



# FALLING SHORT:

## A Progress Report on the G-20's Commitments to the World's Poorest

This report card analyzes the G-20's progress towards commitments made at the conclusion of their April 2009 London summit on the 13 issues in their final communiqué that are most important for international development.

We analyze the G-20's development promises first based on whether they are "on track" to meet their stated promise. Second, we analyze whether the action promised and taken by the G-20 meets the needs of the world's poorest countries as they race toward the deadline to meet the Millennium Development Goals (MDGs).

Based on our analysis, of the 13 goals the G-20 set for itself in April that are most critical for the world's poorest, the G-20 is on track to meet only 5 goals, is failing to meet 4, and is unlikely to meet 4 without major attention. Of most concern, only 1 of the 13 goals is sufficient to meet the need, highlighting the urgency of the G-20 get back on track *and* make additional announcements for action at the Pittsburgh summit.

G-20's commitments	On track?	Meeting the Need?	Comments
<p><b>1.</b> <b>Strengthening Financial Supervision and Regulation</b></p>	<b>No</b>	<b>No</b>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>The G-20's pledge to "take action against non-cooperative jurisdictions, including tax havens" was a step forward in stemming the annual illicit flight of \$1 trillion from developing countries – representing nine times the size of total development assistance.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>The OECD Global Forum, which the G-20 is relying on to identify non-cooperative jurisdictions, has not identified a single country as non-cooperating.</li> <li>The G-20 should call on multinational companies to (1) publish a country by country breakdown of their profits and losses, taxes paid, and other information, (2) require the OECD to report on this issue by early 2010, and (3) ensure that appropriate follow-up action is taken by the International Accounting Standards Board (IASB).</li> </ul>
<p><b>2.</b> <b>\$850 billion in Expanded Lending from the International Monetary Fund (IMF) and Multilateral Development Banks (MDBs)</b></p>	<b>No</b>	<b>No</b>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>Nearly \$500 billion has been committed to the IMF, and while key legislatures and national governments have approved the funds in principle, only a small fraction has been actually delivered to date.</li> <li>Of the \$100 billion in increased lending by the MDBs, \$28 billion has been delivered.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>Low income countries will receive only a tiny fraction of this expanded support, falling far short of the financing required for them to reach the Millennium Development Goals (MDGs).</li> <li>With the IMF continuing to require contractionary policies in exchange for loans to developing countries even in the recession, the G-20 must insist upon far-reaching reforms in IMF and MDB economic policy conditionality before delivering further financing through these institutions.</li> <li>All funds are debt-creating, threatening to pour fuel on the fire of the re-emergent developing debt crisis. New initiatives for financing by MDBs for low income countries should prioritize grant support and debt relief over new loans.</li> </ul>

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<p style="text-align: center;"><b>3.</b> <b>\$250 billion Allocation of IMF Special Drawing Rights (SDRs)</b></p>	<b>Yes</b>	<b>No</b>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>• \$250 billion SDRs were allocated, including \$19 billion for low income countries, providing a needed cushion, free of economic policy conditions, to fill the financing gap for poor countries.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>• Only 7% of the \$250 billion was allocated to low income countries while most went to G-20 countries. In order to counter the inequalities of the SDR quota-system, developed country members of the G-20 should voluntarily transfer some of their own SDR allocation to poor countries.</li> <li>• The G-20 should call on the IMF to fix interest rates or remove the charges attached to the use of SDRs for low income countries.</li> </ul>
<p style="text-align: center;"><b>4.</b> <b>Reform of International Financial Institutions' Governance Structure</b></p>	<b>Unlikely</b>	<b>No</b>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>• The IMF and World Bank are both in the process of addressing governance questions raised by the G-20, though the institutions are not moving rapidly enough to complete the reforms within the time frame suggested.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>• The governance reforms on the table by the G-20 and the IMF and World Bank do not go far enough to address the structural inequities. The G-20 should require that they institute a double-majority voting system as an interim step to a more comprehensive reform leading to the inclusion of population size in determining voting shares and increased accountability to affected populations.</li> <li>• The G-20 should require that the IMF increase its transparency by quickly publishing transcripts of board meetings and draft policy documents, working under the presumption of disclosure.</li> </ul>
<p style="text-align: center;"><b>5.</b> <b>Development of a "Charter for Sustainable Economic Activity"</b></p>	<b>Yes</b>	<b>No</b>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>• At the meeting of G-8 Finance Ministers in Lecce, Italy in June, ministers unveiled the "Lecce Framework," an agreement among the G-8 of the shared objectives to develop a shared set of global standards on sustainable economic activity. The G-20's modest goal to continue discussion of the charter has been met.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>• There is little political support for this initiative outside of Germany and Italy and seems not to be going anywhere fast.</li> <li>• The G-20 should develop binding standards, rather than non-binding codes of conduct, and initiate immediate efforts to engage with broad-based civil society to develop the charter.</li> <li>• The G-20 should include a framework on responsible lending and borrowing as part of any charter, and address the urgent problem presented by litigating vulture funds in countries that have received debt relief.</li> </ul>

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<p align="center"><b>6.</b> <b>\$250 billion to Facilitate Trade Finance</b></p>	<p align="center"><b>Yes</b></p>	<p align="center"><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>The G-20 promised to support trade finance to the tune of \$250 billion over two years, and to date the G-20 claims to have delivered \$65 billion. If this trend continues, the G-20 will likely meet its commitment.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>It remains unclear how much of this \$65 billion is additional to previous commitments. Of this, \$4 billion represents donor commitments to low income countries, but only the \$1 billion channeled through the IFC is likely to be additional.</li> <li>Trade finance commitments may have dubious development impact as they could simply be devoted to supporting exporters who rich country governments want to help out.</li> </ul>
<p align="center"><b>7.</b> <b>Commitment to the Millennium Development Goals, and Aid Pledges</b></p>	<p align="center"><b>No</b></p>	<p align="center"><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>While the G-20's reaffirmation of its commitment to help poor countries meet the MDGs is welcome, so far the aid commitments by richer members of the G-20 have fallen far short of the \$40 to 60 billion per year needed to meet the MDGs. The G-8 committed to increase aid to sub-Saharan Africa by \$28.3 billion by 2010, but so far has delivered only \$9.4 billion, which is \$20 billion short of the 2010 target.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>The G-8 is at risk of defaulting on its commitments to Africa and the prospects of reaching the Gleneagles targets remain dim.</li> <li>Richer country governments have pledged since the 1970s to provide at least 0.7% of their Gross National Income in the form of aid, yet no G-20 country has yet delivered on this commitment. The G-8 and the richer countries in the G-20 should deliver on their pledges to increase aid to poor countries, as the increased needs of poor countries hit hard by the crisis call for going beyond existing commitments.</li> </ul>
<p align="center"><b>8.</b> <b>Support for Initiatives to Enhance Social Protection in the Poorest Countries</b></p>	<p align="center"><b>No</b></p>	<p align="center"><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>The G-8 launched a \$20 billion Global Food Security Initiative in Italy, but it is unclear how much of this commitment represents new resources and it appears that none of the funds have yet been delivered.</li> <li>To date, no country has committed any resources to the World Bank's Vulnerable Financing Facility (VFF), except for the UK, which redirected £200 million from its aid budget to the Facility before the London G-20 meeting.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>Instead of proliferating new financing facilities, the richer members of the G-20 must ensure that any resources for social protection to assist poor nations in achieving the MDGs are additional resources and not a redirection of funds from existing, limited foreign aid budgets.</li> </ul>

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<p align="center"><b>9.</b> <b>Additional Resources from IMF Gold Sales for Poor Countries</b></p>	<p align="center"><b>Unlikely</b></p>	<p align="center"><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>In July, the IMF Executive Board approved an agreement to provide “up to \$8 billion in concessional assistance to low-income countries over the next two years.”</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>G-20 leaders promised at least \$6 billion in additional concessional lending from the IMF but to be able to meet this goal as well as doubling concessional lending, the IMF is relying in part on bilateral contributions to its subsidy account. These contributions may be re-directed from existing ODA pledges, meaning the IMF will likely fall short of the G-20 call for additionality.</li> <li>The IMF only mobilized \$785 million from gold sales for poor countries, far short of civil society’s call for \$5 billion from gold sales to be used debt relief and much broader additional support.</li> <li>While the IMF heralded its commitment to interest relief, this represents a total value of \$55-70 million over the next two years – which is only \$500,000 annually per country that qualifies.</li> </ul>
<p align="center"><b>10.</b> <b>Greater Flexibility in the Debt Sustainability Framework</b></p>	<p align="center"><b>Yes</b></p>	<p align="center"><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>Access limits for lending to low income countries have been doubled and in early September, the World Bank and IMF boards approved staff suggestions to tweak the Debt Sustainability Framework (DSF) to make it possible for some countries to borrow more than they are currently permitted, a stopgap measure needed in light of the crisis.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>Minor technocratic tweaks to and a doubling of access limits on the DSF may allow countries to borrow more, but misses the underlying need for more systemic reforms – including a fair and transparent arbitration process – needed to avoid a resurgent debt crisis.</li> <li>The G-20 should move away from the flawed DSF and instead expedite debt cancellation for all eligible countries and extend debt cancellation to all countries that do not have the resources to provide essential services for their populations and of odious and illegitimate debts.</li> </ul>
<p align="center"><b>11.</b> <b>Create a Mechanism at the UN to Monitor the Impact of the Crisis on the Poorest</b></p>	<p align="center"><b>Yes</b></p>	<p align="center"><b>Yes</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>The Global Impact and Vulnerability Alert System (GIVAS) is being set up in the office of the UN Secretary General.</li> <li>By the end of September, two sets of initial impact assessments reports, about a dozen country reports, and a global comparison report will be completed.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>While positive steps have been made in the information collecting phase, the G-20 must set up mechanisms to coordinate and collate the information gathered. The GIVAS set-up process should also be accelerated.</li> </ul>

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<p><b>12.</b> <b>Support for Employment and Income Support Measures</b></p>	<p><b>Unlikely</b></p>	<p><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>The International Labor Organization developed a "Global Jobs Pact" in June, endorsed by the United Nations and supported at the G-8 meeting in Italy and the G-20 has invited the ILO Director-General to the Pittsburgh Summit.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>To date, the G-20's commitments in this area have been too vague. The G-20 should create a specific working group to address the jobs impact of the crisis, and set out measurable benchmarks to demonstrate its seriousness in supporting employment and income support in poor countries.</li> </ul>
<p><b>13.</b> <b>Use Fiscal Stimulus to Help Ensure a Clean Recovery and Address the Urgent Threat Posed by Irreversible Climate Change</b></p>	<p><b>Unlikely</b></p>	<p><b>No</b></p>	<p><b>Progress:</b></p> <ul style="list-style-type: none"> <li>A total of \$180 billion in fiscal stimulus has been dedicated to green recovery, though nations greatly differ in their financial commitments and environmental policies.</li> </ul> <p><b>Improvements Needed:</b></p> <ul style="list-style-type: none"> <li>Developed country members of the G-20 have done little to put urgently needed money on the table for adaptation and clean technology so necessary for a global climate deal. The G-20 must commit to take ambitious steps forward in fulfilling their responsibility to provide new, additional, predictable and adequate financial resources for adaptation, enhanced mitigation actions, technology sharing, and capacity building in developing countries.</li> </ul>

For a full analysis of the grade assigned, see the full report at [www.jubileeusa.org](http://www.jubileeusa.org)

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