



MAKING THE GRADE?

The G20's Commitments to the World's Poorest

On the eve of its third summit since the economic crisis began, the Group of 20 (G20), representing 85% of the world's economy, has made shockingly little progress in fulfilling its promises made to the poorest countries at its first summit last April.

Is the G20 on track to meet its own goals laid out a year ago? More importantly, does its performance meet the immense needs for poor countries to achieve the MDGs by 2015?

Subject	Grade	Comments
Overall Performance on Behalf of the Poorest Countries	D	<p>Unaccountable to affected communities: In September 2009, the G20 named itself "the premier forum for international economic cooperation," but affected low-income countries are excluded from G20's decisions.</p> <p>Little political will to deliver on commitments: Of the \$50 billion the G20 promised in new money to poor countries, still less than half – just \$24.78 billion - has been delivered. In the nine months since its last summit, the G20 has delivered just \$1.2 billion in new resources to the 2.7 billion residents of the 78 lowest-income countries. In comparison, the Canadian government will spend nearly that much on security alone to host the three day G8/G20 Summits.</p> <p>Contributing to renewed debt crisis: What's more – nearly all of the assistance to poor countries has been in the form of new loans. Thus, not only has delivery fallen far short of the need, but the G20's assistance has created new debt which could lead to another debt crisis in poor countries.</p>

Subject	On Track?	Meeting the Need?	Comments
Curbing Illicit Capital Flight Through Tax Havens	C	F	Developing countries have seen no tangible results; not a single tax haven has been categorized as "non-cooperating."
Increased Lending by IMF and MDBs	C	F	Lending did increase in 2009, but minimal support is going to the poorest countries. Loans, rather than needed grant support, may provoke a renewed debt crisis.
Allocating Special Drawing Rights	A	C-	Most Special Drawing Rights were allocated to G20 countries themselves; low-income countries received only 7% of the total, and interest charges persist.
Making the World Bank & IMF More Accountable	C	D-	Current voice and vote reforms have not sufficiently made the World Bank and IMF more accountable to affected populations.

Subject	On Track?	Meeting the Need?	Comments
Developing Binding Standards for Responsible Finance	D	F	A previously proposed "Charter for Sustainable Economic Activity" has completely lost momentum. The G20 now talks of "core values" that lack any mechanism of accountability.
Supporting Trade Finance	D	F	While the G20 claims to have delivered \$250 billion in trade finance, there is no transparency on what has been delivered and to whom.
Fulfilling Past Aid Pledges and MDGs	D	F	Donor countries only contributed 0.31% of combined income, compared to historical commitments of 0.7%. Commitments to double aid to Sub-Saharan Africa by 2010 are \$18 billion short.
Enhancing Social Protection	C+	D-	G8 members of the G20 pledged \$22 billion to promote food security in poor countries, but only \$6.1 billion is likely to be new money.
Mobilizing Additional Resources from IMF Gold Sales	B-	F	The IMF has increased its lending to low-income countries, but its "interest relief" amounts to an average of only \$500,000 per year for the countries that qualify. Despite receiving \$2.5 billion in windfall profits so far in gold sales, the IMF has not committed any more to poor countries.
Addressing Unsustainable Debt	A-	F	As directed by the G20, the World Bank and IMF tweaked their debt sustainability framework, but that remedy serves to create more debt for poor countries, threatening their future.
Monitoring the Impact of the Crisis on the Poorest	A	B	The UN is currently designing the Global Vulnerability Alert System (GIVAS); hopefully this system will also trigger action when vulnerabilities are identified.
Supporting Job Creation in Poor Countries	C	D	G20 actions helped to create or save 21 million jobs, but unemployment increased by 34 million during that same period. More concrete action must be taken, with a focus on the poorest countries.
Addressing the Urgent Threat of Climate Change	D	F	The Copenhagen climate accord falls tragically short; developed countries have set only nonbinding goals of providing \$30 billion annually to help poor countries adapt to climate change, while needs are estimated to be \$500-600 billion.

Final Comments: At their upcoming summit, the G-20 must commit to dramatically increase non-debt-creating resources and assistance to the world's poorest countries and fully meet its existing commitments.