific deadline beyond “over the medium term”. The G20 Working Group on Energy and Commodity Markets (WECM) – responsible for monitoring the G20’s subsidies commitment – presented Leaders in Los Cabos with a report outlining steps taken by G20 members under the first half of 2012. The report noted that, as with previous years, all G20 members had submitted country reports on their progress in phasing out subsidies, with eleven respondents indicating that they do not have fossil fuel subsidies that fall within the scope of the commitment. Among those countries that did indicate having subsidies, the report concluded that “notable progress has been made by some G-20 members in implementing strategies to phase out fossil fuel subsidies, but in many cases much work remains to be done.” The WECM report also included ideas being floated on possible next steps, including undertaking a peer review process of members’ progress; engaging with other groups making similar fossil fuel subsidies commitments; and to further define fossil fuel subsidies and the way to calculate them in order to standardize reporting from G20 countries.

Echoing these discussions, the Los Cabos Leaders Declaration mandated the G20 Finance Ministers to “explore options for a voluntary peer review process for G20 members by their next meeting” and welcomed “a dialogue on fossil fuel subsidies with other groups already engaged in this work”. Leaders asked their Finance Ministers to report back at the Russian Summit on progress made.

The WECM presented the G20 Finance Ministers in November 2012 with four options for the voluntary peer review process, as well as a potential timeline for its implementation. According to the WECM report, the Voluntary Peer Review could take one of the following forms:

- *Option 1: Country Only Voluntary Peer Review:* Groups of 2-4 countries agree to work with each other to review each others’ phase out progress;
- *Option 2: Third Party Voluntary Peer Review:* A group of third party experts (drawn from think tanks, academia, international organizations, etc.) to work with individual or groups of countries to review countries’ phase out progress;
- *Option 3: Hybrid Voluntary Peer Review (Country and Third Party Participation):* Groups of 2-4 countries agree to work with each other and could also, at their discretion, invite third party experts to join them to review each others’ phase out progress;
- *Option 4: No Voluntary Peer Review Process:* The G20 would not take up a Voluntary Peer Review Process at this time.

The WECM report noted that options 1 and 3 received most support by G20 members, while option 4 was explicitly included on the request of two members (the report did not specify who). The proposed timeline indicated that the guidelines/terms of reference would be completed in January-February 2013, with peer reviews beginning in Spring 2013 and the delivery of a progress report at the 2013 G20 Summit in Saint Petersburg.

G20 Score: Phase out fossil fuel subsidies

FAIR

Score Criteria

Recognition	✓
Action	✓
Adequacy	✗

A reduction of fossil fuel subsidies would reduce public spending and spur the development of low-carbon innovations and alternative energy sources, creating new business opportunities and green jobs. Business is encouraged by the G20's suggestion of a voluntary peer review process and an increased dialogue process with other relevant groups, such as the Asia Pacific Economic Forum (APEC) and the Friends of Fossil Fuel Subsidies Reform group. These interactions will help promote the exchange of best practices and help encourage further implementation.

Still, concerns remain on the absence of consistent and comparable data on the full range of Member's subsidies. Notably, while the idea of peer reviews and an increased dialogue process made its way from the WECM report into the Summit Declaration, the discussion to further "define fossil fuel subsidies and the way to calculate them in order to standardize reporting from G20 countries" was nowhere to be found. This omission is telling and highlights one of the G20 commitment's principal limitations: as long as there is no standard definition of what fossil fuel subsidies are – and how to identify those that are "inefficient" – there can be no accountability, transparency or effective peer review process. Business therefore calls on the G20 Finance Ministers to create a clear and consistent definition of "inefficient fossil fuel subsidies that encourage wasteful consumption". Once established, Leaders should task the OECD and the International Energy Agency (IEA) to act as an international clearinghouse for data collection and diffusion. This would facilitate the peer review process by ensuring the availability of internationally consistent and comparable data.

3b) Scale up energy-efficiency & low-carbon innovation

Inclusive Green Growth (IGG) was a priority issue for the Mexican G20 Presidency. Leaders in Los Cabos welcomed several reports by international organizations on IGG, including the OECD, UN and World Bank report *Incorporating green growth and sustainable development policies into structural reform agendas*. The report, which was prepared in response to the request from G20 Finance Ministers and Central Bank Governors, contains several examples of members' activities in creating environmental standards, programmes and benchmarking efforts. For example:

- Most G20 countries have emission standards for vehicles. The EU, for example, has set emission standards for vehicles, which are binding for member countries, and Canada harmonises emission standards for vehicles with the United States. Several G20 members use labelling to inform consumers about the energy efficiency of buildings, appliances and other products (e.g. in Russia, energy efficiency labelling is mandatory for buildings and appliances).

Develop incentives to encourage deployment of energy efficiency.

(Cannes G20 Business Summit)

Accelerate Low-carbon Innovation through Energy Efficiency

(Los Cabos G20 Business Summit)

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- A number of G20 countries, including Canada, Brazil, Italy, Japan, Korea, China and a number of European countries, have implemented green public procurement policies at the national or sub-national level, ensuring that environmental performance criteria are given due consideration in the public procurement process. Some G20 governments have decided to lead by example and have imposed energy, water and waste reduction targets on the government and its agencies (e.g. the U.S.'s sustainability/energy scorecards for federal departments and agencies and Russia's reporting rules based on energy audits for public enterprises and regions).

Recognising previous efforts by G20 members to self-report on actions taken to integrate green growth and sustainable development into structural reform agendas, Leaders in Los Cabos pledged to self-report again in 2013, on a voluntary basis, and asked appropriate officials to report back on countries' efforts and progress.

The G20 has also encouraged the deployment of clean energy and energy efficiency (C3E) technologies, which will help reduce global carbon output, while at the same time supporting "green" innovation and job creation. Consistent with a 2011 Cannes Summit mandate, the G20's C3E Experts Group, under the auspices of the Mexican G20 Presidency and the Co-Chairmanship of Brazil and the Kingdom of Saudi Arabia, produced the *Clean Energy and Energy Efficiency Technologies in G20 Countries Report* for the Los Cabos Summit.²⁵ The report reviews the current situation of C3E technologies in G20 countries and provides an overview of countries' practices, covering both clean energy technologies and energy efficiency technologies. Significantly, the report found a dramatic increase in both investment and deployment of renewable energy:

- The clean energy sector increased 30% from 2009 to achieve a record \$243 billion worth of finance and investment in 2010;
- More than 90% of all clean energy investments were directed to companies and projects in the G20; and
- Excluding research and development funding, clean energy finance and investment in the G20 countries totalled \$198 billion, 33% more than was invested in 2009.

²⁵In order to comply with the Cannes mandate, the Mexican Presidency decided to incorporate the Clean Energy and Energy Efficiency Expert Group (C3E), created in 2010, into the whole energy sector discussion (Energy and Commodity Markets Working Group), as part of the Energy and Growth Subgroup led by the Finance Ministers.

G20 Score: Scale up energy-efficiency & low-carbon innovation

GOOD

Score Criteria

Recognition	✓
Action	✓
Adequacy	✓

The Los Cabos Summit continued the G20's already impressive focus on green growth. Several international organisation reports requested by the G20 illustrate members' progress in enacting environmental policies and standards. The Los Cabos commitment to self-report on green growth developments in 2013 is particularly commendable because it ensures continued emphasis on environmental monitoring within the G20. Business is also pleased that the G20 has continued to support energy efficiency and low-carbon innovation strategies. The C3E Experts Group's Report is a necessary first step to support clean energy and energy efficiency technologies. Its compilation of the current technologies in G20 countries will allow for sharing of best practices and help foster a continued C3E dialogue, both within and outside of the G20.

Moving forward, Leaders should consider establishing clear, stable C3E standards and policies across G20 countries. These standards should be regularly reviewed and updated to ensure compatibility between national approaches, allowing business to compete globally on equal terms. This is particularly important for sectors that may not be easily responsive to pricing signals. Increased energy efficiency across buildings, industry and residential sectors alone could cut a country's energy use by 15% to 25%. Leaders should also consider earmarking some of the revenues from carbon pricing measures to increase support for research, development, demonstration and pre-commercial deployment of low-carbon technologies to accelerate their transition to competitiveness.

3c) Eliminate barriers to trade in environmental goods and services

Business believes that trade-enhancing solutions are an important tool in addressing global environmental challenges. By reducing tariffs on environmental goods and services, business and citizens will have better access to new environmental technologies, which in turn will facilitate the deployment and use of green goods and services.

In Cannes, the G20 committed to "avoiding protectionism" and to pursuing in 2012 fresh, credible approaches to furthering trade negotiations, including the Doha Development Agenda. Building upon these commitments, the Los Cabos Declaration introduced a statement that "Inclusive green growth should not be used to introduce protectionist measures". The inclusion is somewhat vague as to its purpose and intent. Although not a commitment to reduce trade barriers in environmental goods, the statement does seem to address concerns that countries may disguise eco-protectionist measures under pretence of green growth.

Promote free trade in environmental goods and services by eliminating tariff and non-tariff barriers.

(Seoul G20 Business Summit)

Allow free trade in environmental goods and services.

(Cannes G20 Business Summit)

Support free trade negotiations for green goods and services.

(Los Cabos G20 Business Summit)

G20 Score: Eliminate barriers to trade in environmental goods and services

POOR

Score Criteria

Recognition	✓
Action	✗
Adequacy	✗

Although perhaps not sufficiently precise, the assertion in the Los Cabos Leaders Declaration that inclusive green growth should not be used to introduce protectionist measures indicates that Leaders have taken notice of the important linkages between trade and environment issues. A first step to promote free trade in environmental goods is to ensure that protectionist interests do not capture the green growth policy agenda.²⁶

Still, business urges the G20 to take more decisive action. Specifically, the G20 should push for progress on liberalizing trade in environmental products and services with likeminded countries that aim to eliminate tariffs, local content requirements and other non-tariff barriers, and to coordinate industrial and technical standards. Initially, negotiations could focus on defining a list of goods/services to be included and key barriers facing trade in these products. The G20 should take inspiration from APEC's November 2011 statement "Promoting Green Growth", which commits APEC members to reduce their applied tariff rates to 5% or less on environmental goods by the end of 2015, and to eliminate "non-tariff barriers, including local content requirements that distort environmental goods and services trade" (nine G20 countries also belong to APEC). A similar commitment by the G20 would help accelerate diffusion of green innovation, generating new green jobs and economic growth.

3d) Pursue market-based carbon pricing

The Los Cabos Leaders Declaration did not include any references to market-based carbon pricing. Furthermore, in the *Policy Commitments by G20 Members* document (annexed to the Los Cabos Leaders Declaration), only one G20 member – Australia – indicated that it was actively pursuing a carbon-pricing scheme. To its credit, the Los Cabos Leaders Declaration highlighted the C3E Experts Group's report on clean energy and energy efficiency technologies. This report also included some references to carbon pricing, including members' Carbon Capture and Storage (CCS) projects, EU's *Emission Trading System* and the *Australian Clean Energy Future Plan*.

Encouragingly, the November *Progress Report* by the G20 Study Group On Climate Finance (CFSG) contained a discussion on carbon pricing instruments. In particular, G20 members involved in such policies (e.g. Australia, the EU, and Korea) presented their national experience in developing and implementing them. Moreover, linkages between carbon markets (such as between Australia, New Zealand and the EU) are being developed in order to increase the overall efficiency of such instruments. The Report noted that there was no common position on carbon pricing among member countries. While it was recognized by some as a useful tool to reduce emissions and could generate revenues, other members pointed out

Pursue market-based carbon pricing to incentivize investment on the scale necessary to shift to renewable and low-carbon energy source

(Seoul G20 Business Summit)

Achieve robust pricing of carbon that is high and stable enough to change behaviours and investment decisions

(Los Cabos G20 Business Summit)

²⁶In this regard, it can be noted that the UN, OECD and World Bank have not found any significant examples of green protectionism, although noted that continued vigilance is important. See the Los Cabos report *Incorporating Green Growth and Sustainable Development Policies into Structural Reform Agendas* (UN, OECD and World Bank).

the adverse effects of carbon tax. Furthermore, the Report indicated that – although discussed – there was no consensus on the need for global carbon-pricing mechanisms on international shipping and aviation sectors. In addition to this, the issue of carbon-markets, and the off-set mechanisms associated with them, were discussed, however without members reaching any particular conclusions or agreeing on any strategies.

Although individual country actions are not considered for the score, the Australian Clean Energy Future Plan deserves a notable mentioning. The plan implements a carbon price mechanism, which from 1 July 2012, will begin with a fixed price of AUD 23 per tonne and increase by 2.5% a year in real terms, before transitioning to a fully flexible cap-and-trade emissions trading scheme from 1 July 2015.

G20 Score: Pursue market-based carbon pricing

POOR

Score Criteria

Recognition 

Action 

Adequacy 

Clear and comprehensive carbon pricing policies, supported by ambitious emissions targets, provide business with an incentive to use all options to cut carbon emissions across the economy, including shifting to low-carbon power generation, encouraging efficient energy use (including transport) and stimulating innovation for “green” technologies. The lack of clear support for market-based carbon pricing in the Los Cabos Leaders Declaration is unfortunate and business believes that this was a missed opportunity. Although the G20 Study Group On Climate Finance *Progress Report* illustrates that discussions and sharing of experiences on carbon pricing are being held at G20 level, the report also illustrates how divided G20 members are on this issue. A common G20 position on carbon pricing seems unlikely, at least in the near future.

A long-term, credible and predictable price for carbon is essential for investor confidence, providing the certainty required for business to invest in new clean technologies and renewable energy. To quote the IFC Climate Business Group June Report: “Many authorities agree the most important market failure in most of the world today is the lack of climate policies to provide a clear signal on pricing carbon emissions.” Business calls on the G20 Finance Ministers to explore, together with business and international organizations, pilot programmes to test the viability of New Market Mechanisms (NMMs), including through platforms such as the Partnership for Market Readiness (PMR). Ministers could create demand for emission reductions by making credits from NMMs eligible in current and upcoming emissions trading systems, notably in EU and other G20 countries (including PMR implementing countries).

In Saint Petersburg, the G20 should actively pursue market-based instruments and fiscal policies for carbon pricing to incentivize investment on the scale necessary to shift to renewable and clean energy sources. In particular, Leaders should consider progressively including sectors not yet covered, such as shipping and aviation. Ultimately, the G20 should work towards establishing a flexible global framework for carbon markets, with countries or sectors having the option to link their approaches and use standardized methodologies to measure, verify and report emissions reductions.

Chapter 4: 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 as a core item of their work programme. The G20 first addressed Anti-Corruption at the 2009 Pittsburgh Summit, calling 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)”. The 2010 Seoul Summit saw the development of the *G20 Anti-Corruption Action Plan* and the creation of the G20 Anti-Corruption Working Group (ACWG) tasked with its implementation. The ACWG seeks to foster the main United Nations and OECD tools to combat international corruption, prevent the access of corrupt officials to the financial system, fight money laundering and tax havens, and support public-private partnerships that engage the private sector in the global fight against corruption.

This section contains four aggregated business recommendations aimed at improving the global Anti-Corruption regime and enhanced engagement with private sector.

The following table delineates key business recommendations on Anti-Corruption as they appeared in the compendiums of “B20” business recommendations prepared and presented to the G20 Business Summits in Cannes and Los Cabos. Notably, for each of the two Summit cycles, recommendations were prepared by unique “Anti-Corruption” task forces, featuring different Leaders, different priorities, and largely composed of different companies. Cumulatively, some 21 recommendations on anti-corruption were made. The table lists the most salient of these recommendations based on clarity, recurrence and whether they share enough similarities to warrant a collective assessment and score. These are grouped together under a single category, e.g., 4A, 4B, etc., and are listed in the left column. Notably, the aggregated recommendations serve as the subheadings for assessment and scoring through the rest of this chapter. Finally, the summary score is indicated in the right column.

Aggregated Recommendations	Business Recommendations	SEOUL	CANNES	LOS CABOS	Score
4a (Honour UNCAC and OECD Anti-Bribery Convention commitments)	[Building on the Seoul Action Plan, G20 governments should] accelerate their commitment to ratify, enforce and monitor the implementation of the OECD and UN conventions on anticorruption.		X		FAIR
	Engage the private sector to participate in peer reviews required by the UNCAC review mechanism and continue consultation with the OECD working group on bribery in the context of its monitoring mechanism			X	
4b (Enhance transparency in Government procurement)	[Building on the Seoul Action Plan, G20 governments should:] support negotiations within the WTO for a multilateral agreement on standards for procedures and transparency in government procurement.		X		FAIR
	All G20 governments should commit to conducting independent assessments of their public procurement systems through OECD integrity reviews and other mechanisms, and to publishing the results by 2013.			X	
4c (Support an on-going Multiyear dialogue)	Create a G20/B20 joint platform, supported by an explicit business commitment and accountable to G20 and B20 leaders, to maintain an on-going, multiyear dialogue.		X		GOOD
	Governments and business should work together to further step up the G20/B20 dialogue, also through the creation of a devoted permanent platform, through which both actors could develop and implement realistic commitments by end-2012.			X	
	G20 Leaders should reaffirm the mandate of the G20 Working Group on Anti-Corruption with a view toward: securing the full implementation of the Seoul Anti-Corruption Action Plan; identifying and developing new streams of work; and maintaining a strong and continuous dialogue with the business community.			X	
4d (Strengthen the legal anti-corruption framework)	Strengthening the legal and regulatory framework on anti-corruption, including by encouraging and incentivizing voluntary disclosure by companies and cooperation with enforcement authorities, developing best practices in the fight against solicitation and endorsing common principles on enforcement of foreign bribery legislation.			X	FAIR
Average Score for Anti-Corruption		FAIR (2.3)			

4a) Honour UNCAC and OECD Anti-Bribery Convention commitments

Reiterating the Pittsburgh (2009), Toronto (2010), Seoul (2010), and Cannes (2011) Summit Declarations, Leaders in Los Cabos committed to “the ratification and full implementation of the UNCAC, and to more active engagement with the OECD working group on bribery on a voluntary basis.” Leaders also welcomed continuing engagement from the B20 in the fight against corruption and agreed to “in accordance with the Terms of Reference of the review mechanism [...] involve the private sector and civil society in the UNCAC review process on a voluntary basis”.

Similar commitments were also made in the 2013-2014 *Anti-Corruption Action Plan* launched in November by the G20 ACWG. The Action Plan noted that the “remaining three²⁷ G20 countries will ratify and fully implement the UNCAC as soon as possible”, however did not indicate any specific deadline. Working Group members also pledged to respond to any deficiencies identified in the voluntary UNCAC peer reviews and to make their responses publicly available. With regards to the OECD working group, the Action Plan pledged to continue active engagement on a voluntary basis with a view to ensuring the high standards of criminalisation and enforcement of the OECD Anti-Bribery Convention. The second Monitoring Report of the G20 ACWG, issued in November 2012, recognised that most, but not all, of the G20 countries not yet party to the Convention have achieved greater engagement with the OECD Working Group on Bribery. Specifically, China, India and Indonesia have increased their engagement.

Nevertheless, the overall level of enforcement remains uneven: Transparency International’s 2012 *Exporting Corruption* report found that only 4 out of the 15 G20 signatories actively enforced the OECD Anti-Bribery Convention in 2011 (USA, Germany, United Kingdom and Italy).

G20 governments should accelerate their commitment to ratify, enforce and monitor the implementation of the OECD and UN conventions on anticorruption

(Cannes G20 Business Summit)

Engage the private sector to participate in UNCAC peer reviews and continue consultation with the OECD working group on bribery

(Los Cabos G20 Business Summit)

²⁷In January 2013 Saudi Arabia took the necessary steps at the national level to ratify UNCAC. Germany and Japan are now the only remaining G20 countries that have not ratified the convention.

G20 Score: Honour UNCAC and OECD Anti-Bribery Convention commitments

FAIR

Score Criteria

Recognition 

Action 

Adequacy 

The G20 has once again recognized business' call for UNCAC ratification and full implementation. Business has an enormous stake in combating corruption – which adds up to 10% to the total cost of doing business globally – and is therefore pleased that the Leaders Declaration explicitly recognized the engagement from the B20 and pledged to involve the private sector in the UNCAC review process on a voluntary basis.

However, efforts to eliminate corruption can only be successful if countries have the proper legal and institutional framework in place to ensure a level playing field. For this reason, business continues to urge all G20 countries to ratify, rigorously enforce and monitor the implementation of UNCAC and the OECD Anti-Bribery Convention. The on-going – but still uncompleted – G20 pledge for UNCAC ratification and full implementation by all G20 members (now on its 4th year) is concerning. If the G20 is serious about its 2010 Seoul Summit commitment to “lead by example in the fight against corruption”, Leaders need to increase pressure on the two remaining G20 members that have not yet ratified the UNCAC (Germany and Japan) and compel them to commit to specific deadlines. Business is encouraged by the increased engagement with the OECD Working Group on Bribery by China, India and Indonesia and encourages all other G20 members not yet party to the Anti-Bribery Convention to do the same. An important objective remains that all G20 countries join and implement the OECD Anti-Bribery Convention. However, legislation is only as good as its enforcement, and this is an area where several G20 nations are lagging behind.

While complete G20 member UNCAC ratification, or at least a specific deadline for the two remaining countries, is a prerequisite for a higher score, business would like to suggest the following to improve UNCAC monitoring efforts: G20 governments should examine business engagement in peer review processes to date, to determine what has worked well in the past and how participation can be strengthened and made more effective. Leaders should also give the private sector a role beyond providing views prior and during the review, by engaging them in the follow-up of recommendations coming out of country reviews.

4b) Enhance transparency in government procurement

Business has continuously emphasized the importance of ensuring transparency in public procurement and praised the 2011 Cannes Summit commitment to “adopt fair and transparent government procurement systems”. However, while discussions on increasing transparency in public procurement were held at the *High-Level Anti-Corruption Dialogue* in April 2012 in Puerto Vallarta, Mexico, the Los Cabos Declaration included no mention of the importance of transparency in public procurement or work being done in this field.

This issue has nonetheless been recognized by the ACWG and several initiatives – including work building on the *OECD Principles for Enhancing Integrity in Public Procurement* – are currently underway. Both the ACWG’s *Action Plan for 2013-2014* and its second *Monitoring Report* mentioned public procurement as a focus area to promote integrity, transparency, accountability and the prevention of corruption in the public sector. Specifically, the Working Group will continue developing and sharing good practices in the field of public procurement anti-corruption policies, measures, and legislation including, for example, electronic procurement (e-procurement). At Los Cabos, G20 Leaders also endorsed the Working Group’s principles for financial and asset disclosure systems for relevant officials to prevent, identify and appropriately manage conflicts of interest. The Monitoring Report also took note of progress made by individual G20 countries in 2012, highlighting Mexico’s new Federal Anti-Corruption Law in Public Procurement and India’s Public Procurement Bill, which empowers the Government of India to prescribe a Code of Integrity which proposes to include provisions for the disclosure of conflicts of interest and the exclusion of a bid if it determines that a bidder has a conflict of interest.

[Building on the Seoul Action Plan, G20 governments should] support negotiations within the WTO for a multilateral agreement on standards for procedures and transparency in government procurement.

(Cannes G20 Business Summit)

G20 governments should commit to conducting independent assessments of their public procurement systems through OECD integrity reviews and other mechanisms, and to publishing the results by 2013

(Los Cabos G20 Business Summit)

G20 Score: Enhance transparency in government procurement

FAIR

Score Criteria

Recognition 

Action 

Adequacy 

Public procurement accounts for a significant percentage of global GDP²⁸ and is highly vulnerable to corruption due to the size of the financial flows it generates and the close interaction between the public and the private sectors. The establishment of global standards and mechanisms to ensure transparency and integrity in government procurement are therefore critical to increase transparency and effectively combat corruption. Business welcomes the G20 Anti-Corruption Working Group's efforts to address public procurement and is pleased that the issue is included in the 2013-2014 Action Plan. However, considering its importance and the need for global leadership, it is disappointing that the Los Cabos Leaders Declaration did not even mention the issue, let alone reaffirm and expand on the Cannes commitment to include "fair and transparent public procurement" as part of its work programme on anti-corruption.

Increasing transparency in public procurement is one of the most complex and key challenges in the fight against corruption. Business accordingly urges G20 Leaders in Saint Petersburg to signal their clear support for re-initiating negotiations within the WTO for a multilateral agreement on worldwide standards for procedures and transparency in government procurement, based on the WTO *Government Procurement Agreement*. G20 countries should also commit to conduct independent assessments of their public procurement systems, through OECD Public Procurement Reviews or other international mechanisms, and make the results of these assessments public. Equally important is that G20 countries enact standards for procurement and public financial management consistent with Article 9 of UNCAC and the OECD *Principles on Enhancing Integrity in Public Procurement*.

4c) Support an on-going multi-year dialogue on anti-corruption

Acknowledging the importance of anti-corruption work, Leaders in Los Cabos extended the mandate of the ACWG for two years to the end of 2014 and requested the Working Group to prepare a comprehensive Action Plan for 2013-2014 and a second Monitoring Report, which was eventually published in November 2012. The Los Cabos Declaration also welcomed the B20's continued engagement in the fight against corruption. However, as with the previous 2011 Cannes Summit, there was no explicit endorsement of the business recommendation to create a permanent G20/B20 joint platform on transparency and anti-corruption.

Nevertheless, the G20 and B20 Working Groups on anti-corruption maintained a productive dialogue throughout the Mexican G20 Presidency to align and coordinate on objectives. Regular informal

Create a G20/B20 joint platform, supported by an explicit business commitment and accountable to G20 and B20 leaders, to maintain an ongoing, multi-year dialogue.

(Cannes G20 Business Summit)

G20 leaders should reaffirm the mandate of the G20 Working Group on Anti-Corruption; Governments and business should work together to further step up the G20/B20 dialogue

(Los Cabos G20 Business Summit)

²⁸Governments spend on average 13.6% of their GDP on public procurement contracts. See Remarks by Angel Gurría, OECD Secretary-General, delivered at the B20 Task Force on Anti-Corruption and Transparency Los Cabos, Mexico, Sunday 17th June 2012.

conference calls and meetings were organised to facilitate exchanges and coordination between the G20 Anti-Corruption Working Group and the B20 Anti-Corruption Working Group. This included two high-level meetings held at the OECD in April 2011 and October 2012, and a High-Level Anti-Corruption Dialogue held in Puerto Vallarta in April 2012 and sponsored by the OECD, the United Nations Office on Drugs and Crime, the World Economic Forum and the Mexican Presidency of the G20. Both Working Groups, as well as the OECD, have commended the effectiveness and productivity of the ongoing dialogue between governments and business. Speaking at the Transparency and Anti-Corruption meeting on 10 October 2012, OECD Secretary General Angel Gurría noted that “the B20 Task Force on Anti-Corruption has shared dialogue with its G20 counterparts more effectively than any other B20 group” and that “the partnership with business remains a cornerstone of [the fight against corruption]”.

Both the ACWG’s Action Plan for 2013-2014 and its second Monitoring Report recognised that involvement of business is essential in the fight against corruption. To further increase private sector engagement, the Action Plan pledged to “explore the potential and effectiveness of integrity pacts between business and governments and other mechanisms for sharing anticorruption expertise among businesses and governments and [to] work with the B20 to achieve this”. Specifically, the ACWG called on representatives from the business community to develop capacity building programmes tailored to small- and medium-sized enterprises (SMEs), including through supply chains and to report back on progress in early 2014. The Working Group also pointed to the importance of education and training initiatives that support the prevention of corruption through education in the public and private sector.

G20 Score: Support an on-going multiyear dialogue on anti-corruption

GOOD

Score Criteria

Recognition	✓
Action	✓
Adequacy	✓

Business commends the G20 for acknowledging the importance of anti-corruption by extending the mandate of the Anti-Corruption Working Group for another two years. The Working Group, composed of anti-corruption experts of all G20 countries, is a valuable forum for coordinating global transparency and anti-corruption efforts. Although there was no endorsement of a specific B20/G20 joint platform in Los Cabos, business is encouraged by the positive engagement between the B20 and the G20’s Anti-Corruption Working Group under the Mexican Presidency. Both groups have maintained a fruitful dialogue through events such as the High-Level Public-Private Dialogue on Anti-Corruption in April 2012 in Puerto Vallarta and the G20-B20-OECD meeting in October in 2012.

Business encourages G20 Leaders in Saint Petersburg to institutionalize this dialogue by calling for the creation of a permanent public-private platform, through which business and government can develop and implement realistic commitments and identify good practices to facilitate active cooperation between companies and enforcement authorities. The creation of joint G20/B20 task forces to address specific areas of the G20 anti-corruption work programme would be another concrete way to build on this positive public-private sector dialogue and engagement.

4d) Strengthen the legal anti-corruption framework

The Los Cabos Declaration recognized achievements by the G20 in its efforts to pursue corruption and presented several next steps. Leaders emphasized that “closing the implementation and enforcement gap remains an important priority” and agreed on “enforcing anti-corruption legislation, and to pursuing those who receive and solicit bribes as well as those who pay them”. These commitments echo the repeated business calls for G20 governments to strengthen their legal framework on anti-corruption and to formally address the issue of bribe solicitation.

Strengthen the legal and regulatory framework on anti-corruption [...] and create incentives for companies to take a proactive role in the fight against corruption

(Los Cabos G20 Business Summit)

Since the Los Cabos Summit, the ACWG has been devoting growing attention to these critical objectives, although no ground-breaking initiative or collective G20 measure has yet been announced:

- The ACWG’s second Monitoring Report recognised individual country progress in strengthening their legal anti-corruption framework in line with the requirements of UNCAC and the OECD Anti-Bribery Convention, noting that almost all G20 countries have met the Cannes commitment to criminalise foreign bribery by the end of 2012 (India, Indonesia and Saudi Arabia have not yet done so) and that a majority have also extended this commitment to include the liability of legal persons.
- The ACWG’s Action Plan for 2013-2014 signalled the G20s’ pledge to “review and consider possible mechanisms for tackling solicitation, including the solicitation of facilitation payments” and to “consult with and encourage business to improve current anti-corruption practices”.
- In response to the business call to create incentives for companies to take a proactive role in the fight against corruption, the Action Plan noted that the G20 “will work with the private sector to identify measures that are particularly effective in changing the behaviour of bribe payers” and “will identify best practices to encourage businesses to voluntarily self-report suspected breaches of bribery laws”.

G20 Score: Strengthen the legal anti-corruption framework

FAIR

Score Criteria

Recognition



Action



Adequacy



Business is encouraged by the G20's renewed commitment to fight corruption and commends the achievements highlighted in Los Cabos and in the ACWG's 2012 Monitoring Report. The steps taken under the Mexican Presidency and the new Action Plan – if properly implemented – will help strengthen the global anti-corruption framework. Business recognizes that the G20 can show leadership and boost political will, but making the laws count will always be a national task. The strongest message G20 governments can send will therefore be by putting the measures agreed at Los Cabos and formulated in the 2013-2014 Action Plan in place.

Although the G20 is praised for the work already done and the new commitments undertaken, business encourages G20 Leaders to take concrete steps to further strengthen the legal and regulatory framework on anti-corruption and suggests the following areas as suitable for further exploration: Leaders should encourage and incentivize compliance efforts and voluntary disclosure by companies, including by implementing a clear and concrete system of leniency for companies that self-report corruption cases and/or cooperate in the investigation phase with relevant authorities. Double and parallel enforcement in multi-jurisdiction cases should to be avoided as they can discourage companies from self-reporting and cooperating with enforcement authorities. To tackle the demand side of bribery, G20 countries should establish appropriate forms of high-level reporting mechanisms to address allegations of solicitation of bribes by government officials. Pilot projects by individual G20 countries can provide an effective way to identify good practices and share experience.

Chapter 5: Other Priorities

This chapter includes the topics of Food Security, Employment, ICT and Intellectual Property, which have **not** been evaluated for a score for the following reasons:

Food Security and Employment have been addressed in multiple instances by the G20, however there have to date been limited business recommendations in these areas, and those put forward have addressed complex realities and were phrased in broad terms, and therefore provide little recourse for a fair evaluation of the G20 as a whole.

- Notably, both also exhibit cross-cutting characteristics which could be addressed and evaluated in the context of broader work areas. For example, steps to improve investment, trade or technology transfer could progress access to food supplies and job creation.
- ICT and IP have been put forward by business for G20 consideration and inclusion, but have not so far been addressed in any official way by the G20.

Consequently, the *Other Priorities* grouping highlights these subjects without commensurately evaluating performance at this stage. In addition, since the *Scorecard* is envisioned to be a living document that evolves with the G20 agenda, this grouping sets the stage for including these additional policy areas in future editions.

Food Security

The issue of Food Security is both complex and pressing. Despite a reduction in the number of people suffering from hunger and malnutrition, more than 900 million people in the world do not have enough to eat, with the vast majority living in developing countries. By 2050, the world population is expected to exceed 9 billion people; in order to eradicate hunger and feed a growing global population, global agricultural production will need to increase by between 50 and 70%, and almost 100% in developing countries. To meet the growing global demand, dramatically increased investment in agriculture and research will be needed, both public and private.

Food Security was first introduced to the G20's agenda at the 2009 Pittsburgh Summit, where Leaders pledged to improve access to food for the poor. Food Security climbed further up the G20's agenda in Seoul, where it was one of the nine key pillars in the 2010 Seoul Summit's *Multi-Year Action Plan on Development*. In June 2011, the ministers of agriculture of the G20 member countries met for the first time and adopted the *Action Plan on Food Price Volatility and Agriculture* as a blueprint for joint cooperation initiatives on Food Security and food price volatility. The November 2011 Cannes Summit Leaders Declaration endorsed the Action Plan and confirmed its five main objectives: (i) improving agricultural production and productivity, (ii) increasing market information and transparency, (iii) reducing the effects of price volatility for the most vulnerable, (iv) strengthening international policy coordination and (v) improving the functioning of agricultural commodities derivatives' markets.

Recognizing the enormous challenge of reducing chronic hunger and malnutrition, the G20 developed several Food Security initiatives under the French G20 Presidency in 2011, including commitments by G20 members to support research and development; promote investment; improve market transparency and the quality of information; and improve the operation of agricultural commodities markets.

Progress in Los Cabos

Building on previous achievements, Mexican President Felipe Calderón vowed to make Food Security and nutrition a top agenda item for the 2012 Los Cabos Summit. In an op-ed in the Financial Times on the eve of the Summit, President Calderón defined his Food Security agenda: “That almost one billion people in the world remain undernourished is unacceptable [...] The time has come for Food Security to be considered one of the most important tasks humanity must address in the 21st century, and this year’s G20 meeting will be a strong step in that direction.”

With the aim to fulfil this pledge, the Los Cabos G20 Declaration made numerous references to food and nutrition security. Although there were few new commitments and initiatives – the Declaration primarily highlighted progress on initiatives taken in Seoul and Cannes – the G20 Leaders announced *AgResults*, a promising new initiative aimed at encouraging increased investment in agricultural innovation by developing financial incentives for private and public sector players to research, develop, and deliver products and services that will improve smallholder agriculture. The \$100 million initiative will be administered by the World Bank and funded by Australia, Canada, Italy, United Kingdom, the U.S. and the Bill & Melinda Gates Foundation.

Addressing the most vulnerable, G20 Leaders also reaffirmed their Cannes commitment to remove export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the World Food Program.

Business recommendations

Business recommendations on Food Security were first introduced at the Cannes Business Summit in November 2011, and business believes that the private sector can be a key partner in achieving global Food Security. However, to leverage the full potential of the private sector, governments need to create an enabling environment for private-sector investment through effective public-policy frameworks and incentives, including investing in essential infrastructure and services. Business has prepared and presented Food Security recommendations to the G20 Business Summits in Cannes and Los Cabos. Cumulatively, some 24 recommendations have been presented by two unique Food Security task forces, featuring different Leaders, different priorities, and largely composed of different companies. Some of those key business recommendations include:

- Improve productivity by increasing investment from public and private sources by 50% by 2015.
- Integrate environmental sustainability into domestic Food Security policies.
- Improve nutrition, ensuring that all people have access to nutritious, safe and affordable food at all times, particularly children.

Given the relatively short response period afforded since Cannes, and the broad nature of the business recommendations, the 2nd edition of the *Scorecard* will not evaluate the G20 response to business recommendations on Food Security to date.

Nevertheless, business would like to commend the Mexican Presidency for supporting an increased G20 dialogue with nongovernment actors, including the business community through the B20 process. Notably, inputs by the B20 task force on Food Security were commended by Agriculture Vice Ministers / Deputies in their June 2012 report, and several of the task force’s recommendations were also reflected in the Los Cabos Summit Declaration. By continuing the work from Cannes and stressing the importance of Food Security, business is hopeful that the Mexican G20 Presidency has effectively ensured that it remains a priority issue for the G20 going forward.

Employment

The current economic crisis has had an enormous impact on employment, leaving some 27 million people unemployed and compelling the creation of 400 million jobs in the next decade in order to keep pace with an increasing global population. Young people have been particularly hit: globally, young people are nearly three times as likely as adults to be unemployed. A prolonged period of high unemployment, particularly youth unemployment, creates significant economic and social costs. For businesses, there are significant costs in the form of labour force de-skilling and a loss in consumer spending power. For society at large, unemployment, particularly youth unemployment, creates significant economic and social costs and, increasingly, social discontent and unrest. Reversing this alarming trend will require concerted efforts, both local and global.

Starting with the 2009 Pittsburgh Summit, Leaders have pledged to put Employment at the heart of policies to restore growth and confidence by repeatedly stressing that job creation must be at the core of global economic recovery. To that effect, G20 Employment and Labour ministers have met periodically to define strategies and exchange best practices to address persistently high unemployment rates. Leaders at the 2011 Cannes Summit agreed on an *Action plan for Growth and Jobs* and established a G20 Task Force on Employment, with an initial focus addressing the pressing issue of youth unemployment. The G20 has also taken the lead in creating effective unemployment, welfare and social-protection systems in G20 countries and, starting with the 2010 Seoul Summit, Leaders have also acknowledged the G20's responsibility to assist developing countries, particularly Low Income Countries (LICs), in developing social protection floors.

Progress in Los Cabos

Recognizing the continued need for action, G20 Employment and Labour ministers met for a third time in Guadalajara, Mexico, 17-18 May 2012. Ministers acknowledged the work done by the G20 Task Force on Employment on collating policies and common experiences across the G20 membership and endorsed several of its recommendations to assist countries in tackling youth unemployment.

As noted in the Summit Declaration, Leaders in Los Cabos were “united in our resolve to promote growth and jobs” and agreed to continue to combat youth unemployment. Recognizing the work done by the G20 Task Force on Employment, Leaders extended its mandate for an additional year and endorsed several of its recommendations. Consistent with several member's commitments in the *Los Cabos Growth and Jobs Action Plan*²⁹, Leaders emphasized that structural reforms, which respect of the fundamental principles and rights at work, remain key in lifting economic growth to generate labour market opportunities, mobility and jobs.

²⁹The Los Cabos Growth and Job Actions Plan acknowledged several G20 countries efforts to implement labour market reforms to increase employment and increase labour force participation, including retraining long-term unemployed (US); skills development (Spain); increasing wage flexibility, such as decentralizing wage setting (Italy); reducing labour tax wedges (Brazil, Italy); reforms to employment insurance to make it more effective and efficient in supporting job creation (Canada); enhancing education, training and skills development (Australia, Canada, France, Germany, Italy, Turkey, South Africa); encouraging the participation of females in the labour force by, for example, reforming benefit systems and providing affordable child care services (Australia, Germany, Japan, Korea); improving employment opportunities for targeted groups such as youth and persons with disabilities (Canada, Korea, UK); encouraging the participation of younger workers through apprenticeships (UK); and, encouraging formal sector employment through better education or skill development (Brazil, Indonesia, Mexico, South Africa).

Business recommendations

Business has prepared and presented several employment recommendations to the G20 Business Summits in Seoul, Cannes and Los Cabos. Cumulatively, more than 15 recommendations have been presented by unique employment task forces, featuring different leaders, different priorities, and largely composed of different companies. Some of those key business recommendations include:

- Tackle youth unemployment by scaling the number, quality and image of internships and apprenticeships for young people.
- Implement credible, structural labour market reforms and policies that enhance labour market access, competitiveness and productivity while maintaining sustainable social protection systems.
- Foster entrepreneurship.
- Promote skill transfers and mobility from a global perspective, notably by easing free movement of people within and between companies in the G20 countries.

Business recognizes that structural reform commitments are long-term and difficult to assess due to the length of time it takes to implement them and witness their effects. Moreover, the effect of the economic crisis has varied between different G20 economies. Given the relatively short response period afforded since Cannes, and the broad nature of the business recommendations, the 2nd edition of the Scorecard will not evaluate the G20 response to business recommendations on Employment to date.

Nevertheless, business would like to commend the G20 for its attention on the persisting problem of unemployment, which remains high in many G20 countries. Although many challenges are shared among countries, priorities and actions must necessarily differ depending on national contexts and realities. The G20 has made significant efforts to coordinate international engagement and ensure coherent policy advice and programme support. Business welcomes member commitments under the *Los Cabos Growth and Jobs Action Plan* and commends the extension of the mandate of the G20 Task Force on Employment. Ensuring that young people and those transitioning careers are gainfully engaged in skill-enhancing activities is critical to both managing cyclical falls in demand and preparing the workforce for future growth.

Intellectual Property

Intellectual Property (IP) policy is an increasingly important tool for stimulating economic growth. IP encourages innovation, rewards entrepreneurs, drives competitiveness, and creates new technologies, products and industries that drive growth and create high quality jobs. Effective enforcement of intellectual property rights (IPR) regimes can also help address the global economic losses extending from IP theft in the forms of counterfeiting and piracy, estimated over US\$700 billion annually.

Despite business's recurrent calls for G20 Leaders to recognize the value of Intellectual Property, IP protection and enforcement have to date been left off of the G20 agenda. There has been no mention of Intellectual Property in any of the Leaders' Summit Declarations, including the Los Cabos Summit's. The only mention of IP in an official G20 document from the Mexican G20 cycle is a minor reference in the 2012 G20 Agriculture Vice Ministers / Deputies Meeting Report; while discussing the importance of Agricultural Innovation Systems, Agriculture Ministers took "note of the importance of supporting countries in improving their own intellectual property rights frameworks".

Business recommendations

While business has called on the G20 to improve, support and promote IP protection through various of its recommendations, business itself has not yet prioritized the topic, for example, through the formation of a dedicated B20 task force. As such, the dozen or so recommendations that have been presented to G20 Leaders in Seoul, Cannes and Los Cabos appear in the work of several unique B20 task forces, including Food Security, Energy and Environment and Trade and Investment. Some of those key business recommendations include:

- Technological transformation is at the heart of green growth. We therefore call upon leaders to encourage international cooperation by removing barriers such as weak intellectual property rights protection.
- To increase investment medium and long-term Food Security, leaders should develop intellectual property protection policies, where they are currently lacking.
- Effective protection of intellectual property (IP) is fundamental to ensure innovation and growth in the increasingly knowledge-based economies of the G20 countries. Leaders should enforce the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- Ensure intellectual property protection, as a fundamental tool for the advancement of innovation and creativity.

Given that there has been no mention of Intellectual Property in any of the Leaders' Summit Declarations, the 2nd edition of the Scorecard will not evaluate the G20 response to Business recommendations on IP to date.

Nevertheless, as noted by these recommendations, several areas of the G20 Agenda could benefit from attention to IP protection. Government efforts to stabilize the economy and stimulate economic growth, trade and employment must include the critical role that IP protection plays in driving, innovation, development and jobs. While diverging opinions among G20 members may be responsible for precluding any substantial discussions on IP, business calls on G20 Leaders at the 2013 Saint Petersburg Summit to recognize the value of IP for both developed and developing economies. Government failure to enforce IP protection, for example, significantly reduces the levels of Foreign Direct Investment (FDI) a country can attract, creating huge problems for developing economies, which rely substantially on trade and technology transfer from developed economies to drive forward economic growth. Government efforts to strengthen IP enforcement regimes should therefore not be considered costs, but rather investments that pay tangible dividends to economic development and society.

Information and Communication Technologies

Information and Communication Technologies (ICTs) have proven to be a major transformative force, driving socioeconomic progress and productivity around the world. When fully deployed, ICT has had a positive impact on society as a whole, transforming the delivery of basic services, reducing poverty, boosting economic growth, and improving accountability and governance. Stable and affordable Internet access, supported by investments in ICT, is increasingly important for growth, jobs creation, innovation and productivity gains, and improvements of competitiveness. Closing the gap between ICT availability between developed and developing countries should be a priority and an area where the G20 could provide needed leadership.

ICTs contribute directly to many of the G20's core goals, particularly those focused on job creation and building sustainable economic growth. Investments in ICTs and increased policy and technology co-operation among G20 members can play a key role in achieving global solutions to today's global challenges.

Although G20 Leaders have expressed the need to promote innovation and find new and innovative solutions to growing problems, such as Food Security, Development and Financial inclusion, the role that ICTs could play in achieving these solutions has not yet been recognized by the G20. The only mention of ICT in any of the publically available official G20 documents³⁰ from the Mexican cycle was a policy commitment by Turkey to "Provide equal opportunity in education and improve technology in our schools with the efficient use of Information and Communication Technologies (ICT) tools."³¹ Moreover, there has been no mention of the Internet in any of the Leaders Summit Declarations, including the Los Cabos Summit.

Business recommendations

Governments can play a critical role in pushing and adopting policies that ensure that access to global communications networks are ubiquitous, safe and affordable, including by increasing investments in ICT infrastructure and partnering with the private sector to harmonize rules and address new threats. Business has prepared and presented several ICT recommendations to the G20 Business Summits in Cannes and Los Cabos. Cumulatively, some 20 recommendations have been presented by unique ICT task forces, featuring different Leaders, different priorities, and largely composed of different companies. Some of those key business recommendations include:

- Enact a regulatory framework that creates the incentives and environment to stimulate investment and competition across all sectors of the ICT ecosystem.
- Achieve broadband for all; increase the percentage of population with access to Internet from 35% to 70% in G20 countries.
- Leverage ICT to create new economic opportunities for businesses and entrepreneurs; provide access to traditional services to previously underserved population segments through ICT content and applications.

Given that there has been no mention of ICT in any of the Leaders' Summit Declarations, the 2nd edition of the *Scorecard* will not evaluate the G20 response to business recommendations on ICT to date.

Nevertheless, ICT remains an import issue and business calls on G20 Leaders to recognize ICTs as a vital and ubiquitous engine of innovation and the central role it plays in economic growth and governance. In particular, Leaders should commit to increased and improved Internet access in G20 countries and beyond at the 2013 Summit in Saint Petersburg, for example by setting broadband access goals based on each country's starting position. The G20 should also show global leadership to promote awareness regarding the need for protection of personal data and privacy.

³⁰Official G20 documents are Summit declarations and appendixes, Minister reports (i.e. finance, labour and agriculture Ministers) and reports/studies produced by the official working groups. Reports prepared by other international organizations are not considered.

³¹See "Policy Commitments by G20 Members" annexed to the Los Cabos Declaration



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 far-sighted 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 relevant technical subjects. These include anti-corruption, banking, the digital economy, marketing ethics, environment and energy, competition policy and intellectual property, among others.

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

ICC was founded in 1919. Today its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.



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