

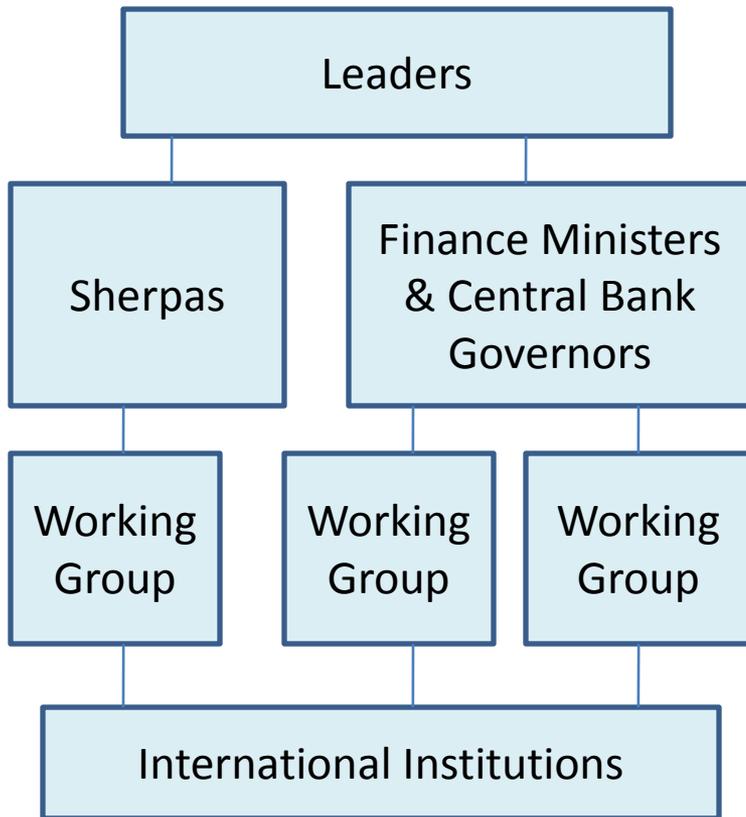
International Institutions and G20 Growth and Development Agenda

Presentation at HSE Conference
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G20 and International Institutions

G20: Organization of work



- G20 processes are country led
- Work is typically organized in working groups
- Working groups are co-chaired by G20 members
- International institutions serve in an advisory and technical role
- The World Bank is working with several international institutions in supporting G20

Growth and Development in G20

- Two main work streams (and focus of this presentation)
 - Framework for Strong, Sustainable and Balanced Growth and Mutual Assessment Process; Framework Working Group anchors this work
 - Seoul Development Consensus for Shared Growth and its Multi-Year Action Plan with nine pillars; Development Working Group monitors implementation
- Other work streams relevant to growth and development
 - Financial sector regulation
 - Study Group on Commodities
 - Fossil fuel market issues
 - Climate change financing
 - Development financing, including innovative financing (Gates report)
 - G20 Anti-Corruption Action Plan

Framework for Strong, Sustainable, and Balanced Growth

Mutual Assessment Process (MAP)

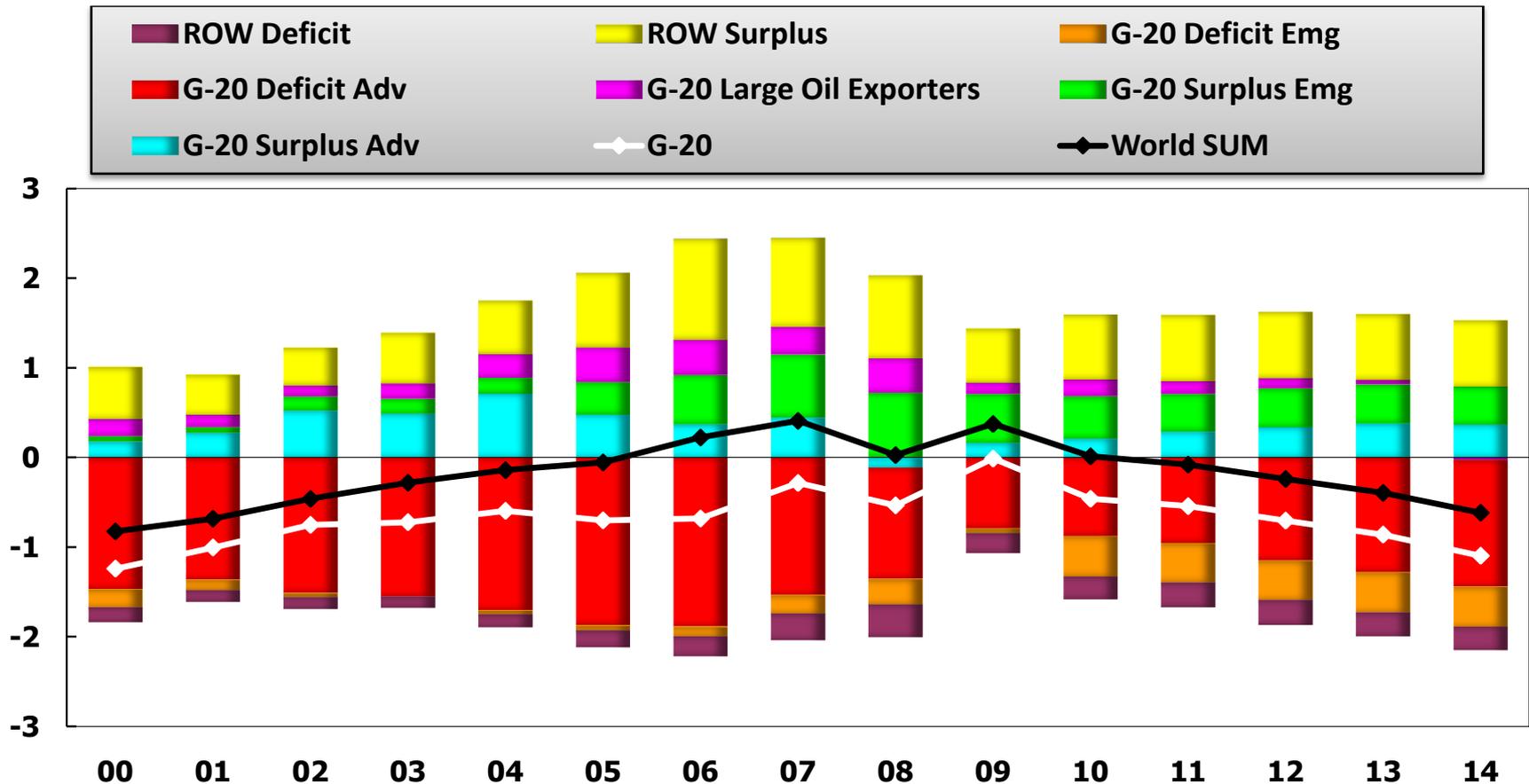
- Mutual assessment by G20 of consistency of national policies and plans with shared objectives of:
 - Strong, sustainable, and balanced growth
 - Raising living standards in developing countries
- MAP spans macroeconomic (fiscal, monetary, exchange rate), financial, structural, and development policies
- Provides a framework for an integrated discussion of agenda for global growth, stability, and development
- Framework Working Group (Co-Chairs: Canada, India) assisted by technical inputs from IMF, World Bank, and other IOs (OECD, WTO, UNCTAD, ILO)
- World Bank contributions focus on development dimensions

MAP: Promise and Challenge

- MAP has emerged as the main instrument of economic policy coordination in G20
- Success of MAP crucial to G20's ability to be effective beyond fire fighting in a crisis
- Progress so far shows promise, but challenges ahead
- Current effort to develop and implement a framework to address excessive external imbalances will be a key test
 - Indicative guidelines to identify countries with large imbalances agreed at last week's G20 ministerial meeting. Next step is to conduct in-depth analysis of the causes of these imbalances and ascertain corrective and preventive measures

After narrowing during the recession, external imbalances are expected to widen again

Current account balances (% of world GDP)

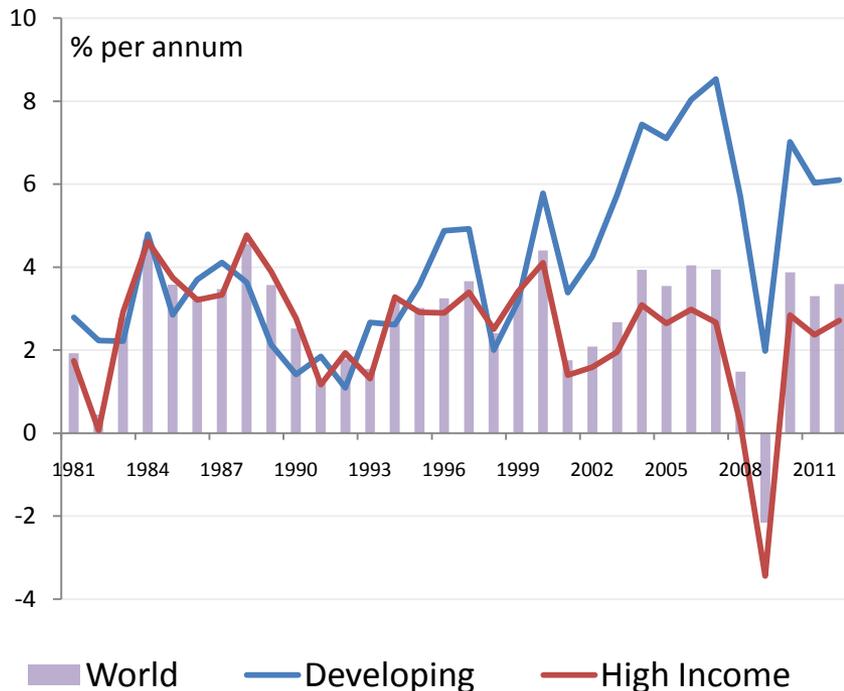


Rebalancing with Growth

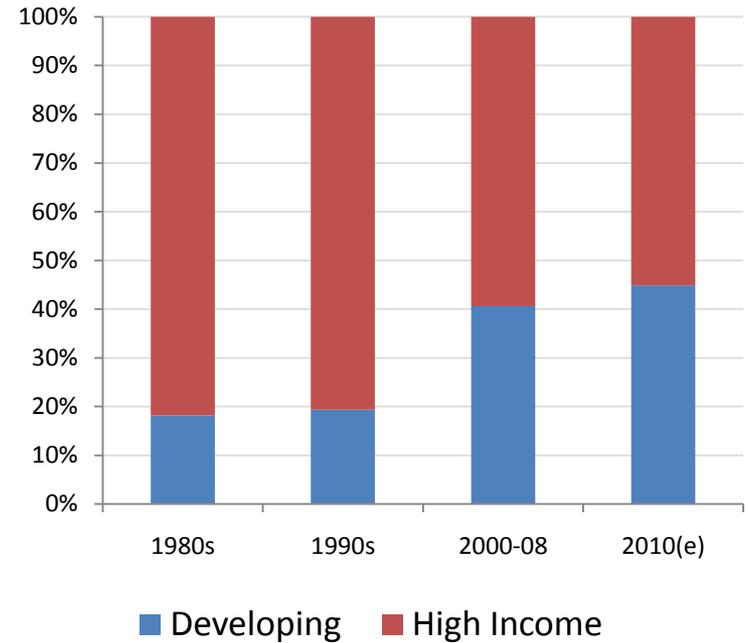
- Imbalances, when unsustainable, must be addressed, but important to keep focus on growth
- Rebalancing should not be a zero-sum game, rotating demand from one to another
- Objective is to lift, not just shift, growth
- Growth-oriented rebalancing calls for:
 - Addressing underlying structural drivers of imbalances, which also impede sustainable long-term growth
 - Leveraging the role of developing countries in supporting strong and balanced growth
- In an increasingly multipolar world economy, the goals of global growth, rebalancing, and development are interlinked

Rising share of emerging markets and other developing countries in global growth

GDP Growth, 1981-2012



Contribution to World GDP Growth 1980-2010



Source: World Bank staff estimates and projections

Where will demand to support strong and more balanced global growth come from?

Developing countries provide an important part of the answer

- With improved growth prospects and abundant opportunities for investment, developing countries can be an important source of new demand for global economy
- Many developing countries, however, face a binding financing constraint
- Recycling more of global savings toward investment in developing countries can be a global win-win, promoting development and generating more import demand to support strong and more balanced global growth
- A virtuous circle between financing for development and rebalancing of global growth

Implementation of Seoul Development Consensus

Development Working Group: Co-Chairs France, Korea, South Africa

Nine Pillars of Multi-Year Action Plan: Country Facilitators

Pillar 1: Infrastructure - Korea, Turkey, USA, France

Pillar 2: Human resource development - Argentina, Korea, and Russia with active participation of Canada, France, and South Africa

Pillar 3: Trade - UK, EU, Argentina

Pillar 4: Private investment and job creation - Germany, Saudi Arabia

Pillar 5: Food security – Brazil, Canada, France, Japan

Pillar 6: Growth with resilience – Australia, Indonesia, Italy

Pillar 7: Financial inclusion – GPMI (chaired by G20 troika)

Pillar 8: Domestic resource mobilization – South Africa, Spain

Pillar 9: Knowledge sharing – Korea, Mexico

Infrastructure

- High Level Panel appointed and work progressing with WB and RDBs
- Concrete recommendations by September 2011



Key expected outcomes

- Policy recommendations to strengthen enabling environment
- Needs assessment
- Initiatives to increase transparency, e.g. CoST
- Financing and instruments
- List of bankable projects, especially regional projects, with emphasis on LICs and SSA

Human Resource Development

- *Skills indicators*
 - Internationally comparable indicators of “employable” skills, with a focus on LIC labor markets
 - Enhanced coordination mechanisms - Interagency Group on Technical and Vocational Education and Training (IAG-TVET)
 - Launch of pilot country studies by June 2011
 - Interim report by September 2011 - ILO, UNESCO, OECD, WB
- *Skills strategies*
 - Enhanced national employable skills strategies in pilot countries, supported by WB, RDBs, ILO, OECD, and UNESCO - 2011
 - Wider roll-out of strategies to other LICs and MICs - 2012

Trade

- Agenda covers enhancing trade capacity and access to markets
- Five areas of focus

Trade finance	Assess needs and develop support measures: WTO initial report submitted in February 2011. Final recommendations by September 2011.
Trade facilitation	Strengthen support for trade facilitation: Multilateral agency (WB, other MDBs, WTO) report by May 2011. Recommendations presented at Third WTO Global AfT Review in July 2011.
Regional integration	Support successful regional integration, especially in Africa: AfDB report (with WTO, WB) on barriers and recommendations by May 2011.
Duty-free, quota-free access	Make progress on DFQF, including simplified rules of origin: Draft WB report February 2011. WTO paper on rules of origin. LDC IV conference in May 2011 an important milestone.
Aid for trade	Discussion on the basis of Global AfT Review. Monitoring of commitments and evaluation of effectiveness (OECD, WTO, WB). South-South cooperation.

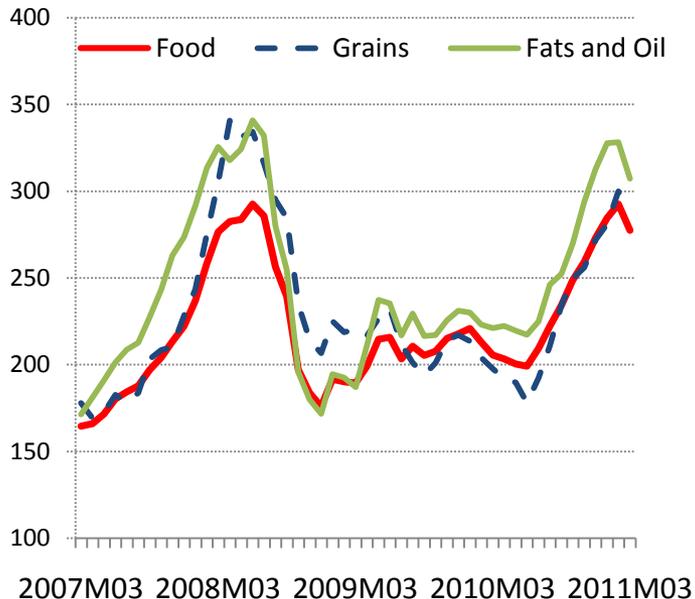
Private Investment and Job Creation

- Standards for responsible investment in value chains – report by July 2011 (UNCTAD)
- Indicators to measure value-added and job creation from investments in value chains – interim report by July 2011 and final report by summer 2012 (UNCTAD, with UNDP, ILO, OECD, and WB)
- G20 Challenge on Innovation to provide a platform for innovative business solutions to social challenges that can be scaled up – launch at 2011 G20 summit (WB)
- Strategy to assist developing countries, especially LICs, in formulating action plans to promote private investment that draw on the outcomes of the above work – report by summer 2012 (UNCTAD, UNDP, ILO, OECD, and WB)

Food Price Volatility and Food Security

Food prices back near 2008 peaks. Price increases since mid-2010 have pushed an additional 44 million people into extreme poverty.

World Bank Global Food Price Indices
(Nominal US dollar prices, 2000=100)



- Joint efforts on food by several IOs (FAO, IFAD, WFP, CFS, World Bank, OECD, UNCTAD, WTO, UNHLTF) spanning:
 - Research and innovation – CGIAR
 - Transparency: information on food stocks, production, trade
 - Emergency food reserves
 - Exemption of humanitarian food from export restrictions
 - Market-based instruments for managing risks
 - Increase in agricultural productivity – GAFSP
 - Principles for responsible agricultural investment
- Various preliminary reports prepared. Most final reports due by June 2011 for G20 Agriculture Ministers meeting

Growth with Resilience

- *Strengthening social protection programs*
 - Focus on social protection mechanisms that support resilient and inclusive growth
 - Best practice guidelines based on MIC and LIC experience
 - Report by UNDP and ILO (in collaboration with WB, RDBs, UNICEF, WFP, WHO, OECD) – June 2011
- *Facilitating flows of international remittances*
 - Targets/concrete actions to reduce remittance costs
 - World Bank report and guidance note – September 2011

Financial Inclusion

- Global Partnership for Financial Inclusion launched at Seoul Summit
- Three main work streams
- Key implementation partners: AFI, CGAP, IFC

Work program and expected outcomes for 2011-12

Principles and link with Standard Setting Bodies

- G20 members to commit to implementation of Principles
- Assist countries in devising national financial inclusion plans
- Embed financial inclusion in broader financial sector regulation and in the work of SSBs

SME Finance

- Set up a global Financing Framework to scale up successful SME finance models
- Additional focus on women entrepreneurship, SMEs in agriculture and LDCs

Data and Target Setting

- Survey on existing data sources, initiatives and methodology
- Elaboration of common framework, and steps toward national and global targets

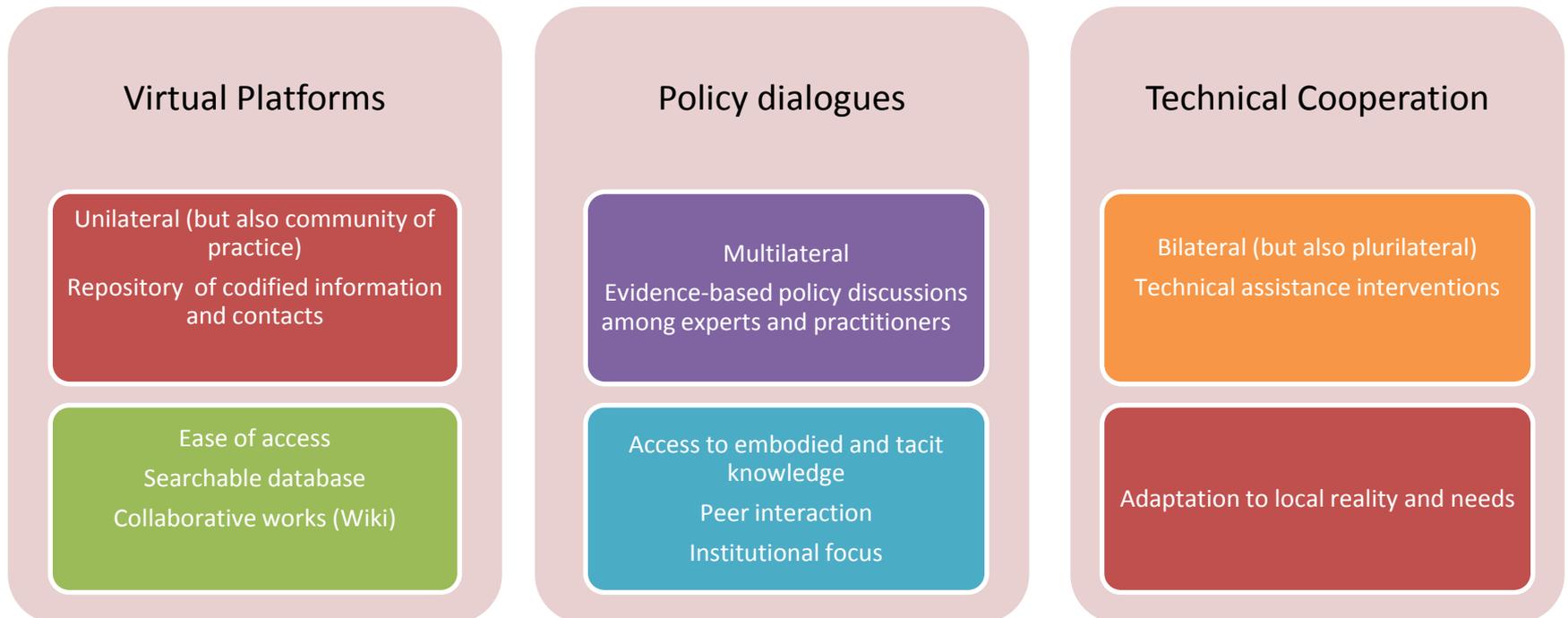
Domestic Resource Mobilization

- *Supporting development of more effective tax systems*
 - Focus on capacity building to broaden tax base and improve efficiency of tax administration. Measures to track progress.
 - Improved taxation of multinational enterprises.
 - Mapping of IO assistance programs to improve coordination
 - Joint report with recommendations by IMF, OECD, WB, and UN (with support from ATAF, CIAT, ITD) – June 2011.
- *Preventing erosion of domestic tax revenues*
 - Focus on issues related to transparency and exchange of information for tax purposes.
 - Report with recommendations by the Global Forum – September 2011. Advisory Panel for the report includes WB, OECD, UN, ATAF, and CIAT.

Knowledge Sharing

- Recommendations on scaling up knowledge sharing (KS) including G20 KS mechanisms
- Strengthening linkage between IO KS platforms
- Options for mainstreaming KS in other DWG pillars
- Report by UNDP and TT-SSC (in collaboration with WB and OECD) – June 2011

Knowledge Sharing in Practice



Conclusion

- Growing G20 engagement in development
- Process provides opportunity to address development in a more holistic way and as part of the broader agenda for strong, sustainable, and balanced global growth
- It is also catalyzing and encouraging new partnerships for development, including enhanced coordination among IOs
- Many G20 work streams on development and development-related issues
- Focus, appropriate sequencing between short- and longer-term agenda items, and attention to inter-linkages will be important for success