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G20 UPDATE

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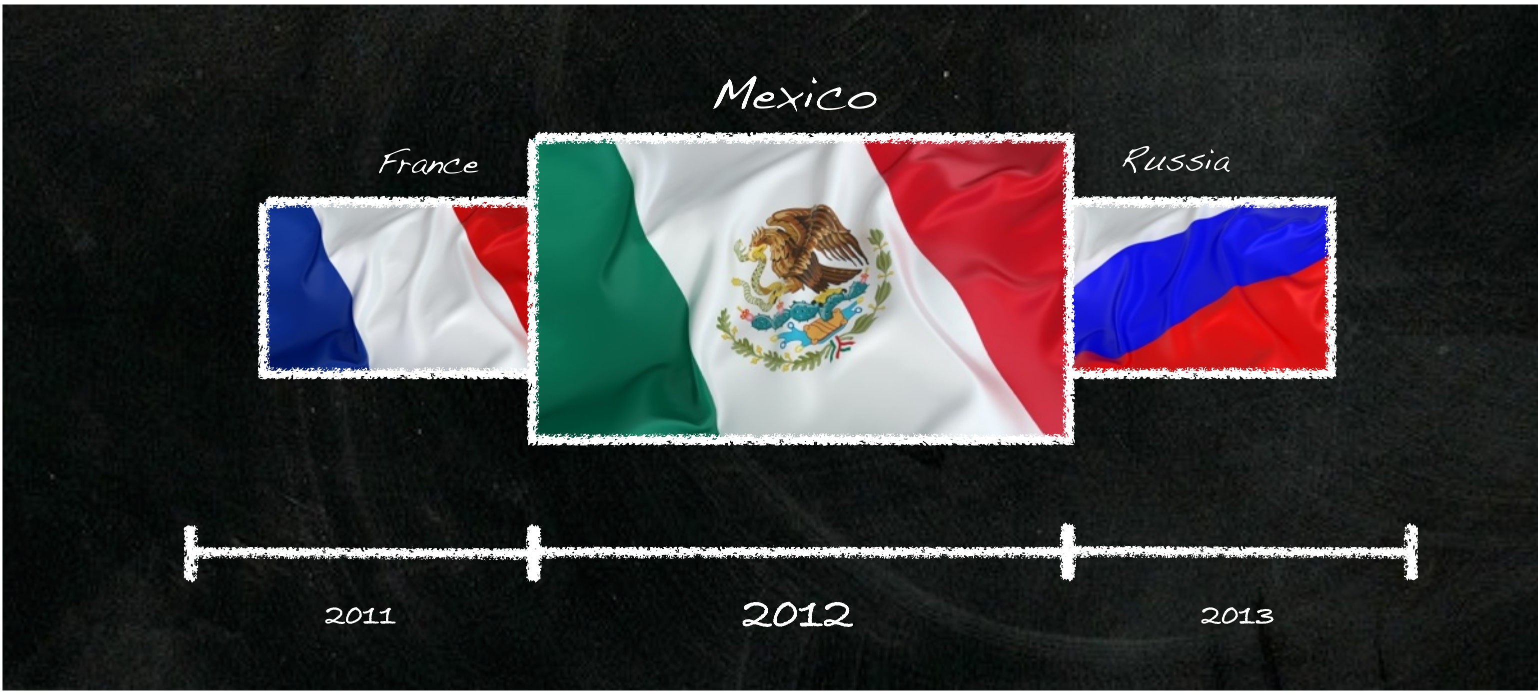
The G20's New Troika



Introduction

Mexico Adds "Green Growth" to G20 Agenda

By Nancy Alexander

The G20's new troika is preparing for the G20 Summit in Los Cabos, Mexico on June 18-19, 2012. The troika is comprised of the current, former, and upcoming Presidencies of the G20: Mexico, France, and Russia. In the first article of this issue, "The G20 Under the Mexican Presidency," **Laura Carlsen**, Director of the Americas Program, reflects on what we can expect from the Mexican Summit. Her article, plus a new discussion paper by Mexico's Presidency of the G20, describes the continuity in the G20 agenda (with a Mexican "twist"), plus the new item, "Sustainable development, green growth and the fight against climate change."

Continuity of the Agenda (with a Mexican "twist")

Employment

A primary goal of the French summit was "supporting employment and strengthening the social dimension of globalization." Now, the Mexican focus is on "economic stabilization and structural reforms as foundations for growth and employment," so the importance of employment has been knocked down a peg.

However, as **John Evans** of the Trade Union Advisory Committee describes in his article, "The G20 and Jobs – Can the Mexican Presidency Deliver?," the global unions are promoting a five-point plan to restore employment as a top priority on the Summit agenda. While there were promising signs at the French G20 Summit – endorsement of a "global strategy for growth and jobs" and the case for global "social protection floors" – there is also resistance, even by governments with "fiscal space," to providing the stimuli needed to create jobs.

To advance its agenda, the Labor-20 (L20) is gaining status comparable to that of the Business-20 (B20), which meets back-to-back with the Leaders Summit. To influence G20 outcomes, Evans calls for the L20 to develop into a permanent and genuine counter-weight and counter-party to the B20.

Financial inclusion

In his article, "The Role of the G20 in Enhancing Financial Inclusion," **Roy Culpeper** of the University of Ottawa (and former President and CEO of the North-South Institute) salutes the G20's financial inclusion initiative for recognizing that small- and medium-sized enterprises (SMEs) desperately need credit. They provide almost half of the labor force and almost half manufacturing employment in developing countries. The G20 initiative may help microfinance institutions (MFIs) and commercial banks "upscale" and "downscale" their operations, respectively.

However, Roy encourages the G20 to follow the example of several countries which made tremendous strides in financial inclusion through government agencies (such as national development banks) and programs (such as guaranteed credit).

Food security and commodity price volatility

Under the Mexican Presidency, the Energy and Commodities Markets Group is being co-chaired by the UK and Indonesia. Two subgroups report to it: the Commodity Markets subgroup chaired by the UK and Brazil and the Energy and Growth subgroup chaired by the US and South Korea. Yet, the intense work on these themes does not seem to be bearing fruit.

In his article, "G20 and Food Security: High Expectations, Few Results…Yet," **Neil Watkins** of ActionAid USA describes how a single country can block consensus in the G20. On biofuels, the US and Brazil played key blocking roles; on commodity speculation, the UK was a lead opponent of collective action; and on climate, Leaders nearly avoided the topic altogether. According to Watkins, it is good news that, despite resistance, the G20 issued a negative verdict on the "over-the-counter" trading that dominates commodity transactions and contributes to food price volatility. He highlights the fact that food security is on the agenda of both the G8 Summit in Chicago in May and the G20 Summit in June, giving advocates a chance to press these bodies to tackle commodity price volatility and other underlying causes of global food crises.

New to the G20?

To find out more about the G20's history, the power dynamics and the issues the group addresses, click on the link below.

INTRODUCTION TO THE G20

Global governance

In 2012, Australia and Turkey advise the G20 on this topic. Since the G20 sees itself at the apex of the global governance system, it should lead by example in the areas of transparency and consultation with non-member governments, citizens, and elected officials on specific G20 agenda items. To date, civil society lacks the access to information and decision-makers experienced by other groups, such as:

- the Business Summit (B20),
- the G-20Y of young business leaders,
- the Think Tank-20 (TT20), and
- the Labor-20 (L20).

Monetary and financial policy

While Mexico may continue work to reform the international monetary system, it is not a priority, as it was for France. In addition, whereas the French Presidency promoted "financial regulation," the Carlsen article notes that Mexico wants to "strengthen the financial system," perhaps without resorting to regulation. Despite signs that the world is slipping into another Great Recession, Leaders seem largely captive to the financial sector despite the fact that taxpayers are being held hostage to the survival of financial institutions which are "too big to fail." Moreover, without regulation, markets privatize gains and socialize losses.

What's New?

Sustainable development, green growth and the fight against climate change. The world is watching Mexico's leadership on these issues because, at present, the G20 has a "brownish" agenda for its own member countries as well as for developing countries (in its Development Action Plan (DAP).[1]

There are hopes that Mexico will lead support for equitable and sustainable outcomes for the DAP and, more generally, for the 2012 Earth Summit in Rio. There are also fears that Mexico could define "green growth" in ways that expand predatory practices, such as speculation in food crops and natural resources, which maximize private gains at unacceptable social costs, e.g., high food prices, "land grabs" or global warming.

In his article, "The Development Agenda of the G20," **Thomas Fues** of the German Development Institute asks provocative questions: Should development be included in the G20 agenda in the first place? Second, how can we assess the development-related activities of the G20 so far? And finally, how should the G20 move forward on development challenges?

Fues charts the details of how the G20 averted a stronger collective commitment on issues from social and environmental standards for responsible investment to disclosure obligations for natural resource payments to fossil fuels subsidies. He also notes the need for G20 progress in support for global public goods and consultation with countries and international organizations. Finally, he makes the case for four priority areas for G20 action on global regulatory frameworks: trade, foreign direct investment, natural resources and "land grabbing."

G20 Calendar 2012

February	2-3	Sherpa Meeting
	16	Corruption Working Group
	22-24	G8/G20 Civil Society Strategy Meeting
	24-25	Finance Ministers & Central Bank Governors' Deputies Meeting
	25-26	Finance Ministers & Central Bank Governors' Meeting
	27-28	Think Tank 20 Meeting (COMEXI (Mexico) and CIGI (Canada))
March	15-16	Sherpa Meeting
	19-20	Development Working Group
April	15-19	Corruption Working Group
	19	Finance Ministers & Central Bank Governors' Deputies Meeting
	20	Finance ministers & Central Bank Governors' Meeting
	20-22	World Bank Spring Meeting
May	2-3	G20 Development Working Group
	10-11	Sherpa Meeting
	18	Foreign Ministers Meeting
	19-20	**G8 Summit**
June	16-17	Sherpa Meeting
	18-19	**G20 Summit**
	20-22	Rio+20, UN Sustainable Development Conference
July	1	Mexican Election
September	13-14	G20 Finance Ministers & Central Bank Governors' Deputies Meeting
October	4	G20 Development Working Group
	12-14	IMF-WB Annual Meetings
November	4-5	G20 Finance Ministers & Central Bank Governors' Meeting

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1. See, for instance, the three infrastructure-related documents presented to Leaders at the French G20 Summit: "The High-Level Panel report on Infrastructure," "Transformation Through Infrastructure. World Bank Group Infrastructure Strategy Update, FY12-15," and "MDB Infrastructure Action Plan."

The G20 Under the Mexican Presidency

By Laura Carlsen, Director, Americas Program, Center for International Policy

Mexico took on the presidency of the G20 in December 2011 at a moment of multiple crises. The nation shares the presidency with a "three-member management Troika of past, present and future chairs", this year, France and Russia.[1] As chair, Mexico is responsible for establishing a temporary secretariat to coordinate work and prepare for and organize the June 2012 Summit. The Ministry of Foreign Affairs is charged with this task, with the participation of other ministries in specific areas.

Mexico will have considerable impact in setting the agenda and drafting preparatory materials for the June 18-19 Summit in Los Cabos, Baja California South, Mexico. The government of President Felipe Calderon has set that process in motion, with a brief six months remaining and enormous challenges to a successful meeting following lackluster results in Cannes in November 2011.

Calderon referred to Mexico's presidency of the G20 as "a very delicate responsibility, since it's the first time that not only a Latin American country but a developing country has assumed [the post]."[2] In fact, several emerging economies have previously chaired the G20. South Korea (2010) chaired the G20 Summit meeting of heads of state and India (2002), Mexico (2003), South Africa (2007), and Brazil (2008) chaired the G20 Finance Ministers' meetings.

Mexico will have considerable impact in setting the agenda

In addition to being a developing country with a minor voice compared to the G8 countries, Mexico takes on the task at a time when the G20 agenda is dominated by the global financial crisis and, in particular, the eurozone debt crisis. The French G20 Summit made little headway in addressing these challenges and prospects for the Mexican G20 Summit may not be much better, as acknowledged by Mexican President Calderon at the Merida Summit on December 5, 2011:

"The context of the G20 is marked by this terrible global crisis and perhaps, it's the main issue that surrounds, envelopes and totally dominates discussions."[3] As 2012 begins, it's clear that the crisis is far from being resolved and probably deepening. It is likely to continue monopolizing the G20 agenda, with dim prospects for advances.

In addition to the weight of the crisis in deliberations, in June 2012, Mexico faces its own challenges that will affect its leadership of the group. The nation will be a mere month away from presidential elections. Presidential elections in Mexico frequently lead to a period of political instability and taint every aspect of the political climate. This year will be no exception. Violence has exploded in the country, with more than 60,000 homicides since the drug war was launched by President Calderon in December 2006.

Constant conflicts between security forces and cartels and among competing drug cartels, with the lines between the two types of conflict blurred in the context of frequent complicity and corruption within the government, have led to generalized violence and insecurity in the country.

In this context, the actions of the federal government even in the area of foreign policy have electoral implications and motivations – whether explicit or implicit. The chair of the G20 represents an opportunity to gain international visibility and prestige for the out-going administration, but it also presents the risk of failure at the meetings on critical issues, not to mention political and security challenges. Likewise, the United States will be heading into elections in 2012 and potentially postpone tough decisions and reforms of the kind that the world economy needs now for being too controversial.

Mexico's priorities

For civil society actors, it's important to have an idea of the goals and political and economic perspectives that the Mexican presidency brings to the table. At the G20 meeting Nov. 4, 2011 in Cannes, Calderon outlined five major priorities for the Los Cabos Summit:[4]

1) Regain economic stability to restart growth. Calderon would like to see the European crisis resolved before June and remove it from the agenda for the G20 Summit in June. To that end, he has offered some specific recommendations that place the onus on European leaders to apply decisive measures in the next few months to "resolve the Euro crisis, to isolate the effects of this crisis on viable economies, like the Italian and Spanish economies, to avoid systemic contagion, and of course, to immediately discount the part of the Greek debt that is simply unpayable."

According to the Mexican President, developing countries and developed countries have different roles in the current global economic situation. The former should "maintain a responsible macroeconomy and continue to contribute to world growth", while the latter should "achieve fiscal consolidation and close out as soon as possible the public deficits that have generated the present crisis."

2) International trade. On this point, Calderon emphasized two goals: To foster international trade through free trade and to correct "commercial and financial imbalances on the global level." On imbalances, his criticisms were clearly aimed at China, without mentioning names, and in particular against that country's monetary policy, referring to "countries with constant trade surpluses, not always achieved in a natural manner or obeying the market, but through the artificial imposition of notably depreciated exchange rates."

In defense of free trade, the President insisted on "rejecting protectionism that has arisen in various developed and developing economies of the world" and argued for reducing tariff and non-tariff barriers. He expressed impatience with the stalled Doha Round and urged that, before the June Summit, negotiators should either conclude the trade round or admit failure, adding that he would rather have it declared dead than issue yet another declaration of good intentions if there isn't the political will or any real possibility of reaching global agreements.

3) Financial Regulation. Mexico's objectives are: To strengthen the Financial Stability Board and continue to follow its recommendations to seek balance between financial stability and growth and to strengthen the international financial architecture, giving a key role to the International Monetary Fund. And, to strengthen "financial inclusion for growth."[5] Notably absent is the mention of real measures of regulation, such as imposing a financial transactions tax, supported by France, the out-going chair, or eliminating tax havens.

4) Food Security. Calderon noted a 50% rise in world food prices over the past five years and affirmed the relationship between higher food prices and extreme poverty, hunger and "social turbulence." He attributed the rise to an increase in demand in emerging economies such as India and China and "a strictly financial component caused by speculators who seek higher profits in food markets."

5) Climate Change and Sustainable Development. Speaking before the outcome of the Durban Climate Change Conference, Calderon placed priority on the creation of the Green Climate Fund through mechanisms, including the "fast start" financing for already agreed adaptation measures and the application of the program for Reducing Emissions from Deforestation and Forest Degradation (REDD+). He reiterated his belief that REDD+ and payment for environmental services will be the best global instruments for emissions reduction. This area also includes infrastructure and "green growth."

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Mexico's Role as G20 Chair

In addition to these priorities, Calderon has publicly defined his idea of Mexico's "strategic role" as chair. He vowed that Mexico would play a strong role, not only on issues that affect the region, but also in resolving the crisis among developed countries. At a meeting of the Pacific Alliance, he noted that his government seeks to be a spokesperson for developing countries.[6]

> **Calderon's government seeks to be a spokesperson for developing countries**

The Mexican President insisted on finding immediate solutions to the Greek crisis and emphasized the need to build a "wall of contention" to buffer countries such as Italy that do not have a solvency crisis but rather a credibility crisis that could get worse. He said the eurozone has the tools to confront the crisis through the support of the central banks as "lenders of last resort", and that they need to make the tough decisions. He attributed the crisis to "imbalances" based on the surpluses or over-accumulation of capital in China and other countries and deficits in the United States and Europe.

The Mexican government considers itself in the vanguard with regard to "green growth" and the implementation of the Green Climate Fund, social programs or safety nets such as the Opportunities Program, and free trade. It will press for the expansion of work in these areas.

Preliminary Observations

The Calderon "checklist" for the summit includes resolving the eurozone crisis first through financial intervention and deepening market policies. The suggestions follow the line of the orthodox neoliberal policies that his administration has maintained in Mexico. Although they may not be excluded from the agenda, there is no mention of the G20 priority to generate employment, especially for youth, or of a need to address inequality, development or a more just distribution of the benefits of development.

Point 3 on financial regulation does not refer to a new regulatory framework, but to systems of monitoring and evaluation (the FSB) and contingency plans on risk management to be managed by the IMF. Point 4 on food security notes the role of speculation in price increases but so far lacks recommendations for regulation, instead attacking "expansive monetary policies" in developed countries as a major cause of the flood of investment in food commodities markets, rather than the lack of regulatory frameworks and unhampered greed.

On climate change investment the Calderon solution is "programs to simultaneously combat poverty and deforestation" – that is, payments to indigenous and peasant communities to conserve forests – market mechanisms that have been strongly criticized due to the lack of effectiveness in addressing the problem of emissions, the commodification of nature and the violation of indigenous rights.

In sum, the Mexican government as chair of the G20 will encourage free market policies and avoid solutions that promote regulation or market reforms. A major goal is to broaden the role and the resources of the IMF. Central Bank director Agustín Carstens told IMF Managing Director Christine Lagarde, "This will be among the most important tasks for Mexico as host of the G20 – to find ways to strengthen the Fund."[7]

The Mexican government proposes more money for the IMF and the use of the IMF "special drawing rights" to expand the resources of central banks as well as the implementation of reforms to increase emerging economies' participation in decision-making. It calls for expanding the capacity of the IMF to "intervene massively in financial or monetary crises", insisting repeatedly on the "efficacy" of the Fund's intervention in the Latin American debt crisis of the 80's.[8]

Although the Mexican government sees itself as the voice for developing countries and especially Latin America, other countries in the region do not share optimism regarding the meeting. When Calderon presented his agenda to the Alliance of the Pacific (Mexico, Colombia, Peru, Chile, and Panama as observer) Colombia's President Santos questioned Mexico's role, asking Calderon, "What are the proposals that you can take and that are going to be accepted by Europe, the US or Japan to really benefit Mexico, Chile or Peru; it's very difficult to identify this." He also questioned the viability of the Summit. "Excuse me for saying this, but in all frankness, if nothing changes radically, the G20 meeting will be another failure… to believe that the G20 will resolve our problems, well, I have a lot of doubts. Precisely due to the structural problems of the majority of the economies that make up the G20, I think it will be very difficult for there to be consensus."[9]

Skepticism that the G20 will represent their interests and that it will be effective is widespread in the region. The recent formation of the Community of Latin American and Caribbean States demonstrates that much of the region—including G20 members Argentina and Brazil--believes solutions must be forged within the region and that developed countries represent more of an obstacle than a partner. These countries also have longstanding criticisms of IMF conditionality and actions in the region and they rejected U.S. free trade agreements.

They want to spearhead efforts to build South-South ties and orient regional infrastructure development toward the consolidation of regional trade and development rather than follow a G20-led orientation toward globalization. It would be an illusion for Mexico to think that the region could speak with a single voice – much less accept the views of the Calderon administration as its own.

Challenges for Civil Society Participation in Los Cabos

Due in part to the protests that often accompany the G20 Summits,[10] the Group has chosen a meeting site at the tip of a peninsula that is difficult to reach and where it is easy to control access. Civil society organizations will find it difficult to mobilize large numbers of people at the Summit so strategies must focus on creativity, clear criticism and alternatives. Because of the general climate of insecurity in Mexico and possible protests, participants should expect security to be heavy.

Some of the most important issues for civil society are not only sidelined by the crisis, but seem to be minimized by the Mexican orientation of the agenda. The emphasis on 'more of the same' narrows the space for proposing alternatives. Civil society organizations must press the G20, and especially the Development Working Group, on the need for revamping the development agenda, real reforms and regulation, and a fairer global economy. Achieving greater transparency within the Group will be key to this effort. The Summit in Mexico presents the opportunity to spotlight alternatives, share information and make the voices of civil society heard.

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The G20 and Jobs

Can the Mexican Presidency Deliver?

By John Evans, General Secretary, Trade Union Advisory Committee to the OECD (TUAC)

With the shift of the G20 Presidency from France to Mexico and the global economy once again teetering on the edge of recession, the start of 2012 is an appropriate time to take stock of civil society's policy advocacy towards the G20 and other economic fora. The trade union movement is doing just this at a meeting of the Council of Global Unions being held at the end of January 2012.

Along with broader civil society movements, the Global Unions are campaigning on: innovative funding – including a Financial Transaction Tax (FTT), controlling food price speculation, stepping up accountability to deliver on past aid commitments by G8 and G20 governments, re-regulating financial markets, and halting climate change. But the trade unions' central objective is to prioritize and mainstream employment growth on the G20 policy agenda.

Today, the global economy is beset by a crisis of confidence. Yet, at this point, there is much less consensus among the G20 on the solutions for exiting this phase of the "Great Recession" than there was in 2008 and 2009. The euro zone crisis has brought to the fore calls for more austerity in Europe to reduce public deficits and instill "confidence" in financial markets. Such policies, at best, do not provide a credible strategy for sustainable growth in the medium-term – and at worst may tip more countries into recession.

The trade unions' central objective is to prioritize and mainstream employment growth on the G20 policy agenda

Trade unions contend that the major challenge for the Mexican Presidency is to deliver on the G20's own commitment at the Pittsburgh Summit to "put quality jobs at the heart of the recovery". It is not only financial markets that need confidence. As consumers, people need confidence to spend; businesses need confidence to invest. Importantly, our youth need confidence in their future jobs and careers in dynamic economies and in just and open societies.

Advocacy in 2008 and 2009

The G20 did manage to muster political will at the outset of the crisis to adopt a coordinated policy response that in all likelihood played a key role in averting a 1930s style Depression. Following the collapse of Lehman Brothers in September 2008 and the global banking system seizing up, workers were laid off, families saw their houses re-possessed and banks teetered on the brink of collapse. It was clear that a coordinated global response by governments and institutions was required. The major economies used the G20 to coordinate their responses, scaling the forum up from a low-key Finance Ministers' Forum into a Heads of Government Summit process – effectively replacing the G8.

The Global Unions Statements to the G20 Summits and Ministerial meetings and the ITUC-TUAC evaluations of the outcomes are available on the TUAC and ITUC websites.

The international trade union movement responded rapidly, matching the "heat" of the street with the "light" of policy messages submitted formally and in the corridors to G20 Leaders at successive G20 Summits. Trade union demands centered on stabilizing employment, providing social protection for workers hit by the crisis, and carrying out effective and coordinated government intervention to support the global economy, so as to prevent the 'Great Recession' becoming a 1930s-style 'Great Depression'. Three years later, the trade union agenda is still valid, even as the crisis enters a new and even more dangerous phase.

In November 2008, at the first G20 Leaders' Summit in Washington D.C., the Global Unions' "Washington Declaration" called on governments to initiate a major recovery plan that would invest in infrastructure and "green jobs," protect low-income groups, re-regulate financial markets (to put an end to "an ideology of unfettered financial markets"), and democratize economic governance – giving the ILO a seat at the G20 table and providing for the meaningful participation of trade unions. The trade union statement also stressed the need for governments to attack the "crisis before the crisis" – the explosion of inequality in income distribution that is now recognised as one of the causes of the debt bubble in the United States that contributed to the financial meltdown.

The G20's initial policy response at Summits in 2009 in London and Pittsburgh, whilst far from meeting all of the trade union demands, was nevertheless positive. Coordinated stimulus plans were put in place, which according to ILO estimates, saved some 21 million jobs worldwide during 2009-2010.

At the Pittsburgh G20 Summit, governments made a commitment to "putting quality jobs at the heart of the recovery", largely as a result of the global union movement's coordinated lobbying of G20 sherpas in the run-up to the Summit.

> **"putting quality jobs at the heart of the recovery"**

On the whole, however, not enough was done to translate these commitments into action. Moreover, despite potentially far-reaching announcements of the desire to re-regulate financial markets and institutions at the London Summit, governments bailed out major financial institutions leaving the power relations and corporate cultures unchanged with disastrous effect. The years 2008 and 2009 represented a missed opportunity for a more radical restructuring of and regulation of major institutions when this would have been politically feasible.

Advocacy in 2010

In 2010, at the Washington G20 Labour and Employment Ministers' Meeting, the G20 went further and called for "corrective measures" to address the widening of income inequality through "minimum wage policies and improved institutions for social dialogue and collective bargaining".

But, in early 2010, in the space of just a few weeks, the G20 Finance Ministers pivoted away from supporting employment and demand in the global economy to a premature focus on fiscal consolidation. The trigger for this reversal was the explosion of the sovereign debt crisis, governments' fear of rising spreads of interest rates on this sovereign debt, and their desire to appease the bond markets. Moreover, the agenda for fiscal consolidation was dominated by public expenditure cuts and austerity measures rather than revenue-raising measures such as the introduction of a Financial Transaction Tax (FTT), which could calm speculation and ensure a contribution by the financial sector to paying for the crisis.

By the second half of 2010, G20 policy-making was being driven by global financial markets rather than the other way round. The banks were making profits, thanks to the unprecedented government guarantees of their liabilities. They got on with the business of paying massive bonuses and lobbying against financial reform, while failing to re-start lending to small and medium-sized enterprises. And all these problems were compounded by the reinforcement of the austerity message at the Toronto and Seoul G20 Summits in 2010, chaired by deeply conservative governments with little ambition to move the G20 agenda forward and even less concern for the 'jobs' agenda.

Advocacy in 2011

For the 2011 French G20 Presidency, the trade unions' primary objective was to put past G20 commitments to quality employment and financial market regulation back on track. Trade unions put these issues on the table at the first "L20" – 'Labour G20' – held at the Cannes G20 Summit in November 2011.

> **G20 policy-making was being driven by global financial markets rather than the other way round**

They called on the G20 to recognise that their short-term priority should be to reduce unemployment, while making public budgets sustainable in the medium-term. First and foremost, this means getting people back to work, not slashing expenditures.

The Cannes G20 was "a tale of two Summits". On the one hand, there was a Summit that delivered progress, on paper at least, with regard to growth and jobs, monetary reform, food prices, social protection, development and G20 governance, including an "institutionalization" of social partner participation in the G20 process through recognition of the L20. It also created the G20 Task Force on Employment to focus on youth employment and called on the ILO, OECD, IMF and World Bank to report to G20 Finance Ministers on the global employment outlook and the employment impact of the G20 Framework. On the other hand, there was a parallel Summit

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dominated by the eurozone crisis, which filled the press headlines with stories on the Greek sovereign debt crisis and its potential contagion to Italy and other countries.

The outcomes of Cannes have been completely overtaken by subsequent events. First, the resignation of the Greek and Italian Governments and their replacement with "technocrat" administrators who have the expressed aim of "reforming" public finance in order to stabilize the bond markets. Then, at its meeting in December 2011, the European Council adopted an inter-governmental agreement which imposed budget "discipline" and a dangerous balanced budget rule on eurozone member countries implying greater austerity and budget cuts. This significantly undermines the prospect of achieving growth levels sufficient to create the number of jobs called for by the G20 – 21 million a year in order to bring unemployment down to 2008 levels in the medium-term (as estimated by the OECD and the ILO).

Advocacy in 2012

Besides fighting further rounds of austerity measures, unions will be campaigning for an alternative. Such a "Plan B" would involve certain economies (those with fiscal space and access to capital markets) taking stimulus measures. In its November 2011 Economic Outlook, the OECD stated that half of the OECD members can implement these stimulus measures. As was the case with Australia in 2009, the withdrawal of stimulus should be contingent on growth returning to rates above the trend.

The Global Unions have put forward a plan for jobs and recovery – a "Plan B"

The Global Unions have put forward a plan for jobs and recovery – a "Plan B" that not only aims to stem the crisis but would also shape a post-crisis world that is economically, socially and environmentally just and sustainable.

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The G20 governments must:

- Fulfil their Pittsburgh commitment to put "quality jobs at the heart of the recovery" by establishing jobs targets for each G20 country. Achieving these would require public investment in "green jobs", shifting taxation from employment to environmental "bads", targeted tax cuts or increases in cash transfers to low-income households and the provision of finance for high-growth, small and medium-sized businesses.

- Transform the structural policy agenda to strengthen labour market institutions; social partnership; collective bargaining; robust, negotiated and legislated minimum wages; and income support for low-income groups so as to reduce income inequality and avoid wage deflation.

- Introduce a jobs pact for youth – those under the age of 24 who have been unemployed for six months should be offered either employment at the relevant minimum wage or a full-time, funded training place for a further six months. Job search support must be offered at the end of the guarantee period.

- Establish a social protection floor that is supported by adequate funding according to levels of development.

- Implement rapidly the reforms to the financial sector that were agreed at the G20 London Summit but never effectively enacted and go beyond this to effectively restructure financial groups that have become too-big-to-fail. Also, establish a financial transaction tax.

On December 15, 2011, in Mexico, the author participated in the first meeting of the G20 Task Force on Employment, which is beginning its work on youth unemployment. Trade unions now have a "seat at the table" for at least some of the G20 meetings. But many of the government representatives on the Task Force see the limits of their ambition as exchanging good practice on apprenticeship systems or other supply side measures.

Against the background of renewed austerity, neither such supply side-measures nor the positive announcements on jobs at the French G20 Summit will significantly reduce the numbers of unemployed. The Task Force must have an ambitious set of proposals for action that go beyond just labour market measures for training and mainstream the employment issue on the agenda of Los Cabos G20 Summit in June.

Given the scale of the jobs crisis, it essential that the L20 is developed into a permanent and genuine counter-weight and counter-party to the B20 in the G20 process.

Global unions will also be convening the "L20" – the Labour 20 – at the Mexican G20 summit. This met on similar terms to the "B20" – the Business 20 – in Cannes for the first time. Given the scale of the jobs crisis, it essential that the L20 is developed into a permanent and genuine counter-weight and counter-party to the B20 in the G20 process. But Labour will not be waiting until June to press our concerns on governments.

G20 Leaders need to listen to the L20, adopt the trade union movement's "Plan B," and task their labour and finance ministers to work together to implement them. If this happens, then the commitments made on jobs by G20 governments in the Cannes Declaration might actually have a chance of being met.

The Role of G20 in Enhancing Financial Inclusion

By Roy Culpeper, Senior Fellow, School of International Development and Global Studies, University of Ottawa and former President The North-South Institute

There is a long-standing recognition of the potential for greater financial inclusion that facilitates access by poor households to affordable credit. In the 1990s with the advent of microcredit some of this potential was realized, but subsequently the shortcomings of microcredit have also become evident. For instance, microcredit programs often fail to monitor whether beneficiaries are becoming overindebted. In addition, most microfinance institutions (MFIs) are not well-equipped to provide either savings facilities or loans to small or medium-sized enterprises (SMEs). Poor households value access to savings accounts, while SMEs also need much greater access to credit.

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Microfinance institutions have tended to emphasize credit and have under-provided savings accounts.

The G20's Financial Inclusion initiative is aimed at tackling these problems by facilitating universal access to financial services. While the initiative has many commendable elements, it has some significant weaknesses as well. In particular, it downplays the potentially important role of government agencies such as national development banks, and other government programs that facilitate access to financial services by poor households and smaller enterprises.

In November 2008, when G20 Leaders first convened, their immediate attention was focused on arresting bank failures in the developed countries and precluding another Great Depression. But within a year they were also discussing the need to address the problem of financial exclusion in developing countries, where a large majority of the adult population has no access to credit and little scope to open savings accounts. At the Pittsburgh Summit in September 2009, the G20 launched its initiative to enhance financial inclusion. At its Seoul Summit in November 2010, the initiative was considerably widened with the formation of a "Global Partnership for Financial Inclusion", which now includes the active participation of several non-G20 countries as well.

The G20 initiative has made a number of important contributions to development thinking and practice. For example it has heightened the appreciation of financial inclusion among policy-makers, practitioners, and global standard-setting bodies such as the Basel Committee for Banking Supervision. A new forum, the Alliance for Financial Inclusion, with members from central banks, finance ministries and regulatory agencies in over 70 developing countries, has been created to share experiences and learn from best practices. More broadly, the initiative has drawn attention to the importance of access not just to credit, but also to savings facilities by poor households. As noted above, microfinance institutions have tended to emphasize credit and have under-provided savings accounts. With the arrival of mobile telephone banking and other versions of "branchless banking", new technologies are enhancing the possibilities of maintaining safe and dependable bank accounts for poor households. The G20 initiative welcomes these innovations but appropriately emphasizes the need for adequate regulatory and supervisory systems to protect consumers and depositors against possible abuses.

Perhaps the single most important contribution of the initiative to development thinking and practice is its focus on the need to attract more financing to small- and medium-sized enterprises (SMEs). The G20 recognizes that SMEs are in the "missing middle" of banking: too large and complex for conventional microfinance and too small and risky for conventional commercial banks.

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Across the developing world, the exclusion of millions of SMEs from access to financing represents a huge opportunity cost, since SMEs provide almost half of the labour force, and almost half manufacturing employment, in developing countries. Therefore, finding the right modalities to provide greater access by SMEs to credit and other financial services is extremely important for economic growth and the reduction of poverty and inequality.

> **What is missing from this picture is an active role for government agencies and government programs**

However, the modalities emphasized by the G20 initiative are primarily "upscaling microfinance" (thereby becoming able to handle larger, long-term loans to businesses) and "downscaling commercial banks" (thereby better able to manage portfolios of small loans to risky enterprises). Such a strategy may indeed help to cover some of the financial needs of the "missing middle" occupied by SMEs. But the financial needs of SMEs are demonstrably huge.

Indeed, one of the reports commissioned by the G20 estimates that the financing gap is upwards of $2 trillion a year. It is difficult to imagine that a significant portion can be bridged simply by upscaling MFIs and downscaling commercial banks. What is missing from this picture is an active role for government agencies (such as national development banks) and government programs (such as credit guarantees).

To be sure, the G20 initiative recognizes an important role for government. But this relates entirely to establishing an enabling policy and regulatory framework within which private sector actors – whether MFIs or banks – can operate freely and efficiently, without resorting to practices which could destabilize the market. Such a role is of course imperative for government, as the ongoing financial crisis in the United States and Europe amply demonstrates.

However, it is not sufficient to get the policy and regulatory framework right and assume that market forces will do the rest – either in the case of developing or industrial countries.

Simply put, private financial markets fail to provide universal access to poorer households and SMEs. Industrial and emerging market countries have long recognized this market failure and, for this reason, most operate government agencies and programs that cater to the financial needs of households and SMEs that cannot get access to market financing. With respect to access to savings accounts, state-owned institutions have traditionally had a dominant role. This role has been played both by postal savings banks (which constitute the most widespread state institution having a financial function in many countries) and other state-owned banks. According to a UN survey, such government agencies accounted for more than 70 percent of almost 600 million savings accounts in the year 2000.

> **In a sense, it is the financial market itself that is missing and, through direct intervention, government actors can help establish a viable market in which private actors eventually become the dominant players.**

With regard to financing for SMEs, there are many examples of public agencies in industrial and emerging market countries. These include the Small Business Administration in the U.S., the Business Development Bank of Canada, the Korea Development Bank, the Brazilian Development Bank (BNDES), and the Small Industries Development Bank of India. There are also public banks that are community-based, the most notable example being the "Sparkassen" in Germany that have existed for 250 years. Often such public agencies also provide technical assistance to strengthen the business plan and the commercial viability of their clients.

> **The G20 Financial Inclusion initiative would be vastly more effective if it embraced a more active role for government.**

What is crucial is that such interventions help to establish the creditworthiness of the recipients, reducing the risk and increasing their appeal to private sector lenders. This desirable outcome, typically an objective of government programs, can also be achieved by partial guarantees by governments on loans issued by commercial banks. In a sense, it is the financial market itself that is missing and, through direct intervention, government actors can help establish a viable market in which private actors eventually become the dominant players.

The G20 Financial Inclusion initiative would be vastly more effective if it embraced a more active role for government. Many of its members, particularly from the emerging market countries, would readily acknowledge the importance of national development banks, credit guarantee and directed credit programs in their own development strategies.

As a final caveat, the G20's goal of "universal financial access" should be seen as a "means" rather than an "end" in itself. Unlike education or health, which are desirable in themselves, financial services are more appropriately regarded as a means toward other ends—greater investment, employment, income generation, and even education and health. There is a danger that recourse to financial services can become excessive, leading to unsustainable debt burdens. This has been the experience both of sub-prime mortgage borrowers in the U.S. and microcredit borrowers in developing countries. The G20 initiative would also benefit from recognizing these limits to or hazards of financial inclusiveness.

The Development Agenda of the G20

Based on presentations at Heinrich Boell Foundation/Mexico and Colegio de México in 10/2011

By Thomas Fues, German Development Institute

Development policy is a relative newcomer to the G20 process. After the unexpected transformation of the G20 of finance ministers and central bank governors to the level of heads of state and government in 2008, the new summit architecture had been sharply focused on global economic imbalances. With its identity gradually shifting from crisis manager to a global steering committee, the G20 has become more interested in legitimizing its existence as permanent fixture of global governance. Rising powers within the G20 are particularly keen on demonstrating to the developing world that concerns of poor countries are addressed in the exclusive circle. The broadening of the self-defined mandate amplifies the G20's reach in global politics by opening up channels of communication and collaboration towards low-income countries and international organizations (Schulz 2011). While numerous multilateral agencies have become active participants of G20 meetings, the inclusion of poor countries still needs to evolve.

Development policy is a relative newcomer to the G20 process

South Korea played a leading role in taking development on board. Using the prerogatives of the presidency, this role model for a phenomenal rise to prosperity placed global development at the center of the agenda for the November 2010 summit. Since then, the aspirational Seoul Development Consensus and the corresponding Multi-Year Development Action Plan have formed the programmatic basis for the G20's commitment to overcome poverty and global inequities (Fues/ Wolff 2010).

A permanent Development Working Group, established at the Toronto summit in June 2010, has become the G20's institutional home for joint policy design and various operational activities. However, the attention of G20 leaders towards low-income countries has not been free from controversy. This contribution addresses three pertinent aspects. To start with the most basic: Should development be included in the G20 agenda in the first place? Second, how can we assess the development-related activities of the G20 so far? And finally, how should the G20 move forward on development challenges?

The attention of G20 leaders towards low-income countries has not been free from controversy

1) Role of the G20 in global development policy

Critical observers from the ranks of civil society, academia as well as excluded governments oppose the efforts of the G20 in promoting global development (Herman 2011). The rejectionist position draws on two sources. Firstly, the very existence of the G20 is questioned as an instance of illegitimate "club governance" which threatens to undercut universal organizations such as the United Nations (Maihold 2011). The second line of argument criticizes an alleged "mission creep" that further fragments an already dysfunctional global architecture and diverts attention from the G20's core task of stabilizing the world economy. It is charged that the G20's development initiative has usurped debates and decision-making that should take place in more inclusive intergovernmental bodies allowing for the adequate representation of beneficiary countries and non-state actors.

At the same time, numerous voices from the same camps address the G20 which, in the eyes of many, is perceived as the most powerful collective actor in the present world of profound turmoil and uncertainty (Messner 2011). It is the position of this author that the G20 should contribute to the provision of global public goods and act as a guardian of global-wellbeing. Human security and the elimination of poverty are vital concerns in this regard.

Therefore, the G20 should devote special attention to the needs of low-income and fragile states and link their interests to its core agenda of promoting a balanced and equitable world economy. However, the G20 must be clear on the value-added it brings to the table and harmonize its development agenda with the ongoing political processes on aid effectiveness (post-Busan) and climate financing (Global Green Fund). In defining its role for international development, the G20 should understand itself more as an advisor to multilateral authorities and implementing agent for global agreements rather than as a decision-making body in its own right.

2) G20 action on development challenges

In a short time period, the G20 has taken on a myriad development-related tasks and established corresponding work streams. A tentative analysis suggests the following characteristics of G20 action on development:

a) Several constellations of actors within the G20 deal with development, such as the

Development Working Group, panels, task forces and, at a high political level, ministers of agriculture, development and finance. The respective mandates of these groups are not guided by a common vision or by a shared system of objectives. There is no mechanism for systematic monitoring and evaluation in place (Alexander 2011).

b) Rising powers within the G20 are apparently successful in softening the wording of the group on critical issues.

- Suspecting trade and investment protectionism by industrialized countries, the Cannes Summit averted a stronger collective commitment on social and environmental standards for responsible investment and on disclosure obligations for natural resource payments, such as in the Extractive Industries Transparency Initiative (EITI). The final version of the text "encourages" member states to "explore voluntary standards".

- In the report of the Development Working Group (2011) to the Cannes summit, developing member countries of the G20 also blocked any reference to a common social protection floor, instead insisting that national conditions must prevail.

- Resistance from rising powers is one of many stumbling blocks in moving the G20 towards a path of green transformation. In particular, subsidies of fossil fuels are a sensitive factor in domestic power equations which everyone is afraid to touch. However, industrialized countries have little reason to blame developing countries on this point since they carry the responsibility for excessive historical emissions and are similarly reluctant to promote sustainable patterns of prosperity.

c) The G20 is strongly focused on setting up informal platforms of mutual learning and information exchange on a wide and diverse range of topics. In this area, it acts as a network and convener reaching out to different constituencies. However, there seems to be no coherent strategy for how these platforms and networks are supposed to function; no central guidance is provided. When the G20 assigns coordinating functions to international organizations, it expects them to cover related costs from existing budgets.

d) With very few exceptions, the G20 has not moved in the direction of defining quantitative targets with clear time frames. One positive exception is the target of reducing the cost for transferring remittances to 5% of the amount transferred to be reached by 2014.

e) The G20 has extensively called on international organizations to provide analytical studies and policy proposals. It usually brings together different groups of expert institutions on a particular topic and expects a collective report from them. While this approach may be helpful in overcoming institutional fragmentation in the international system, it is also subject to the charge of bypassing the responsible governing boards. An alliance of non-G20 member states has insisted that the G20 respect the legitimate procedures of international organizations in carrying out their mandates and that the G20 should compensate these institutions for any work done on its behalf (3G 2011).

Monitoring the development activities of the G20 is a complex task

f) The G20 has not yet developed appropriate channels of continuous interaction and collaboration with low-income countries (LICs). Rather, they are consulted on a sporadic and ad-hoc basis which leaves little room for a systematic assessment of special needs and adequate policy responses. In this regard, Schulz (2011: 1) comments: "Launched with high expectations, the G20 engages in the global governance of development in a spontaneous and opportunistic way." To become a cooperative player in the international system, the G20 needs to correct the structural flaw of its development strategy.

Monitoring the development activities of the G20 is a complex task and interested observers still have to build up capacities for this purpose. For example, the comprehensive analysis of G20 implementation efforts by the University of Toronto (2011) only covers ODA commitments of member countries and their support to partner countries in mobilizing domestic resources. At this early stage, the development initiatives of the G20 could be interpreted in two

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ways. They could either be seen as complementary contribution to ongoing efforts. Or they could be understood as a competing approach to the dominant narrative of the Millennium Development Goals (MDGs) which are centered on human development and environmental sustainability. The complementary perspective would emphasize the responsibility of the G20 to focus on the development-friendly coherence of global governance frameworks, particularly in areas such as trade, investment, infrastructure and agriculture. The critical view would argue that the narrow focus on quantitative growth as a prerequisite for poverty reduction undermines the evolving paradigm of sustainable and inclusive development (Berensman/Fues/Volz 2011).

The G20 focus on shaping development-friendly framework conditions of the world economy, giving special consideration to the needs of low-income and fragile countries.

3) Steps forward

Starting from a positive attitude towards the G20's involvement in global development policy, the following issues should be considered in charting future steps:

a) The G20 should sharpen the focus of its development activities in line with its core mandate and its limited capacities. Since the whole world is watching, failure in this regard would come at a high price for the group's credibility and legitimacy. The G20 should withdraw from operational efforts and abandon the myriad of sector-specific work streams. It should rather focus on shaping development-friendly framework conditions of the world economy, giving special consideration to the needs of low-income and fragile countries. Subsequently, the existing nine development pillars should be transformed into a smaller number of key focal areas such as infrastructure and food security for which the G20 could design complementary political initiatives in support of international organizations.

b) Four priority areas for G20 action on global regulatory frameworks stand out: trade, foreign direct investment, natural resources and land "grabbing". Building on ongoing political processes and existing institutions, the G20 should establish corridors of possible regimes for such policy challenges and consult with relevant stakeholders on the most desirable options. Encouraging steps in this direction are already taking place in regard to norms for responsible investment and efforts by G20 agricultural ministers on land tenure.

c) The G20 should reformulate the Seoul Consensus on Development to fully reflect the paradigm of sustainable and inclusive development. It should support member and non-member countries in elaborating strategies for green transformation and address the systemic risks inherent in the present model of resource-intensive growth and prosperity (Fues/Wolff 2011). The Mexican presidency appears ready to concentrate on green growth as its signature initiative.

d) The G20 should exploit its unique membership by building partnerships between traditional donors and rising powers, particularly in international development cooperation. The global partnership document recently adopted at Busan provides a useful framework which now needs to be filled with specific agreements on objectives, principles and standards in support of beneficiary countries.

Mexico, the acting presidency, seems intent on narrowing down the development agenda of the G20 by prioritizing issues. The G20 as a whole should move forward in this direction and link up with the community of official and non-state actors in the post-Busan process which are committed to work for an effective global aid architecture.

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G20 and Food Security

High Expectations, Few Results…Yet

By Neil Watkins, Director of Policy and Campaigns at ActionAid USA

French President Nicolas Sarkozy began 2011 by announcing his intent to use France's chairmanship of the G20 to tame volatile food prices around the world.

Fighting food and energy price volatility was atop the French government's G20 agenda – because, according to Sarkozy, "volatility undermines global economic growth and global food security" (read here).

By June 2011, at the first ever gathering of G20 Agriculture Ministers, assembled at his request, the French President told Ministers, "Volatility is a plague on farmers and consumers. It can plunge entire populations into famine and poverty. We have to act, and act together. The world is watching you" (read here).

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Growing Consensus on the Need to Act

If there was ever a year for the G20 to take decisive action to reduce the world's vulnerability to food insecurity, 2011 was it. The year began with the World Bank estimating that 44 million people were pushed into poverty due to rising food prices in late 2010. The FAO's Food Price Index hit record-breaking highs each month for the first quarter. A historic drought and hunger crisis in East Africa captivated the world's attention. Meanwhile, food prices rose and became more volatile; in June, the FAO estimated that the cost of a typical food basket around the world had risen by 48% in real terms.

2011 was also a year of growing consensus about what drives food price volatility. The G20 commissioned ten international organizations ranging from the international financial institutions to UN agencies to identify the drivers of food price volatility. Their report highlighted the role of biofuels, commodity speculation, climate change, and underinvestment in agriculture, among other things. The International Food Policy Research Institute (IFPRI)'s 2011 Global Hunger Index[1] effectively identified the 3 key drivers of excessive food price volatility, including:

- Mandates for biofuel production in the EU and US. In the US, a full 40% of the corn crop is now diverted from production for food to production to make ethanol, putting huge pressure on corn prices globally.
- Extreme weather events. Due to climate change, extreme weather has been increasingly severe and frequent.
- Increased trading on commodity futures.

Against this backdrop, G20 Agriculture Ministers met in Paris in June. But despite political leadership from President Sarkozy, a growing world food crisis, and growing consensus on the key drivers of food price volatility, the meeting ended without significant agreement to tackle the major driver of the global food price crisis and, instead, unveiled several minor initiatives and pilots. The G20 Agriculture Ministers even ignored their own study's recommendation that G20 governments agree to abandon biofuel incentives in order to help reduce food price volatility.[2]

> **Fighting food and energy price volatility was atop the French government's G20 agenda**

Cannes Summit Disappoints

Fast forward to the G20 summit in Cannes, France in November 2011. Despite having both clear evidence about the problem and the power to stop it, G20 leaders again did little, especially when compared to the need.

The G20 final declaration acknowledges the problem:

"Increased commodity prices have harmed growth and hit the most vulnerable." But there is little in the declaration that goes beyond the modest plans approved by Agriculture Ministers in June. Some highlights from ActionAid's analysis[3] of the Summit's conclusion:

- The Agriculture Market Information System (AMIS) and its affiliated Rapid Response Forum, announced in June, were reaffirmed by the Leaders. The increased focus on monitoring world prices and food stocks is welcome, but it will probably take years before the information gleaned can have an impact on volatility. ActionAid remains concerned that food-deficit and food-importing countries – the ones most vulnerable to price volatility and shortages – are excluded from these mechanisms.

- ActionAid called for a signal of openness to the use of strategic buffer reserves to help modulate food price volatility. But it was not mentioned in any of the outcome documents. We also called for the endorsement of a "pilot" program on regional coordination of emergency food reserves in West Africa. This had already been approved by the G20 Agriculture Ministers in June, but the U.S. apparently decided to oppose it at the last minute. They finally relented and the program was approved.

- No apparent progress was made on a "code of conduct" for managing food reserves, despite past signals that it would be developed this year.

- On biofuels, Leaders ignored the international organizations' report just as the ministers had in June. The unequivocal recommendation of this report was that governments eliminate subsidies and mandates for biofuel production.

- Finally, under the French presidency, the G20 has paid a great deal of attention to mechanisms for "risk management." The documentation provided so far is quite vague, but it appears that the aim is to introduce developing country governments and farmers' associations to hedging on futures markets. In one sense this seems reasonable: just as farmers in Northern countries have used such markets to guard against price swings, so should those in the South be able to. But, in reality, those markets are now dominated by very sophisticated speculators. The concrete program to make this happen is one designed by the World Bank, with one of the biggest US financial firms, J.P. Morgan, as its implementing agent. None of the available documentation spells out how it will work, fuelling suspicions that profits will be made by people other than the ostensible beneficiaries, while the governments and farmers are left with dubious products that might end up offering less protection and more risk as price volatility continues to pick up. This is a program that definitely warrants more investigation. What is the good news?

If in a year of strong support from the G20 chair, we fell flat, is there any hope for this body taking the sort of action we need to put an end to recurring global food crises?

On commodity speculation, the declaration states: "All standardized over-the-counter derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate, and centrally cleared, by the end of 2012." More openness may discourage some of the most marginal of the trading, and allow regulators to zero in on problems. There is additional technical language in the declaration; the meaning of it all will become evident only in the implementation – it could be relatively trivial, unless the promise to eliminate loopholes is kept. But even without immediate concrete impacts, it is helpful that the G20 has in effect given a negative verdict on the "over-the-counter" trading that dominates commodity transactions.

In short, and compared to the high hopes many had at the beginning of the year, Cannes was a disappointment. It tinkered at the edges of what's needed to address food price volatility rather than really tackling the volatility which Sarkozy characterized as a "plague."

What went wrong?

In short, the G20 fell short of its ambitious aims despite the efforts of its leadership. One of the most obvious reasons was the fact that the summit was overshadowed by the Eurozone crisis which flared up during the Summit, and which had been hot in the preceding months. But in my view, the result on food would likely not have been much better even if the Eurozone crisis had never interfered.

More fundamentally, the key drivers of food price volatility – especially biofuels policy, commodity speculation, and extreme, climate-induced weather events – are all issues wherein key G20 members have vested political interests that capture their politicians and preclude global action. On biofuels, the US and Brazil played key blocking roles; on commodity speculation, the UK was a lead opponent of strong collective action; and on climate, Leaders nearly avoided the topic altogether. Without strong, well-planned and strategic advocacy to focus on and tackle these interests at a national level, G20 work will inevitably fall short on these issues.

What does this mean for civil society's G20 watchers? If in a year of strong support from the G20 chair, we fell flat, is there any hope for this body taking the sort of action we need to put an end to

recurring global food crises? On the face of it, it doesn't look good. But unfortunately there are few alternatives.

The Committee on World Food Security (CFS) – a UN body which brings together governments and leading international organizations working on food and agriculture annually – is favored by many NGOs and social movements as a preferred venue to fight for good policies on food security. There's no doubt the CFS is more democratic – all nations and even NGOs have a seat – and a voice – at the CFS table. And in recent years, the CFS has seen a bit of a revival given the growing donor and government interest in agriculture issues.

> **If we want to change policy we need to learn our lessons, build winning coalitions, and press on with better and more effective G20 advocacy.**

But a troubling development emerged at this year's CFS meeting in Rome in October. Decisions made by G20 Agriculture Ministers in June on issues from biofuels to commodity speculation to food reserves served as a "ceiling" above which governments refused to go, even in the CFS. Donors and other governments repeatedly cited the G20 Agriculture Ministers agreement in policy debates, giving the G20 further "soft power" to limit what comes out of an even more democratic and theoretically progressive space for action on these issues.

What does that mean for advocates? While there is still value in working to make the CFS live up to its democratic structure and to elevate the non-G20 actors in that space, we're stuck with the G20 as the current global policy driver. If we want to change policy we need to learn our lessons, build winning coalitions, and press on with better and more effective G20 advocacy.

Looking ahead

It's time for the G20 to stop the food price roller coaster. To get to the bottom of the global food price crises, Leaders must stop biofuel incentives, put real finance into fighting climate change, sign up to tough regulations to stop excessive commodity speculation, and invest in women smallholder farmers who are the key to fighting hunger in the developing world.

In 2012, Mexico holds the G20 Presidency. And Mexico has committed to tackling food price volatility as one of its top five priorities. In its official announcement of its 2012 priorities, Mexico says it plans to "mitigate negative effects on price level and volatility of commodities, in particular those affecting food security." With the summit just 5 months away, the time is now to press governments to take on the underlying drivers that were ignored in Cannes.

Another interesting development is that while Mexico hosts the G20 in June 2012, its Northern neighbor – the US, which hosts the G8 the month before – is eager to highlight its record on food security and agriculture issues. The Obama administration is expected to insist on a more robust and transparent report on the L'Aquila G8 agriculture pledges. The US will also likely highlight the record of its Feed the Future program and that of the Global Agriculture and Food Security Program (GAFSP), a fund the G20 founded in 2009. Can the US and Mexico parlay their neighborhood summitry into collective action by the G8 and G20 on food security?

> **It's time for the G20 to stop the food price roller coaster**

There may be some opportunities for synergies between the two summits – with the US in both the G8 and G20 and pushing hard on accountability for pledges made by G8 leaders at the 2009 L'Aquila G8 summit, these are also issues for the G20 to consider. The GAFSP has huge demand from poor countries and an innovative governance arrangement, but is suffering from neglect from donors.

The G8 and G20 Summits should seize the opportunity to tackle the underlying causes of global food crises when they meet in Chicago in May and in Los Cabos in June, respectively. As CSOs, we need to learn the lessons from Cannes and help build the strategic coalitions and do the advocacy to turn these global opportunities into real policy change to benefit the worlds' poor.

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MUST READ

"Left Behind by the G20? How Inequality and Environmental Degradation Threaten to Exclude Poor People from the Benefits of Economic Growth," Oxfam, 2012.

See how each G20 country scores on measures relating to equity and sustainability (ecological footprint).

G20 Database & E-mail Group

Stay informed

Database

If you would like to read more on the G20, recent changes in Global Governance and what it means for specific regions or issues, the G20 Database of the Heinrich Böll Foundation is the right place to go.

It is subdivided into the following folders, so you can easily access the analysis and information that is of interest to you

G20 Database Structure

- 1 - Background
  - 1.1 - G20 Info & History
  - 1.2 - Global Governance
  - 1.3 - G7 & G8
- 2 - Summits
  - 2.1 - G20
  - 2.2 - Finance Ministers
- 3 - Issues
  - 3.1 - Finance
  - 3.2 - Climate Change
  - 3.3 - Development
  - 3.4 - Energy
  - 3.5 - Trade
  - 3.6 - Food Security
- 4 - Country Specific
  - 4.1 - Africa
  - 4.2 - Canada & US
  - 4.3 - South America
  - 4.4 - Asia
  - 4.5 - Middle East
  - 4.6 - Europe
- 5 - Power Dynamics
  - 5.1 - Within the G20
  - 5.2 - G20 to non-members
- 6 - Civil Society

In addition, every folder contains both a Word and PDF document with annotations of the documents included in the folder. The database is designed in a way that every member can add documents himself, which are then instantly synchronized so that everyone can access it. This is a great way to share information and build up institutional capacity.

If you would like to know more about the Database or sign up for access please send an email to g20-newsletter@boell.de. To get started right away, here are the 3 easy steps to install the Database on your computer:

1. Install the Programm "Dropbox" from https://www.dropbox.com/install
2. Write to g20-newsletter@boell.de, you will then receive an email invite to share the G20 Database folder.
3. Accept the invite and you should be able to access the database through a Dropbox icon on your Desktop.

E-mail Group

In addition, the Heinrich Böll Foundation is part of an international network of NGOs and policy-analysts, which have set up a G20-related E-mail Group.

To subscribe, send email to:
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