



MAKING THE GRADE?

A Report Card on the G-20's Commitments to the World's Most Impoverished

Name: G-20 Group of the world's biggest economies Evaluated By: Jubilee USA Network

100 million people will be pushed into extreme poverty this year due to the economic crisis. In April, at the G-20 (Group of 20) summit in London, world leaders made commitments to help poor countries weather the crisis. While the G-20 has made important progress toward some of its commitments, it has not yet made the grade in helping the world's most impoverished.

Subject	Grade	Comments
Accepting Responsibility	A	In April, the G-20 stated, "We recognize that the current crisis has a disproportionate impact on the vulnerable in the poorest countries and recognize our collective responsibility to mitigate the social impact of the crisis to minimize long-lasting damage to global potential."
Keeping Their Word:		
\$1.1 Trillion for Developing Countries	C	Of the \$1.1 trillion promised for developing countries, \$843 billion (77%) has been committed or confirmed by governments, yet only \$344.5 billion (31%) has been delivered to date.
\$50 Billion for Low Income Countries	C	Of the \$50 billion in new resources promised to low income countries, less than half (\$23.6 billion) has been delivered to date. <i>Note: Last year banks and other financial institutions were bailed out to the tune of \$18 trillion dollars. That's 360 times more than the entire G-20 has delivered in new resources to the 2.7 billion residents of low income countries.</i>
Selling IMF Gold for Poor Countries	D	The G-20 directed the IMF, which sits on 403 tons of gold worth almost \$13 billion at today's market price, to sell some of its gold to help impoverished countries. Civil society said the IMF should devote at least \$5 billion for debt relief or grants to the poorest, but instead the IMF only gave \$785 million for loans, using the rest for its own administrative budget. Now it is asking governments to chip in the rest, potentially raiding limited aid budgets. <i>Note: While the IMF trumpeted that it will help low income countries with "interest relief", the actual value will amount to a paltry \$500,000 annual savings for each country.</i>
Other Support for Poor Countries	G	The \$6 billion in new resources promised to low income countries through the World Bank and other development banks have not materialized. Though the World Bank is increasing its lending by 30%, most resources will go to middle income countries – not to the world's poorest. While the new \$20 billion Food Security Initiative launched at the G-20 summit this summer is a step forward, it is unclear if any of this is actually new money. Beyond that, funds should be grants, not loans, and should come without harmful economic policy conditions.

MEETING THE NEED? The G-20 has made only barely passing grades on the promises made in April. But the G-20's promises fall far short of what is needed to deal with the economic crisis in the world's poorest countries.

Subject	Grade	Comments
Enough to Meet the Millennium Development Goals	F	<p>The UN estimated that low income countries would need an additional \$40 to 60 billion per year to meet the Millennium Development Goals by 2015. This year sub-Saharan Africa, the region furthest from the MDGS, has received only \$9.4 billion in extra funds from G-20 members.</p> <p>Note: If rich countries do not meet their past aid commitments, low income countries will never get out of the cycle of poverty.</p>
Addressing the Debt Crisis	F	<p>The IMF has found that 33 low income countries are at risk of debt distress – and at risk of default – due to the crisis. But, 99.86% of of the resources committed by the G-20 to the poorest countries will create more debt, and the G-20 have told the World Bank and IMF to allow poor countries to borrow <i>more</i>.</p> <p>Note: The most impoverished countries are sending \$100 million each day to their creditors. Debt relief to date has helped to save lives and put millions of children in school. Poor countries in debt distress need debt relief and grants, not more debt.</p>
Combating Climate Change	D	<p>Global climate change has a disproportionate effect on poor countries. Developed country members of the G-20 have not put urgently needed money on the table to finance adaptation and clean technology for poor countries.</p>
Monitoring Tax Havens	D	<p>Tax havens rob developing countries of \$1 trillion of critical resources each year – 9 times the size of total development assistance. While the G-20 paid lip service to the need to close down tax havens, the body they put in charge of identifying tax haven countries set such a weak standard that no country has been judged as “non-cooperating.”</p>
Delivering Assistance Through the IMF	D	<p>The G-20 chose to funnel \$750 billion in additional resources to the IMF without requiring large-scale reforms.</p> <p>Note: Loans made by the IMF and World Bank have continued to come with harsh conditionalities on poor countries, such as forcing fiscal restraint when what is needed during a recession is fiscal stimulus. These policies must stop.</p>
Accountable to Affected Populations	F	<p>The G-20 does not include any representation from the poorest countries. The IMF and World Bank, which were tasked by the G-20 to deliver resources to the poorest, are dominated by wealthy countries and have not yet provided sufficient voice and vote to low income countries.</p>

FINAL COMMENTS: So far, world leaders have failed to make the grade in responding to the real needs of the world's poor. The G-20 has the opportunity in Pittsburgh to change course and act boldly to help the most vulnerable weather the crisis. For detailed recommendations for the G-20, see Jubilee USA's full report at www.jubileeusa.org.