B2012
LOS CABOS
MÉXICO

B20
Task Force Recommendations

June 2012

TABLE OF CONTENTS

INTRODUCTION

The world is at a critical point in 2012. Economic recovery is fragile, and rebuilding trust and confidence in the global economy through decisive action is more important than ever.

The B20 believes that business has an important role to play in rebuilding trust and helping to address key global issues. Today's challenges are too large, too complex and too interrelated to be solved by governments – even by those belonging to the G20 – alone. We all have to play our part.

Through the B20, business leaders have engaged as corporate global citizens, working closely with other stakeholders to address seven of the most pressing global challenges. Business leaders are impatient with theoretical discussion and long reports, and want practical solutions with concrete actions. It is with this spirit that we have approached the B20.

CEOs have developed action plans this year in these seven areas – starting with "What should business do?" – before looking at what governments should do, as well as what governments, businesses and other stakeholders can do together.

These action plans provide the basis for a new global growth agenda in that they propose a set of structural improvements to economies that would have the combined effect of increasing both the quantity (rate) and quality (inclusiveness and resilience) of global economic growth. They are intended as a serious contribution to the G20's fundamental mission, articulated at its 2009 Pittsburgh Summit, of promoting "strong, sustainable and balanced" growth.

At the same time that G20 governments continue to make progress on the financial system and macroeconomic challenges, which have played such a prominent role in the Leaders' Summits so far, we believe there is a need for a sustained, complementary focus on reducing the structural impediments to faster, greener and more balanced growth in the world economy.

We invite G20 Leaders to see the G20-B20 process of interaction – which has been strengthened considerably this year under the leadership of the Mexican presidency – as a strategic opportunity to build this growth agenda over the next few years with the dynamic input and support of business leaders and academic and other experts from around the world. We stand ready to be a partner in the transformation of the world economy that the G20 seeks.

This is the fourth edition of the B20, which began in Toronto in 2010 and was then held in Seoul and Cannes. Each successive B20 has played an increasingly constructive and meaningful role in the G20 process. In preparation for the Los Cabos G20 meeting, we have implemented a number of important innovations:

- **BROADER MULTISTAKEHOLDER PERSPECTIVES**
  We have included global experts and key members of civil society as full members in our task forces.

- **CLOSE LINKS WITH THE G20 PROCESS**
  We have briefed the G20 sherpas on a regular basis and invited government liaisons to each task force.

- **TIMELINESS**
  We have developed detailed recommendations two months before the G20 meeting at Los Cabos.

- OPTIMAL FOCUS

  We have reviewed draft recommendations with President Calderón, as the President of the G20, in Puerto Vallarta in April.

- CONTINUITY AND IMPACT

  We have developed a breakthrough "Advocacy and Impact Task Force", in addition to our seven core thematic task forces, to ensure that the recommendations resonate across countries and are carried forward from one year to the next.

This report is the result of true global collaboration. Over 150 leaders and experts from more than 25 countries have worked closely together over the past four months to develop practical solutions to critical global challenges. Distinguished CEOs of global corporations acted as co-chairs of the task forces, providing leadership and focus to the work of every group. Their committed staff provided essential and equally collaborative support in weaving these ideas into actionable recommendations.

The World Economic Forum, the International Chamber of Commerce, and McKinsey & Company have been involved in the B20 for a third year, providing complementary skills and perspectives. The World Economic Forum leveraged its Annual Meeting in Davos and its unique ability to convene a spectrum of international stakeholders in support of the overall process, as well as overseeing five of the eight task forces. The International Chamber of Commerce assisted through its global business network, as well as leading the Trade and Investment task force. McKinsey & Company provided valuable knowledge partnership and analytical support, and led two of the task forces. In addition to these three multi-year partners, the process was enriched this year by the active engagement of the OECD, which provided invaluable insight and participated actively in all task forces, and Fundación IDEA from Mexico, which provided vital support as the secretariat of the B20.

Mexico has made an unparalleled commitment to this year's B20 process. The Mexican business associations COMCE and Coparmex have played important leadership roles on the Mexico B20 Organizing Committee. The Mexican government has shown tremendous commitment, starting with President Calderón, and most particularly with Bruno Ferrari Garcia de Alba, Secretary of the Economy; Patricia Espinosa Cantellano, Secretary of Foreign Affairs; and José Antonio Meade, Secretary of Finance and Public Credit.

Our hope is that, through the recommendations made in this report and in the actions in the months to come, we will have made a concrete contribution to rebuilding trust in the global economy and improving the state of the world at this critical time.

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TASK FORCE RECOMMENDATIONS ON FOOD SECURITY

I.
Background

Global food and nutrition security is an increasing concern, as the world prepares to feed a growing population on a dwindling resource base, in an era of increased volatility and uncertainty. The number of hungry people in the world remains unacceptably high – approximately 850 million – at great human and economic cost. Yet, global resolve to tackle the problem has strengthened considerably, new solutions and partnerships are emerging and there is a shared recognition that, with concerted effort, food security can be achieved.

The aim of the B20 Food Security Task Force is to contribute to the G20 food security agenda in 2012, particularly in the priority areas defined by the Mexican presidency. The task force recommendations aim to encourage private-sector engagement and achieve greater alignment among all stakeholders to accelerate and implement national food and nutrition security programs. The task force draws upon the World Economic Forum's New Vision for Agriculture, which emphasizes the interlinkages between food security, environmental sustainability and economic opportunity, and places the farmer at the centre of multistakeholder efforts to improve agriculture productivity and food security. In particular, the task force encourages a shift from aid to entrepreneurship in the approach to empowering farmers, with a goal of building the capacity and a market environment that will enable farmers to thrive as the front line providers of sustainable food security.

Long-term leadership and commitment will be required to fully implement many solutions to global food security. The task force encourages G20 leaders to ensure continuity in global leadership focus on this issue. The task force will be pleased to actively support the continuation of a High-Level Public-Private Dialogue on the G20 Food Security Agenda, piloted in 2011-2012 and recommended as a permanent feature of the G20 process by Ministers of Agriculture and the Development Working Group in 2011.

Implementing Agreed Action Priorities

The G20 proceedings in 2011 defined a number of agreed priorities and recommended actions to improve global food and nutrition security. These reflected the priorities defined by G20 Ministers of Agriculture, the Development Working Group, the B20 Task Force on Food Security, international organizations and other stakeholders. We encourage G20 governments and stakeholders to implement these agreed actions. In particular, we emphasize agreements relating to the five priority areas outlined in our preceding task force's 2011 recommendations presented to G20 leaders in Cannes:

1. INCREASING INVESTMENT:
The high priority and urgency of increasing both public and private sector investment in agriculture was broadly recognized in 2011. Governments were urged to improve the enabling environment for investment through both policy reforms and increased investment in key areas, such as infrastructure and farmer training. Delivering on the G8's 2009 commitment of US$ 22 billion through the L'Aquila Food Security Initiative remains a vital priority. Ministers endorsed a Risk Management Toolbox comprised of numerous initiatives to scale up effective risk management tools.

2. IMPROVING MARKETS:
The implementation of measures agreed by the G20 in 2011 is necessary, including the Agricultural Market Information System (AMIS); the establishment of emergency food reserves; and the elimination of import and export tariff and non-tariff barriers. More broadly, the Ministers and the B20 Task Force highlighted the importance of linking farmers to markets (through improved access to infrastructure, financing and information) and reducing waste in the food chain.

3. ACCELERATING R&D INVESTMENT AND EXPANDING TECHNOLOGY ACCESS:
Ministers and our task force called for increased investment in human and institutional capital to strengthen R&D efforts, particularly in emerging markets. Public-private collaboration was recognized as a strategy to better leverage existing R&D resources.

4. ENSURING ENVIRONMENTAL SUSTAINABILITY:
Ministers and our task force recommended significant focus on improving the environmental sustainability of agriculture, particularly in the areas of water and climate change. They recognized the imperative of prioritizing sustainability in agriculture.

5. MEETING NUTRITIONAL NEEDS:
The integral role of nutrition in achieving food security was recognized by G20 stakeholders, to be further advanced through nutrition-specific interventions as well as the stronger integration of agriculture, nutrition and health goals, including the consideration of nutritional goals, in the design of agricultural development programs.

II. Key Policy Messages and Recommendations

Achieving Sustainable Growth in Agricultural Productivity

The Government of Mexico has defined increasing productivity as an overarching priority of the G20's work on food and nutrition security in 2012. In response, our task force has defined priority actions that will be vital to realizing a substantial increase in global productivity, and where action by G20 leaders is needed. The task force believes that productivity growth must deliver food and nutrition security for all in an environmentally sustainable manner, while assuring economic growth and improved livelihoods and income for farmers. The private sector can contribute considerably to this goal, in partnership with key stakeholders including governments, international and research organizations, civil society and farmers.

I. Creating an Enabling Environment for Investment

Significantly greater investment will be needed to meet the growing global demand for food and agricultural products, driven by population increase, rising incomes, climate change and resource scarcity.[1] Attracting such investment will require improvements to the enabling environment to reduce the costs and risks of doing business; remove barriers to entry; and improve physical infrastructure, policy and legal frameworks, and institutional capacity. More broadly, effective governance and political stability are essential to the

1 Investment should take into account the Principles of Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI).

functioning of agriculture systems. The task force urges particular attention to the following dimensions:

- ESTABLISHING LAND RIGHTS:
Reinforcing land tenure and establishing effective land rights is vital to promote sustainable development for small-scale producers, as well as for strengthening markets and activating incentives for innovation and sustainability. This includes establishing effective legal frameworks to recognize and formalize land rights, including informal or customary rights of smallholder farmers and other vulnerable groups. Improved global standards and transparency should be applied consistently to protect landholders.[2]

- INCREASING WELL-TARGETED PUBLIC INVESTMENT:
Investing in agriculture-related infrastructure, including transport, energy and storage, will attract and accelerate investment in agriculture value chains. This is an area where public-private financing and collaboration can be highly beneficial. Public spending on agricultural programs should be carefully targeted to maximize positive economic impacts on rural economies and ensure environmental sustainability, while also ensuring the efficient use of public-sector finance.

- EXPANDING INFORMATION AND TECHNOLOGY ACCESS:
Greater information access and transparency will help strengthen agriculture systems and markets, benefiting all players from farmers to policy-makers. Effective solutions – such as telecom or information sharing platforms – can be identified and scaled.

- MANAGING PRICE VOLATILITY RISKS:
Actions to mitigate the impacts of price volatility on both producers and consumers can include financing instruments, information access and social safety nets.

[2] As outlined in the Voluntary Guidelines on Governance of Tenure of Land, Fisheries and Forests, 2012.

II. Optimizing Agricultural Productivity and Nutrition Outcomes

A step-change in productivity can be achieved through a coordinated set of actions to strengthen whole value chains and agriculture systems and strengthen support for small-scale farmers, especially women. This includes introducing improved seeds, technologies and farming practices; empowering farmers through knowledge, capital and services; reducing waste; and creating an effective policy framework to accelerate rural and cross-border economic growth.

- EMPOWERING WOMEN FARMERS:
Women make up 43% of developing-world farmers,[3] but in many regions they have significantly less access to land and water rights, financial services, education and public programs (such as extension) that could increase their productive and earning potential. Correcting this imbalance would reduce the number of hungry people by 100-150 million.[4]

- ACCELERATING RESEARCH AND DEVELOPMENT:
Continued investments in agricultural research are needed to develop technologies that are productive, accessible and affordable to farmers, as well as environmentally sustainable. Governments can encourage the development and deployment of such technologies by investing in human and institutional capacity (including extension programs), particularly in poor regions, and harmonizing science-based regulatory regimes across countries to attract investment. A coordinated approach is needed to simultaneously improve seeds and farming practices, and increase the efficiency and productivity of fertilizer and water use, to improve farmers' access to advanced research technologies. Expanded R&D efforts are necessary to address the needs of the poorest farmers, particularly women, and to increase yields of staple crops.

[3] Food and Agriculture Organization (FAO), *State of Food and Agriculture 2010-11*, March 2011.
[4] Food and Agriculture Organization (FAO), *State of Food and Agriculture 2010-11*, March 2011.

- **REDUCING WASTE AND OPTIMIZING VALUE CHAINS:** Up to 40% of agricultural produce is lost between the farm and the consumer; improving post-harvest handling and storage and encouraging other measures of value chain optimization can substantially reduce losses, increasing food supply. In particular, investing in rural infrastructure – including transportation, irrigation and post-harvesting facilities – can significantly improve competitiveness and economic opportunity in rural areas.

- **DEVELOPING RURAL INDUSTRIES AND EMPLOYMENT:** Incentivizing the growth of rurally-based local industries, including through support for small business development, can fit within a broader approach of investing in agriculture as a driver of economic growth and employment. Expanding local sourcing can help develop local markets and reduce urban migration.

- **IMPROVING TRADE POLICY:** Reforming policies to enable increases in the sustainable and equitable trade of agricultural goods can provide significant economic opportunity for farmers while also expanding consumers' access to affordable goods.

- **IMPROVING NUTRITION:** Ensuring that all people have access to a nutritious, safe food supply is vital – particularly for young children. Improving access to fortified and diverse nutritious foods, and scaling up through both national and global initiatives such as Scaling Up Nutrition (SUN) are needed. Rural areas require special focus due to the high prevalence of undernutrition. Nutrition, agriculture and health programs should be integrated to be mutually reinforcing. In particular, agricultural programs should be designed to meet nutritional and health needs.

III.
Ensuring Sustainability through Effective Resource Management

- **ESTABLISHING PROPERTY RIGHTS:** Establishing these rights for land and other natural resources such as water and forests can incentivize investment and sustainable management practices.[5] The adequate enforcement of such rights, to control illegal logging, wastewater dumping or other activities, is essential. Where such measures lead to higher prices of food and resources, adequate social protections are needed to ensure poor communities' access to water, food and energy. Intellectual property rights are also key enablers for technology innovations; effective measures are also needed to ensure smallholder farmers' access to knowledge and technologies. Frameworks to harmonize regulations across countries will enable greater investment and distribution.

- **IMPROVING WATER MANAGEMENT AND EFFICIENCY:** Managing the food-water-energy nexus is increasingly important as resource demands intensify. As an increasingly scarce resource, water should be managed primarily at the watershed level for long-term sustainability and resource efficiency, including the application of market incentives and effective regulation, and the development of water pricing where appropriate, with measures to ensure access for the poor. Additional strategies include irrigation management, input productivity and efficiency, fertility management and soil conservation to restore degraded lands. The private sector has a key role to play in applying and disseminating best practices. Governments play a key role in incentivizing and enabling more efficient natural resource management.

- **MANAGING CLIMATE RISKS AND IMPACTS:** Applying "climate smart agriculture" strategies to reduce greenhouse gas emissions and avoid further deforestation is a priority, particularly in tropical regions. New strategies must also be adopted to adapt to the impacts of climate change on productivity, particularly risk management tools to enable and protect farmers' investments. Improved farming practices, access to new tools and technologies, and extension services can help reduce farmers' risk and protect their investments.

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5 Globally agreed principles such as the Voluntary Guidelines for the Tenure of Land, Fisheries and Forests (finalized in March 2012) can help establish norms and recommended approaches for effective land rights governance.

· MANAGING THE APPROACH TO BIOFUELS:
Measures to minimize the impact of biofuel production on food security, water and the environment should be undertaken. International sustainability standards should be developed to enable full impact assessments of biofuels. Subsidies for first-generation biofuels should be removed, and mandates should be evaluated regarding their impact on global food security priorities. Opportunities for the development of second- and third-generation biofuels should be explored, ensuring that full impact assessments are undertaken.

IV. Strengthening Capacity to Improve Value Chains

· BUILDING CAPACITY ALONG THE VALUE CHAIN:
Investing in the training of farmers, entrepreneurs and specialists along the food value chain – especially women – can increase the productivity, incomes and market access of smallholder farmers, while improving nutritional value and food safety for consumers. Supporting farmers to adopt "technologies of practice", including sustainable farming techniques, can jointly boost productivity, sustainability and incomes. As part of a long-term investment in the human capital of rural communities, incentives to encourage farm families to prioritize children's school attendance over farm labor are needed.

· STRENGTHENING CAPACITY FOR ACHIEVING NATIONAL FOOD SECURITY GOALS:
Further support and collaboration is needed to strengthen country capacity for achieving national goals through public-private collaboration and other key strategies.

III. Action Agenda for Los Cabos

The task force believes that the private sector can be a key partner in achieving global food security. Leveraging the full potential contribution of the private sector requires not only commitment and innovation on the part of the business community, but deliberate and well-designed enabling actions by governments and other stakeholders. Specific commitments the private sector can make are outlined below, along with the enabling actions required to fully realize their potential impact.

I. Actions to Enable Increased Investment in Agriculture and Food Security

Increasing investment

RECOMMENDED INDUSTRY COMMITMENTS:

· Increase investments in agriculture to help reach the goal of increasing both production and productivity by 50% by 2030 and improving smallholder farmers' livelihoods.

· Sectors represented by the task force to invest an additional US$ 10-15 billion, expanding market and input access for 3-5 million smallholder farmers and improving the income and productivity of 2-3 million women farmers.

· Investments should ensure the sustainable use of resources, including farming inputs; and should expand market access for smallholder farmers, especially women.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

· Create an enabling environment for private-sector investment through establishing effective public-policy frameworks and incentives, and investing in essential infrastructure and services.

· Increase government investments in agriculture to help reach the goal of increasing both production and productivity by 50% by 2030 and improving smallholder farmers' livelihoods. Policy measures can be targeted to catalyse, de-risk and incentivize sustainable private-sector investment in agriculture and food value chains. Public programs should also be designed to empower women farmers.

· Take an integrated approach in government investments to strengthen whole value chains by improving infrastructure, boosting productivity and reducing waste.

· Encourage the sustainable use of resources via policy measures, including subsidies.

· Promote financial service provision in rural areas from a diverse and complementary array of providers including farmer organizations, microfinance institutions and commercial banks.

METRICS TO TRACK SUCCESS:

· Currently available measures: Public-sector investments in agriculture as a percentage of agricultural GDP.

· Proposed future measures: Private-sector investment in agriculture; average income and rates of market access among smallholder farmers; total factor productivity in agriculture, across countries.

Expanding risk management and access to finance

RECOMMENDED INDUSTRY COMMITMENTS:

· A group of companies to join a public-private initiative to advise and activate risk management solutions in agriculture, upon request of specific countries. This initiative can increase risk transfer capacity in the market by a factor of three within a five-year period (CAGR 25%), subject to the necessary enabling actions. This will generate an increase from US$ 200 million to US$ 600 million in sub-Saharan Africa, and from US$ 1 billion to US$ 3 billion in South-East Asia.

· Develop and pilot new risk management solutions.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

· A group of donor and advisory agencies to initiate and participate in the public-private risk management initiative. Governments to request and act upon the recommendations of this group.

· Building on the 2011 G20 commitments, the group should initially focus on sub-Saharan Africa, based on NEPAD's request. The African Union and NEPAD to support the group's engagement with target countries, including through the Grow Africa Partnership.

· Expand farmers' access to credit and financial services through improved legal and regulatory frameworks, to strengthen productivity and resilience for smallholder farmers.

· Encourage pilot risk management solutions and implement social safety nets.

METRICS TO TRACK SUCCESS:

· Currently available measure: Access to financial services for the poor in Africa (via Mixmarket).

· Proposed future measures: Percentage and number of farmers worldwide with access to formal financial services and agricultural insurance, through both public and private sector providers.

Strengthening land rights

RECOMMENDED INDUSTRY COMMITMENTS:

· Follow the Voluntary Guidelines for the Tenure of Land, Fisheries and Forests agreed through the Committee on Food Security (CFS).

· Ensure that agricultural investments are transparent, responsible and compatible with the Voluntary Guidelines as implemented by national authorities. Industry to respect special regulations on large-scale land acquisitions where such policies or guidelines are not in place.

· Develop robust investment standards through the Committee on Food Security.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

· Promote and adopt the Voluntary Guidelines for the Tenure of Land, Fisheries and Forests agreed through the Committee on Food Security.

· Establish adequate legal frameworks and enforcement measures to formalize and ensure land rights, and recognize informal and customary tenure, with specific safeguards for smallholders.

· Commit to contract transparency and appropriate dispute settlement procedures.

- Provide appropriate temporary measures, including special regulations on large-scale land acquisitions, as long as adequate legal frameworks are not implemented.
- Develop robust investment standards through the Committee on Food Security.

METRICS TO TRACK SUCCESS:

- Proposed future measures: Number of countries having enforced the CFS Voluntary Guidelines for the Tenure of Land, Fisheries and Forests; number of countries with adequate legal frameworks including transparency requirements and appropriate dispute settlement procedures.

Improving market information

RECOMMENDED INDUSTRY COMMITMENTS:

- Support the implementation of the Agricultural Market Information Systems (AMIS) initiative through sharing of market information.
Promote the development of Internet- and telecom-based information platforms to improve smallholder farmers' access to market information.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

- Implement AMIS through transparent sharing of agricultural market information, drawing on public and private-sector sources.
Promote and enable internet access for smallholder farmers, especially in isolated rural areas.

METRICS TO TRACK SUCCESS:

- Proposed future measure: Number of countries that have created infrastructure and mechanisms for the efficient implementation of AMIS; rural Internet access.

II.
Actions to Optimize Agricultural Productivity and Nutrition Outcomes

Increasing research and development

RECOMMENDED INDUSTRY COMMITMENTS:

- Support technology transfer, training and capacity-building to maximize access to and the utilization of available technologies to all farmers, especially small farmers.
- Expand public-private collaboration to enable scientific and agronomic advancements that will increase productivity while improving resource efficiency.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

- Increase R&D funding to help strengthen food and nutrition security.
- Invest with donors in strengthening human and institutional capacity for research and development.
- Support effective and consistent regulatory and legal frameworks to safeguard intellectual property and patents, while ensuring smallholder farmers' access to technologies.
- Invest in R&D targeted to meet the needs of smallholder farmers.

METRICS TO TRACK SUCCESS:

- Currently available measures: Public agricultural R&D spending as a percentage of agricultural GDP; total agricultural R&D spending by sector (government and private sector).
- Proposed future measures: Impact of technology access and training on farmer income and productivity.

Improving nutrition

RECOMMENDED INDUSTRY COMMITMENTS:

- Continue to develop and expand the availability, distribution and access to appropriate nutritious products and services. Seek opportunities to address nutritional deficiencies in vulnerable populations.
- Improve universal nutrition through educational outreach, including the provision of accurate product information to consumers; undertaking responsible advertising and marketing to children; and using social media to raise public awareness and mobilize action on hunger and nutrition issues.
- Enhance the nutritional value of both crops and food products.
- Incorporate education on nutrition and the benefits of crop diversification into farmer training.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

- Address hunger, obesity and non-communicable diseases as public health priorities.

· Coordinate multistakeholder leadership and engagement at the global and country levels through the Scaling Up Nutrition (SUN) movement and other key platforms.

· Establish a framework for private-sector engagement, and enable the facilitation of voluntary private-sector initiatives to improve universal nutrition and public health. These may include industry resolutions and stakeholder engagement developed through organizations and initiatives, such as the Consumer Goods Forum, the International Food & Beverage Alliance and other processes.

· Coordinate efforts across ministries to take an integrated approach to agriculture, nutrition and health.

· Strengthen nutrition education programs, particularly targeted at the most vulnerable.

· Implement measures to improve the access and affordability of essential foods.

METRICS TO TRACK SUCCESS:

· Currently available measures: Number of undernourished children and adults, globally and by country; Global Hunger Index by country and region; proportion of population that lacks access to key micro-nutrients; number of countries that have implemented the Scaling Up Nutrition (SUN) movement; number and reach of companies expanding availability and access to products and services that support healthier diets and lifestyles (via Consumer Goods Forum surveys).

· Proposed future measures: Industry provision of accurate product information, educational programs and partnerships; scope and impact of Web-based campaigns on nutrition; number of overweight and obese people globally and by country.

III. Actions to Ensure Sustainability through Effective Resource Management

Promoting sustainability

RECOMMENDED INDUSTRY COMMITMENTS:

· Scale up environmentally sustainable farming practices including water-efficient and climate-smart agriculture.

· Focus on water efficiency as the most probable choke point within the next 10-20 years; take an active role in multistakeholder partnerships built around watersheds (e.g. the 2030 Water Resources Group).

· Develop and implement best practices on sustainable sourcing, with a goal of achieving 100% sustainable sourcing and processing.

· Mobilize resources to help achieve "Zero Net Deforestation" by 2020.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

· Commit to sustainable resource management by incentivizing efficient resource use and innovation, through sustainable farming practices and enabling access to technologies (including transgenic traits) that reduce emissions and improve water use efficiency.

· Implement strategies to address water overdraft in a comprehensive and cost-effective manner at the watershed level, with the goal of bringing withdrawals back into line with natural renewal.

· Establish programs and incentives that support sustainable production and sourcing practices. Trade rules (multilateral and bilateral) should facilitate trade in sustainable supply chains. Extension and capacity-building programs can strengthen smallholder farm sustainability. Programs for comprehensive soil protection through farming practices should be expanded.

METRICS TO TRACK SUCCESS:

· Currently available measures: Freshwater withdrawal for agricultural use; percentage of total cultivated land that is irrigated.

· Proposed future measures: Reduction of water overdraft in specific watersheds as a percentage of natural renewal; investments in water efficiency as a percentage of total investments in the agriculture and water sectors; the cost-effectiveness of investments (cost per cubic meter of water saved); percentage of products on the market certified and verified for 100% sustainable process; rate of land degradation and rehabilitation.

Ensuring sustainable biofuels

RECOMMENDED INDUSTRY COMMITMENTS:

· Support impact assessments to assess and minimize the environmental and food security impacts of biofuel policies.

RECOMMENDED PUBLIC-SECTOR COMMITMENTS:

- Develop effective public policy to enable the development of environmentally sustainable biofuels, including the removal of subsidies for first-generation biofuels. Biofuel mandates should be evaluated regarding their impact on global food security priorities.
- Develop and implement common sustainability standards for biofuels based on full life cycle impact assessments.
- Explore opportunities for second and third-generation biofuels, and generate opportunity for farmers.

METRICS TO TRACK SUCCESS:

- Proposed future measure: Net share of food crops utilized for biofuels vs other uses such as food and feed.

IV. Actions to Strengthen Capacity to Improve Value Chains

Strengthening national-level food security programs

A key strategy for implementing many of these actions is the implementation of robust national-level agriculture and food security programs, supported by national-level public-private partnerships. Such partnerships, currently piloted in 11 countries by the World Economic Forum's New Vision for Agriculture initiative, can provide a coordinating platform for multi-stakeholder initiatives to achieve shared goals for increasing the productivity and sustainability of local agriculture systems. They also provide a forum to jointly address risks and obstacles encountered in the enabling environment, and to develop new opportunities for small-scale farmers.

RECOMMENDED MULTISTAKEHOLDER COMMITMENTS:

- Private sector to deepen its engagement in such collaborative initiatives, and share knowledge from existing efforts.
- Governments to enable such partnerships through leadership by heads of state to drive public-private collaboration and action, ensuring that all stakeholders including farmers are fully engaged.
- Donor agencies and international organizations to play important roles through providing catalytic finance and sharing best practices across regions.

METRICS TO TRACK SUCCESS:

- Currently available measures: Number of countries with robust national food security plans; number of countries implementing national-level public-private partnerships in coordination with the New Vision for Agriculture. ◆

1.
Increase Investments

DESCRIPTION OF ACTION

• Increase investments in food production to ensure a 50% increase in productivity and production by 2030. This will be achieved through both increased public-sector investments and sustained increases in investment from the private sector. Public-sector actions to strengthen the enabling environment will be essential to stimulate and maintain this investment growth.

RELEVANCE	EXPECTED IMPACT
• Increased productivity and production are prerequisites for sustainable food and security. The appropriate investment programs will include farm nutrition technology and extension services, innovation in risk management, access to finance, R&D for whole value chains and infrastructure investments. Effective legal and regulatory frameworks will gain investors' support. These frameworks should cover land rights and safeguards for intellectual property and patents.	• A 50% increase in both productivity and production by 2030 • Increased income, market access and employment for farmers, including women farmers, leading to improved livelihoods • Improved job creation, economic development and quality of life in rural areas

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• A 50% increase in productivity and production by 2030, ensured by additional investments from public and private sources and policy frameworks that enable market-based business development, expanding market access for 3-5 million smallholder farmers, including 2-3 million women farmers.	• National authorities and the private sector in each country together with the relevant stakeholders

MAIN BENEFICIARIES AND DECISION-MAKERS

• Agricultural producers, general population, stakeholders in the agrifood value chains, and the overall rural economies of each country
• Decision- and policy-makers: Governments, private sector investors, companies, farmer organizations and institutions that provide funding

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Private-sector investments in sustainable agricultural production, research and development, market access transparency and agrifood value chains. Public sector food and nutrition security programs including the regulatory enabling environment. Public sector investments in sustainable agricultural production, infrastructure and information sharing platforms. Dedicated private-public sector programs to provide financial market (equity/debt financing and insurance) access for farmers, including programs to improve income and the productivity of smallholder farmers, especially women.	• National level programs should be initiated in the coming three years. Investments will increase incrementally over the coming 10 - 15 years	• Lack of coordination between public and private sectors, and between agricultural producers and the private sector • Lack of policy frameworks that enable access to farm technologies and market-based business development •Limited access to finance, channels to market, infrastructure, technical support and insurance for smallholders	• Training of agricultural producers/extension services • Enabling environment provided by public authorities (incl. land rights) • Access to R&D and technology • Tools to cover production risks (weather, pests and diseases), inputs and commodity prices and social safety nets through government programs • Partnerships and longer-term supply contracts

2.
Improve Nutrition

DESCRIPTION OF ACTION
• Improving nutrition, ensuring that all people have access to nutritious, safe and affordable food at all times, particularly children.

RELEVANCE	EXPECTED IMPACT
• Proper nutrition is essential for human development. Undernutrition can have irreversible lifelong impacts, and is a factor in one third of all deaths of children under five, in the developing world. It also depresses economic productivity • Globally, over 850 million people are undernourished. Rural and poor communities, children under two years of age and other specific groups are especially affected by undernutrition	• Substantial reduction in the number of people affected by under nutrition, obesity and chronic disease, particularly children • Contribution to global targets for reducing stunting • Strengthened value chains and agriculture systems, engaging farmers and consumers in programs designed to meet nutritional and health needs • Increased availability and access to affordable and nutritious products

CITERIA FOR SUCCESS
• Expanded availability and accessibility of products and services that support healthier diets and lifestyles • Scaling up nutrition interventions through both national and global initiatives, such as the SUN movement • Increased private-sector engagement and partnerships • Reduced price volatility of food and raw materials

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Governments • Small farmers, particularly women • Consumers and the general population	• Food companies • International organizations, including FAO, WFP, IFAD, WHO

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Continue to develop and expand availability, distribution and access to appropriate nutritious products and services; Seek opportunities to address nutritional deficiencies in vulnerable populations	• Ongoing	• Lack of global alignment on the required collective actions for an integrated approach to agriculture, nutrition and public health, and the capability to measure success	• Active multistakeholder leadership and engagement at both the global and country levels, through the SUN movement and other key platforms
• Continue to improve universal nutrition through educational outreach, including providing accurate product information to consumers, undertaking responsible advertising and marketing to children and using social media to raise public awareness and mobilize action on hunger and nutrition issues	• Ongoing	• Challenges to achieve nutritional enhancements in a cost-effective manner	• Public-private sector partnerships to accelerate the availability of safe food with nutritious products to eliminate malnourishment
• Continue to enhance the nutritional value of both crops and food products	• Ongoing	• Lack of capabilities to expand availability of safe food with appropriate nutritious products, and education on nutrition	• Leverage at the local and global levels of existing and future voluntary private-sector initiatives on nutrition and healthy lifestyles
• Incorporate education on nutrition and the benefits of crop diversification into farmer training	• 1-2 years		

3.
Ensure Sustainable Practices to Promote Food Security

DESCRIPTION OF ACTION	
• Scale up environmentally sustainable farming practices, including water-efficient and climate-smart agriculture, to increase productivity.	
RELEVANCE	**EXPECTED IMPACT**
• To meet the food demands necessary to feed the growing global population on a fixed amount of arable land, implement highly efficient farming practices, including effective irrigation practices	• A 50% increase in agricultural productivity by 2030 • Increased efficiency of natural resource use per unit of production
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Bring freshwater withdrawals in watersheds back into line with natural renewal • Maximize the efficiency of water, fertilizer, pesticides and insecticides used per unit of production • Implement policies that support innovation for environmentally sustainable agriculture	• All stakeholders, including governments and the private sector • IFC/Water Resources Group • Consultative Group on International Agricultural Research (CGIAR)
MAIN BENEFICIARIES AND DECISION-MAKERS	
• Agriculture producers and farmers • Food companies • Policy-makers and regulators	• Government (Agriculture agencies) • The general population

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Commit to sustainable resource management by incentivizing efficient resource use and innovation, through sustainable farming practices and enabling access to technologies, including biotechnology, that reduce emissions, improve water efficiency and increase productivity	• 2-3 years	• Lack of a harmonized, science-based regulatory review system	• Use generally accepted environmental best practices in industry and agree to source through environmentally friendly production processes, when possible
• Address water overdraft in comprehensive and cost-effective government-led strategies at the watershed level	• Timeframe will vary according to the needs and priorities of each country	• Limited use of effective policy or funding incentives to encourage environmentally sustainable practices	• Increase investments in water efficiency, relative to total investments in the agricultural and water sectors
• Establish programs and incentives that support sustainable production and sourcing practices including irrigation management, input productivity and efficiency, fertility management and soil conservation			
• Support extension and capacity-building programs that can strengthen smallholder farm sustainability while increasing productivity			• Support impact assessments to assess and minimize the environmental and food security impacts of biofuel policies, such as those identified by the Council for Sustainable Biomass
• Explore opportunities for second- and third-generation biofuels			
• Develop effective public policy to enable development of environmentally sustainable biofuels			

B20

TASK FORCE RECOMMENDATIONS ON GREEN GROWTH

I.
Background

Green growth is an increasingly important driver for innovation and sustainable wealth creation in both developed and emerging markets.[1] In a period when the world is approaching and exceeding key environmental planetary boundaries – including being on track for a possible 6°C global temperature increase and a 40% sustainable water supply shortfall – the global population faces abrupt environmental changes with dramatic consequences. In addition, we foresee significant threats to economic growth due to continually rising natural resource demands, increasing environmental and economic costs of resource development and the evident commodity price correlation among food, steel, timber and oil and resulting price volatility.[2]

This chronic economic uncertainty may lead governments to delay making key policy decisions in an effort to maintain a short-run competitive advantage, and companies to postpone investments in necessary infrastructure. Economic as well as environmental resilience is being eroded as a result.

We can change this pathway. Building on previous B20 summits' outputs, we reaffirm our view that a sustainable economic transformation generates multiple and mutually reinforcing benefits that include: sustained economic growth and accelerated job creation; healthier and wealthier populations; greater resource efficiency and biodiversity; cleaner air, water and natural environments; and expanded access to more secure energy supplies.

Achieving this economy-wide transformation requires cumulative investment in green infrastructure in the range of US$ 36 to US$ 42 trillion between 2012 and 2030, i.e. approximately US$ 2 trillion or 2% of global GDP per year. Today, only US$ 1 trillion is being invested annually. Implementing the policy recommendations in this document will contribute to filling the US$ 1 trillion investment gap, particularly through greater leverage and impact of private finance.[3] Governments and society have a game-changing opening to transform market failures into market opportunities.

A Call to Action

Specifically, the 2012 B20 Green Growth Task Force calls for action in five areas, listed below. The Task Force will also launch a new Club at Los Cabos to catalyse and drive progress in these areas:

- Promoting free trade in green goods and services: this will accelerate green infrastructure technology deployment; encourage competition, innovation and faster job creation; and reduce prices. G20 leaders should initiate trade liberalization negotiations on sustainable energy products and services with like-minded countries that aim to eliminate tariffs, local content requirements and other non-tariff barriers, and to coordinate industrial and technical standards.
- Achieving robust pricing on carbon that is high and stable enough to change behaviours and investment decisions: this will strengthen incentives to invest in

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1 "The UNSG High Level Panel on Global Sustainability sets out a vision for growth that eradicates poverty, reduces inequality, while combating climate change and respecting a range of other planetary boundaries. In this context, the pursuit of an inclusive green growth strategy is an important driver for innovation and sustainable wealth creation." UNSG High Level Panel on Global Sustainability was launched on 9 August 2010 by the Secretary-General and brings together renowned world figures to formulate a new blueprint for a sustainable future on a planet under increasing stress resulting from human activities. See: http://www.un.org/gsp/

2 "147% increase in real commodity prices in the last decade; rising food prices in 2010 pushing 44 million people into poverty; by 2030 expected increase in demand by 30-80% across all our major resource systems" – McKinsey Global Institute, *Resource Revolution: Meeting the world's energy materials, food and water needs*, November 2011.

3 World Economic Forum Analysis; HSBC, *Sizing the climate economy*, 2010; HSBC, *A Climate for Recovery*, 2009; BCG, *The Global Infrastructure Challenge*, 2010.

economically and environmentally sustainable technologies. G20 leaders should ensure that national targets and policies are ambitious enough to create consistent international demand for carbon units and provide an essential foundation for an international carbon market. The B20 is ready to work with G20 leaders to test, pilot, implement and jointly (government and business) monitor new market mechanisms to achieve a stable demand for carbon emission reductions; as well as link national, sector and project approaches with the support of international financial institutions, in order to introduce an international framework that includes aviation and shipping.

· Ending inefficient fossil fuel subsidies and redirecting a portion of them to support energy access and other public priorities: this will reduce fiscal imbalances, increase real incomes and reduce greenhouse gas emissions and the overall cost of climate change mitigation. G20 leaders should commit to end subsidies and other inefficient forms of support for fossil fuel exploration, production and consumption in the next four years. Countries should consider using some of these resources to support energy access for the poorest and other public priorities, including green infrastructure investments.

· Accelerating low-carbon innovation: this will underpin the deployment of innovative resource- and energy-efficient solutions, increase competitiveness and create new business opportunities to drive long-term economic growth. G20 leaders should use some of the revenue from carbon pricing measures to increase direct support for research, development, demonstration, and pre-commercial deployment of low-carbon and energy efficient technologies.

· Dramatically increasing efforts to pool public funding to leverage private investments, in part by scaling up risk mitigation and co-investment funding structures: this will help close the infrastructure financing gap. G20 leaders should call on sources of public finance to move away from a project-by-project to a portfolio approach, to ensure there is catalysing support for initial project and program development. We further encourage leaders to incorporate "leveraging private finance" as a key performance strategy for national and multilateral banks.

A New Club

At the time of the Los Cabos Summit the B20 will declare a new club among international financial institutions, development banks (International Development Finance Club IDFC[4]), companies, banks and private investors designed to make practical progress on this agenda within the next 36 months with an initial focus on financing. We invite development and finance ministers and international financial institutions to engage with this new partnership to scale public-private financing structures to address green growth and UN Sustainable Energy for all investment priorities and to report back to future G20 summits.

With the right policy frameworks, this new club will help business make the required investments, assume relevant risks and embrace the new opportunities that the green economic transformation promises.

4 The International Development Finance Club is a group of are like-minded development banks of national and sub-regional origin operating within the framework of development policies of our respective countries and assist our respective governments in fulfilling their national and international commitments. See http://www.idfc.org/

II. Key Policy Messages and Recommendations

The Government of Mexico has targeted green infrastructure investments as an overarching priority of the G20's work in 2012. In response, the B20 Green Growth Task Force has selected priority actions necessary to trigger a substantial increase in the financing of green growth where action by G20 leaders is needed. Underlying these recommendations is the necessity to create the market conditions leading to sustained demand for green infrastructure investments, which is vital for sustainable global growth.

A combination of appropriate policy and regulatory frameworks and other financing measures will be required to leverage more effectively the private-sector contribution in a "club" with key stakeholders including governments, multilateral banks and development finance institutions.

I. Create Stronger Foundations for Green Growth

PROMOTE FREE TRADE IN GREEN GOODS AND SERVICES

The G20 has previously committed to "avoiding protectionism" and to pursuing in 2012 fresh, credible approaches to furthering negotiations, including the Doha Development Agenda. Several initiatives have emerged that demonstrate progress, such as the Asia-Pacific Economic Cooperation's (APEC) November 2011 "Promoting Green Growth" statement, which calls on its members to reduce tariffs and eliminate non-tariff barriers, such as local content requirements, that distort international trade in environmental goods and services.

The Sustainable Energy Trade Agreement (SETA), launched by a group of NGOs and research institutes and supported by a number of major corporations, shares many of these objectives. SETA provides a vehicle whereby clubs of like-minded countries can develop sustainable energy agreements within existing World Trade Organization (WTO) arrangements. G20 countries represent a critical mass of global trade in environmental goods and services and thus can lead the way in the transition to a sustainable, resource-efficient model of economic growth that SETA offers.

The B20 Green Growth Task Force thus urges G20 Leaders to take the following action:

- Initiate trade liberalization on sustainable energy products and services to eliminate tariffs, local-content requirements, and other non-tariff barriers, and to coordinate industrial and technical standards; the impact of establishing such arrangements will be to create a tangible, positive incentive within the international trading system to develop and expand the use of green energy goods and services, thereby helping to accelerate progress on mitigating GHG emissions while promoting economic growth, access to energy, and energy security.[5]

ACHIEVE ROBUST PRICING OF CARBON

Comprehensive carbon pricing policies, supported by ambitious emissions targets, are essential to shape the world's energy system and to create consistent international demand for green investments and green consumption. Such policies provide a clear incentive to use all options to cut emissions across the economy, including shifting to low-carbon power generation, encouraging efficient energy use (including transport) and stimulating innovation for green technologies. For example, the UN Secretary-General's High Level Advisory Group on Climate Change Financing emphasized the importance of a carbon price in the range of US$ 20-US$ 25 per ton of CO_2 equivalent in 2020.[6]

5 See detailed action agenda in the Appendix.

6 The UN Secretary-General's High Level Advisory Group on Climate Change Financing emphasized the importance of a carbon price in the range of US$ 20-US$ 25 a per ton of CO_2 equivalent in 2020. Based on this price, the Advisory Group estimated that auctions of emissions allowances and domestic carbon taxes in developed countries with up to 10% of total revenues allocated for international climate change action could potentially mobilize around US$ 30 billion annually.

Based on this price, the Advisory Group estimated that auctions of emissions allowances and domestic carbon taxes in developed countries – with up to 10% of total revenues allocated for international climate change action – could potentially mobilize around US$ 30 billion annually. The Durban COP agreement will continue the existing market mechanisms and develop new ones. These new market and sector crediting mechanisms should now be tested, piloted, implemented and jointly monitored by governments and businesses. They should also be informed by lessons learned from the Clean Development Mechanism, particularly MRV (measurement, reporting and verification) procedures and standards, as this will provide important continuity for the private sector.

National, sector and project approaches should be linked with the support of the international financial institutions, and a global common framework should be introduced that could evolve into an international carbon market over time. Developing countries are encouraged to find new and innovative mitigation solutions adapted to local realities and conditions. In this context, countries and sectors should be encouraged to use the carbon market on an "opt-in" basis, either through crediting or trading based mechanisms or both, to minimize the risk of policy incoherence, unclear price signals for private investment and carbon leakage.

The B20 Green Growth Task Force thus urges G20 Leaders to take the following actions:

- Implement comprehensive carbon pricing policies, supported by ambitious emissions targets.
- Adopt mechanisms to ensure companies receive credit for achieved emission reductions, thereby reducing risks associated with policy uncertainty that is not under companies' control.
- Develop, together with business and international organizations, pilot programs to test the viability of new market mechanisms, with guaranteed purchase of credits arising from each pilot initiative.
- Establish a flexible global framework for carbon markets, with countries or sectors having the option to link their approaches and use standardized methodologies to measure, verify and report emissions reductions.
- Give strong political support to the creation of global carbon-pricing mechanisms, progressively including sectors not yet covered, such as shipping and aviation.

END AND REDIRECT INEFFICIENT FOSSIL FUEL SUBSIDIES

Ending subsidies and other inefficient forms of support for fossil-fuel exploration, production, and consumption in the next four years will accomplish multiple and mutually reinforcing objectives – such as reducing public spending while increasing tax revenues and real incomes; reducing greenhouse gas emissions and the overall cost of climate change mitigation; and promoting the development and diffusion of low-carbon technologies and renewable energy sources. Work undertaken on climate finance for the G20 Finance Ministers in 2011 indicates that if 20% of the current level of support for fossil fuels in Annex II countries were to be redirected, this could yield on the order of US$ 10 billion of new available funds per year.[7]

Countries should consider using some of these resources to ensure access to affordable energy for the poorest and to support other public priorities, including green infrastructure investments. However, this recurring recommendation of the B20 remains hampered by a crucial lack of information. Accelerating progress towards the ultimate goal requires a stepwise approach, key elements of which are transparency and accurate information.

The B20 Green Growth Task Force thus urges G20 Leaders to:

- Develop national transition plans to phase out inefficient fossil fuel subsidies within the next four years, with annual disclosure of steps taken to achieve these targets.
- Task the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) to act as an international clearinghouse for data collection and diffusion. In coordination with

7 Page 5 of Mobilizing Climate Finance. List of Annex II countries. See http://unfccc.int/essential_background/convention/background/items/1348.php
From *Mobilizing Climate Finance, a Paper prepared at the Request of G20 Finance Ministers*, Coordinated by the World Bank Group, in close partnership with the IMF, the OECD and the Regional Development Banks, 6 October 2011

other relevant institutions to assess the economic efficiency/ inefficiency of support for fossil fuels and energy technologies; assist in the monitoring of fossil-fuel support reform,[8] ensuring that data are internationally consistent and comparable; and recommend alternative measures to support access to energy for the poorest segments of society.

· Disclose annually the full range of measures that support fossil fuel exploration, production, and consumption as well as support for other energy technologies, as a means to create a clearer, more transparent picture of the cost of energy by source.

· Consider redirecting a portion of fossil fuel subsidies to ensure access to energy for the poorest and other public priorities, including green infrastructure investments.

ACCELERATE LOW-CARBON INNOVATION

Innovation – and the new business models and opportunities it generates – has the potential to be an engine for green growth with massive spillover benefits. Specifically, investments in innovation, research and development and technology would be very beneficial for the world economy. One of the key areas for innovation is in the efficiency with which energy and other resources are used across the entire conversion chain.

Improvements in energy efficiency pay for themselves quickly, and yield environmental and energy-security benefits that can therefore provide at the country level a very attractive business case (15% to 25% energy savings in buildings, industrial facilities and homes, across mature vs new economies). Direct support to demonstration projects creates opportunities to showcase innovation and drives companies to improve the competitiveness of emerging technologies.

The B20 Green Growth Task Force thus urges G20 Leaders to incorporate the following actions:

· Use some of the revenues from carbon pricing measures to increase support for research, development, demonstration and pre-commercial deployment of low-carbon technologies to accelerate their transition to competitiveness.

· Pool international efforts to support high-risk, high-cost, long-term programs beyond the reach of individual countries, such as industrial technology demonstration projects and resource and energy-efficiency programs; for example, through public-private initiatives related to the Clean Energy Ministerial process.

· Establish priority areas for public funds, financing and guarantees and ensure intellectual property rights protection for supported technologies.

· Establish clear, stable standards and policies to support energy and resource efficiency in sectors that may not be easily responsive to pricing signals as a way to drive implementation and accelerate innovation.

INCREASE THE LEVERAGE OF PRIVATE INVESTMENTS

US$ 36 to US$ 42 trillion in cumulative infrastructure investment is needed by 2030.[9] Significant investments have been made in green infrastructure in recent years: the OECD estimates[10] that US$ 70 billion to US$ 120 billion per year is already flowing as international North-South green finance today (to both mitigation and adaptation), with over half coming from the private sector. Of this, multilateral and bilateral banks leverage the public funding they receive to support climate action at increasingly higher levels.[11]

Concessional bilateral public finance commitments alone in 2010 are estimated to be US$ 15 billion to US$ 23 billion. While this is a promising start, much more needs to be done to attract private investment at the scale that is needed. Investors are reluctant to make significant investments in green infrastructure due to perceived and actual policy and technology risks.

8 This would ideally build on the OECD-IEA Fossil Fuel and Other Support, 2011 www.oecd.org/iea-oecd-ffss From Mobilizing Climate Finance, a Paper prepared at the Request of G20 Finance *Ministers*, Coordinated by the World Bank Group, in close partnership with the IMF, the OECD and the Regional Development Banks, 6 October 2011

9 HSBC, Sizing the climate economy, 2010

10 OECD/IEA *Tracking Climate Finance: What and How?,* 2012. See http://www.oecd.org/env/cc/financing and http://www.oecd.org/dac/stats/rioconventions

11 Climate Policy Initiative *Landscape of Climate Finance*, 2011. Seehttp://climatepolicyinitiative.org/publication/the-landscape-of-climate-finance/

III. Action Agenda for Los Cabos

In addition to strengthening domestic policy frameworks as highlighted above, we propose that the G20 take five specific actions to address these risks and leverage private investment in green infrastructure.

These five actions can fall within a new high-level club for leveraging private investment. Specifically, the B20 Green Growth Task Force asks G20 Leaders to support the multilateral development banks and the International Development Finance Club, supported by the OECD and the San Giorgio Group, to engage with private investors in a new three-year club aimed at scaling public-private financing structures that responds to the investment priorities identified by countries in their green growth and UN Sustainable Energy for All strategies; and to ask for a report on progress from this club to the next three G20 Summits. We will declare this club at the Los Cabos Summit. The actions in which this club can engage are set out below.

Expand the number and scale of public-private blending mechanisms and incorporate leveraging private finance as a key performance indicator for public funding, including national and multilateral banks

Public financial institutions can act as facilitators of private finance through changes in the charters and budget program objectives of development banks. Similarly, national and multilateral development banks and direct country assistance should make all efforts to incorporate "leveraging private finance" at a ratio of one-to-four[12] in their performance strategies, with the understanding that leverage rates will differ depending on the maturity of a particular region, sector or technology.

[12] UNFCC, *Report of the Secretary-General's High-level Advisory Group on Climate Change Financing*, 2010.

Governments and private investors should increase their efforts to pool public funding and private sector finance through funding structures such as equity, mezzanine loans, first-loss loans and loan guarantees. These structures should also link to local financial institutions, institutional investors, insurers and sovereign wealth funds, to build capacity and access local currency savings as a source of debt financing for local infrastructure projects. A portion of revenues from carbon pricing policies and fossil-fuel subsidies can be redirected to green infrastructure through national and multilateral development banks.

Shift away from a project-by-project to a more programmatic approach

Task force members, in particular the development banks, commit to and encourage other actors in international climate finance to implement a shift away from a project-by-project to a more programmatic approach, supporting the creation of transparent, long-term and certain domestic policy and regulatory frameworks. Targeted use of public support can help create policy frameworks that incentivize companies and create a pipeline of investment-grade projects. A programmatic approach can be taken to finance green growth via pooled, structured funds, which allow for diversification and cater to different risk perceptions and appetites of public and private investors.

We recommended expanding existing successful funds such as the US$ 7.2 billion Climate Investment Funds (CIFs – managed by the World Bank and Regional Development Banks) and the Global Climate Partnership Fund (GCPF), sponsored by European and international institutions. Equally, recent initiatives – such as the Climate Public-Private Partnership "CP3" fund being developed by the Asian Development Bank, International Finance Corporation and the UK Government – should be expanded.

Finally, we support the United Nations Framework Convention on Climate Change's creation of the Green Climate Fund, and will work with governments to design a successful private sector facility for the fund that maximizes private sector investment.

FACILITATE GREATER GREEN INFRASTRUCTURE FINANCING BY INSTITUTIONAL INVESTORS

Bonds remain the dominant asset class in portfolio allocations of pension funds and insurance companies across OECD countries. Fixed-income instruments (such as green bonds or the most senior asset classes in structured funds like the GCPF) targeting institutional investors are necessary to take assets off bank and corporate balance sheets, lower the cost of capital and recycle funds into new investments.[13] Given the low interest rate, environment and weak economic growth prospects in many OECD countries, institutional investors are increasingly looking for asset classes that can deliver low correlation and steady, preferably inflation-adjusted income streams; many have already formed groups to represent their interests in green infrastructure.

With approximately US$ 65 trillion in assets, institutional investors have an important role to play, yet their hesitancy to invest at scale to date ranges from a lack of "investment grade" policy frameworks to achieving affordable green objectives, with the result that for many investment propositions, the risk-reward equation does not favor green options.

Other barriers to investment include scale issues, regulatory disincentives, a lack of appropriate investment vehicles and market liquidity and insufficient knowledge, track record and expertise among institutional investors about these investments and their associated risks. These investors are only beginning to make direct investments and would require instruments like asset-backed securities or bonds to further scale up financing. So far, structured assets account for less than 3%[14] of green financing.

Actions necessary may include developing insurance and risk mitigation products, enforcing robust and transparent rules for debt aggregation and using standards to verify environmental benefits of bond investments (such as the Climate Bonds Standard).

[13] OECD *Role of Institutional Investors in Financing Clean Energy*, 2012 – forthcoming; OECD, *Role of Pension Funds in Financing Green Growth Initiatives*, 2011 – which form part of the broader OECD project on long-term investing (See www.oecd.org/finance/lti); OECD, *Defining and Measuring Institutional Investors' Allocations to Green Investments*, 2012 – forthcoming.

[14] Barclays and Accenture, 2011 – based on BNEF data EU 25 only between 2004 and 2009.

IMPROVE COORDINATION AND EFFECTIVENESS BY TRACKING FINANCIAL FLOWS, AND CREATE COMMON GREEN INFRASTRUCTURE FINANCING METHODOLOGIES, METRICS AND TOOLS

To increase transparency around financial flows and institute a common language, we recommend that public financial institutions build on and extend existing efforts[15] by agreeing on definitions for classifying and tracking financial flows and by closing data gaps and creating common methods for evaluating the effectiveness of public-private financing structures.[16] The IDFC is also undertaking a significant exercise to map green infrastructure financing support from development finance institutions and to estimate the amount of private finance leveraged. Public institutions should aim to improve monitoring and reporting of their climate- and development-related investment.[17]

SUPPORT INITIAL PROJECT DEVELOPMENT WITH A VENTURE-CAPITAL APPROACH TO ENSURE A VIABLE PIPELINE OF INVESTMENT-READY PROJECTS AND PROGRAMS

While a strong carbon price and renewable energy incentives can be sufficient to prompt necessary investments in project and program preparation, there is an early-stage financing gap due to the inexperienced, non-traditional project developers who predominate in many developing economies. While there are a number of public-private programs focused on early-stage financing, the scale and scope are inadequate to bridge this gap.

To ensure that there is adequate demand for new public-private investment flows, public financing

[15] Climate Policy Initiative *Landscape of Climate Finance*, 2011. See http://climatepolicyinitiative.org/publication/the-landscape-of-climate-finance/; OECD *Monitoring and Tracking Long-term Finance to Support Climate Action*, 2011. See www.oecd.org/env/cc/financing

[16] Environmental Defense Fund, Climate Policy Initiative, Brookings Institution and Overseas Development Institute *Improving the Effectiveness of Climate Finance*, 2011. See http://www.edf.org/sites/default/files/Effectiveness_of_Climate_Finance.pdf

[17] Fifteen years of World Bank experience in real time monitoring of development projects while in operation showed that there is considerable ability to increase operational success above a generous estimate of 70% current success rate for development projects which is generally accepted in the development world. These techniques could be extended to climate related in vestments.

institutions should increase their focus on project and program development through a range of initiatives, including a venture capital-type approach[18]. Mechanisms can be designed to recycle funding when projects succeed to reduce the need for technical assistance grants. ◆

[18] UNEP, *Catalysing Early Stage Investment – Addressing the lack of early-stage capital for low-carbon infrastructure in developing countries*, 2011. See http://www.scaf-energy.org/news/pdf/Catalyzing%20Early%20Stage%20Investment.pdf

1.

Launch a Green Growth Club Aimed at Leveraging Greater Investment for Green Infrastructure

DESCRIPTION OF ACTION	
• The multilateral development banks, the International Development Finance Club (IDFC) of development finance institutions and government departments, supported by the OECD and the San Giorgio Group and with the World Economic Forum as Secretariat, agree to engage with private investors in a new three-year Club aimed at transforming global financing flows for green growth by strategically targeting public financing to dramatically scale up private investment.	
RELEVANCE	**EXPECTED IMPACT**
• US$ 32 trillion in global infrastructure investment needed by 2030; up to US$ 20 trillion of this could be directed to green infrastructure by 2020.	• Address clean energy access and climate change through attracting private finance for green growth infrastructure
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Amount of private investment leveraged by public funds.	• Development finance banks, IDFC, OECD, finance and development ministers who oversee MDBS/IFIS and direct country assistance.
MAIN BENEFICIARIES AND DECISION-MAKERS	
• Emerging and developing economies with green growth strategies • Citizens in need of access to clean energy	• International and local, public and private financial institutions • Utilities and suppliers/installers of green infrastructure technologies

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Launch Club	• Jun 2012, Los Cabos	• Lack of understanding by public agencies of private investor needs	• Engaging with government and private finance experts to document best practices for PPP financing
• Collect best practice models for blending public-private funds	• Jun – Dec 2012 Document and share best practice models	• Procedures for donor funds (e.g. first loss pieces in structured funds)	• Co-designing and launching new procedures with DFIS, MDBS, and bilateral donors
• Feed results into key platforms, e.g. UNFCCC Green Climate Fund and UN Sustainable Energy for All • Support launch and expansion of existing funds; e.g. MDB Climate Investment Funds, CP3, structured funds (GCPF), DevCo • Monitor and report on progress to deliver task force policy recommendations	•Dec 2012/Jan 2013 Launch new funds at COP18, 2013 Annual Meeting in Davos	• Perceived and actual policy risks • Too many distributed initiatives, few getting to scale	• Expanding public support for de-risking measures
• Facilitate financing by institutional investors, e.g. via emitting bonds from structured funds • Support in-country launch of financing models, e.g. GET FIT in Uganda • Agree methods for measuring effectiveness, make leveraging private finance a KPI • Improve tracking of finance flows and report on progress in leveraging private investment	• Annually at G20 Report on progress	• Lack of in-country capacity, low pipeline of projects	• Redirecting inefficient fossil fuel subsidies towards expanding number and scale of PPP financing structures • Supplementing new financing mechanisms by catalysing initial project and program development support

2.
Support Free Trade Negotiations for Green Goods and Services

DESCRIPTION OF ACTION
• Support negotiations for a plurilateral pact that would liberalize trade in a specific set of sustainable energy goods and services. This action would support a number of initiatives that are demonstrating progress, such as APEC's November 2011 "promoting green growth" statement, which calls on its members to reduce tariffs and eliminate non-tariff barriers that distort international trade; and the Sustainable Energy Trade Agreement Initiative (SETA), launched by a number of institutions and sharing many of these objectives.

RELEVANCE	EXPECTED IMPACT
• Removing tariffs and non-tariff-barriers would result in substantial trade gains, potentially >10%	• Acceleration and strong support for APEC, SETA and, potentially, other relevant initiatives

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• G20 and other countries could initiate negotiations to liberalize trade in sustainable energy goods and services	• The GGGI, ICTSD and Peterson Institute as leaders of SETI initiative • Trade and finance ministers of the identified core countries

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Emerging and developed economies • Sustainable energy goods and services industry	• Trade and finance ministers

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Support/promote initiation of trade liberalization negotiations; collaborate with governments to define list of goods/services to be included and key barriers facing trade in these products; encourage business community support; contribute to making the case for trade liberalization to general public	• June 2012 – May 2013	• Non-tariff barrier negotiations	• Strong support of business community
• Report progress to G20 summit and realize agreement within next two years	• Annually at G20	• Definition of the list of goods and services included in the agreement	• Phased approach supporting step-by-step approach

3.

Kick-start the Use of New Carbon Market Mechanisms

DESCRIPTION OF ACTION
• Pilot initiatives to build confidence in New Market Mechanisms (NMMS), through platforms such as the Partnership for Market Readiness (PMR) • Create demand for emission reductions by making credits from NMMS eligible in current and upcoming emissions trading systems, notably in EU and other G20 countries (including PMR implementing countries) • Establish a fund to support innovation and demand certainty for early NMM mitigation investments, similar to the role of the Prototype Carbon Fund • Sustain demand for carbon assets by raising the ambition of mitigation targets over time across G20 countries with greater scope for market mechanisms

RELEVANCE	EXPECTED IMPACT
• Carbon market flows to developing countries could rise to US$ 20 billion by 2020 (US$ 20-25 carbon price) and exceed US$ 100 billion with more ambitious mitigation targets (in line with 2C pathway)	• Complement current initiatives on readiness such as the Partnership for Market Readiness and provide concrete incentives for mitigation

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Amount of private investment leveraged in developing countries through new market mechanisms	• Industrialized country governments, private sector, development banks and carbon market experts

MAIN BENEFICIARIES AND DECISION-MAKERS
• Emerging and developed economies with green growth strategies • People and ecosystems • Financial institutions • Suppliers and installers of green infrastructure technologies

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• G20 countries participating in the PMR announce a timetable to launch and to allow credits from NMMS	• Los Cabos-June 2012	• Lack of understanding of new market mechanisms	• More countries to participate in the Partnership for Market Readiness
• Other G20 countries announce principle of allowing NMM credits to meet domestic mitigation targets • Announce intention to create a fund to support capacity building for NMMS and demand certainty for early mitigation investments	• Progress by December 2012	• No incentive for NMMS emission reductions	• Create a fund similar to the Prototype Carbon Fund; allow NMM credits into domestic carbon markets
• Report on progress in creating new market mechanisms	• Annually at G20 and UNFCCC	• Weak demand for carbon assets from low ambition and high uncertainty	• Encourage countries raising ambition of mitigation targets with greater scope for market mechanisms, for cost-effectiveness

4.

End Fossil-fuel Subsidies and other Inefficient Forms of Support

DESCRIPTION OF ACTION
• Support efforts by governments to disclose via relevant international institutions tasked with monitoring and supporting such efforts (e.g. OECD and IEA) the full range of measures that subsidize or otherwise financially support the exploration, production and consumption of fossil fuels • Support reform efforts by countries and encourage the adoption of policy actions that mitigate the impacts of reform on the poorest

RELEVANCE	EXPECTED IMPACT
• Removing fossil-fuel subsidies would lower the cost of climate-change mitigation policies and save governments money. It would also help shift resources away from CO_2-intensive sectors.	• OECD simulations based on IEA data indicate that phasing-out fossil-fuel consumption subsidies in emerging and developing economies could reduce global GHG emissions by 6% by 2050

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• A common information base identifying, documenting and estimating policies • Obtaining public support for reform by communicating effectively, packaging policies and identifying key stakeholders	• Governments, OECD, IEA and other relevant international institutions • Business, in terms of public support for such measures and contributing best-practice examples

MAIN BENEFICIARIES	DECISION-MAKERS
• Taxpayers, state budgets • Renewable and decarbonized energy industry	• Finance and energy ministers

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Indicate a clear time line for reform and announce support for an external reporting mechanism • Report progress on a regular basis	• Los Cabos, June 2012 • Annually at G20	• Lack of transparency on those policies that encourage greater use or production of fossil fuels • Lack of a common definition of what constitutes a subsidy or support • Agreeing on sets of criteria to determine whether a given subsidy or support scheme is inefficient • Insufficient communication on the benefits of reform	• Business asks governments to task OECD and IEA with collecting and communicating data; assessing the economic efficiency of support; and assisting in the monitoring of reform • Business to provide best-practice policy experience and political support for reducing the impact on the poor and redirecting resources towards green investments

5.

Accelerate Low-carbon Innovation through Energy Efficiency

DESCRIPTION OF ACTION
• Support a concerted, consistent drive for energy efficiency across G20 countries to deliver the full strategic, financial, social and environmental benefits of energy efficiency – through a stable regulatory framework and public-private collaboration.

RELEVANCE	EXPECTED IMPACT
• Energy efficiency across buildings, industry and residential sectors could cut a country’s energy use by 15% to 25%	• A clear, stable, consistent regulatory framework, involving strong public-private collaboration, would speed up change

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Measured annual energy savings/GHG reduction, combined across G20 countries, adjusted for countries’ growth	• G20 governments plus companies and institutions (global/local) involved in project

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Government (national/regional/municipal) • Utilities and business sector	• Academia and think-tanks • Financial institutions and banks

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Agree scope and ambition of effort - · Buildings, industry, residential, energy services · Sector/national regulations and collaboration · Project leader team and partners	• May 2012	• Information gap: low awareness of benefits, lack of standards and benchmarks, hard-to-quantify savings and RoI	• Project team should be credible and representative of all stakeholders
• Announce launch of task force’s EE efforts	• Los Cabos, June 2012	• Need for simple, easy-to-implement EE solutions	• Pilot project in a sector/country to help demonstrate viability and remove roadblocks
• Build joint global energy efficiency platform that builds momentum to act based on IEA, IPEEC and other existing coordination mechanisms	• 2012-2013	• Financing mechanisms	• This platform should serve as reference – it is not intended to supersede or replace national regulations and constraints
• Share with G20 countries representatives to ensure compatibility with national approaches	• By 2013 G20	• Complex value chains: split incentives and benefits, shared ownership and decision-making capability	
• Explore launch of pilots (sector/country?)	• At 2013 B20		• Tap collective knowledge and experience to learn from what works
• Report progress, adjust and expand	• Annually at G20		

B20

TASK FORCE RECOMMENDATIONS ON EMPLOYMENT

I.
Background

Since the financial and economic crisis, the global economy has witnessed rising unemployment rates, with the majority of countries being impacted. Advanced economies have been particularly hard hit. Such impacts are typified by the fact that, between 2007 and 2010, the unemployment rate in Organisation for Economic Co-operation and Development (OECD) countries rose from 5.7% to 8.6%, almost doubled in the United States by reaching 10%, and exceeded 20% in Spain. As displayed in Figure 1, unemployment also spiked in France and the United Kingdom, with projections based on expected GDP growth indicating only relatively minor improvements in coming years.

Young people have been particularly affected. Youth unemployment is often twice that of the general unemployment rate; for example South Africa is experiencing levels above 40%. In addition, many G20 economies are seeing high rates of underemployment and long-term unemployment. Without unexpectedly robust economic growth or further significant action by multiple stakeholders globally, unemployment is likely to remain high for the next few years.

Global estimates indicate the need to create 80 million jobs over the next two years to return to 2007 employment rates, yet current projections foresee the creation of only half of these jobs, with advanced economies accounting for 50% of job shortages. International Labor Organization estimates indicate that there are 200 million persons unemployed around the world, with 400 million new entrants needing to be absorbed into the global workforce over the coming decade.

When compared to unemployment caused by previous recessions, the current unemployment crisis is particularly complex. First, there are multiple explanations and assumptions regarding the persistent levels of unemployment. In addition to business cycle and crisis-related explanations that point to shortfalls in aggregate demand, structural factors in labor markets, the existence of skill mismatches and the impact of globalization and technology on industry worldwide all have merit in explaining why many economies are struggling with high unemployment, but point to different interventions by way of solutions. Diversity across G20 nations in terms of their economic, political

Figure 1

Source: IMF, World Economic Outlook Database (April 2012) and social structures also complicates the assessment of both causes and solutions.

Second, in many countries, governments' capacity to act in terms of direct financial stimulus is limited in the short term; the fiscal leeway to support additional measures in the next one to three years is restrained by the need to control deficits and expectations of future levels of public debt to restore confidence.

Third, while there is currently a surplus of labor, particularly among young people in advanced economies, demographic shifts indicate that, in the long term, the opposite problem may evolve, foreshadowing a labor force shortage that could compromise the future competitiveness of a wide range of economies.

The costs of failing to deal with this challenge are high for all stakeholders. A prolonged period of high unemployment, particularly youth unemployment, creates significant economic and social costs. From an economic standpoint, unemployment suppresses aggregate demand and puts fiscal pressure on governments in addition to that created by an ageing population in many countries. For businesses, there are significant costs in the form of labor force de-skilling and a loss in consumer spending power. For society at large, unemployment increasingly appears associated with social discontent and unrest, and growth in decent jobs is a critical bridge between economic expansion and poverty reduction. Unemployment is hence an urgent challenge for advanced, emerging and developing economies.

To ensure the long-term quantity and quality of both the labor force and decent jobs, and thereby to support continued productivity growth and a return to sustainable economic growth, short-, medium- and long-term solutions to the unemployment challenge are urgently required. Furthermore, these solutions must be socially and environmentally sustainable, supporting national competitiveness and individual productivity while being neutral to shareholder value and government finances. These recommendations represent an attempt by the B20 Task Force on Employment to contribute in a concrete and actionable way to meeting the unemployment challenge.

II. Key Policy Messages and Recommendations

At the heart of the work by the B20 Task Force on Employment is the hypothesis that business leaders have the ideas, incentives and, in many cases, means to catalyse employment growth, similar to the leading role that business has taken on issues of sustainability in recent years. Businesses have much to gain from substantially reduced unemployment, including macroeconomic benefits such as improved demand and confidence, and microeconomic benefits such as better skills matching and deeper labor pools.

Governments play an integral role in setting an enabling environment for employment creation and economic growth, and have substantial opportunities to improve the impact of laws and regulations on the capacity of the private sector and investors to drive renewed economic and jobs growth. Furthermore, civil society, the academic community and trade unions offer a wealth of supporting networks and promising initiatives linked to job creation. No single sector or stakeholder group bears sole responsibility for solving the challenge of unemployment, but neither can any claim to be powerless.

The B20 Task Force considers that it is only by working together in multistakeholder partnerships that G20 stakeholders can catalyse the necessary efforts at the appropriate scale to reduce global unemployment. The scalability of solutions must match the scale of the challenge.

The B20 Task Force calls on stakeholders to consider these proposals as opportunities for scalable and innovative partnerships in transformation that will benefit all, including positive social and economic outcomes for individuals, businesses, governments and communities.

These proposals acknowledge the positive, ongoing reforms by many G20 countries to meet the unemployment challenge. They build on the previous B20 and G20 work from Seoul and Cannes and take into account the work of the G20 Task Force on Youth Employment, the L20 Group and G20 Labor Ministers.

The Role of Technology in Shaping the Future of Employment

Rapid shifts in technology are affecting the world of work in many ways, including the skills and competencies required by workers, how work can be performed and delivered, how recruiting occurs and the methods by which education and training can be delivered. In implementing these recommendations, we urge all stakeholders to embrace the opportunities offered by modern technologies to increase the efficiency and effectiveness of workers and organizations across advanced, emerging and developing economies.

Local Adaptation

The B20 Task Force recognizes that G20 countries are diverse in their economic, political and social structures and, hence, that policy and program design and implementation at the national and sub-national levels must take into account a range of local factors in order to be successful.

The B20 Task Force urges G20 government, business, academia and civil society leaders, in committing to implement such innovative partnerships, to consult and work at a local level with those communities these recommendations intend to help most: young people and the long-term unemployed.

In particular, the task force calls on the mayors of major cities in the G20 economies to review these proposals and share leading practices related to practical implementation at the local level. The task force emphasizes that these recommendations need to be further developed into measurable, trackable commitments with clear accountability for specific stakeholders.

Multistakeholder Pilots

To aid in rapid local adaptation, testing and scaling of these recommendations, the task force has identified a set of "multistakeholder pilots" that represent opportunities for G20 economies to collaborate on issues of particular interest and potential impact for their economies in smaller national groupings. The results of various pilots can then feed into subsequent G20 meetings, supporting rapid action in the short term, effective cross-G20 "learning by doing" in the medium term and appropriately scaled solutions over the long term.

Policy Imperatives

The B20 Task Force highlights four key policy issues that must be urgently addressed in order to combat both cyclical and structural challenges contributing to youth and long-term unemployment.

I. Express and Implement Realistic, Well-coordinated Growth Policies to Support Business, Consumer and Investor Confidence, while Increasing Demand and Trust between Sectors

Employment is ultimately a function of economic growth and high levels of demand, which in turn rest on a return to confidence on the part of businesses, consumers and investors. Hence, the B20 Task Force particularly calls on G20 governments to develop clear and consistent narratives and strategies for returning economies to sustainable growth. Restoring trust and confidence among stakeholders requires strong leadership, transparent messages and coordinated action from G20 leaders, supported by business, academia and civil society. In addition to clear messaging, stakeholders should support specific growth-supporting endeavours such as regulatory reform to improve the general business climate, and strategic infrastructure investments – both new investments and the maintenance and upgrade of existing structures.

II. Provide Greater Access to Labor Markets for Job Seekers without Undermining Social Protection and Incentives to Work

Both the structure and operational characteristics of the labor market influence the ability of job seekers and employers to match demand and supply for labor and help both adapt during periods of low demand. It is therefore important that labor market structures and institutions contribute to stronger employment growth and equitable outcomes. Credible, structural labor market reforms that enhance access to markets while providing incentives for both job search and formality without undermining sustainable social protection are required, such as the "flexicurity" model. Populations that may experience difficulty or discrimination in labor markets or education should be targeted for specific support.

III. Encourage and Support Small and Medium-sized Enterprises (SMEs) and Entrepreneurs as an Engine of Job Creation

Small and medium-sized businesses account for between 60-70% of employment in OECD economies and the vast majority of economic activity in G20 economies. Young companies that have both the desire and ability to grow represent opportunities for rapid employment creation, but often require support in terms of enhanced financing, training, mentorship and innovation support. In particular, multinational companies should engage firms along their value chains to identify and support growth opportunities. Finally, stakeholders should support cooperatives and social entrepreneurship business models and pay particular attention to possibilities offered by female entrepreneurs.

IV. Support Short- and Long-term Interventions to Enhance Skills and Employability, Reducing the Mismatch between the Type and Quantity of Skills Needed by Businesses and Those Offered by Job Seekers through Flexible Systems of "Lifelong Learning"

Investing in skills development has two beneficial effects in the context of reduced demand – it provides alternatives to labor market activity for young people while ensuring they remain productive, and it improves the quality of the future labor market, increasing growth potential. However, the existence of skills mismatches means that investments in skills development should be calibrated to the current and future demands of business.

Enhancing links between businesses and both education systems and local education providers can help ensure that curricula are designed to provide an appropriate mix of general and specific skills that support long-term adaptability and value creation for individuals and the organizations. Enhancing the scale and quality of internships and apprenticeships are ways to ensure that workers gain direct exposure to experience and skills that are relevant to business and reduce the skills mismatch.

Framework and Criteria for Recommendations

Drawing on these policy imperatives and a series of task force meetings, expert interviews and virtual workshops, the B20 Task Force on Employment has collated a set of immediate priority actions for commitment by stakeholders at Los Cabos that have the potential to reduce the expected unemployment rate in advanced and emerging economies over the short- (1-3 years) and medium- (4-10 years) terms, while also creating long-term value.

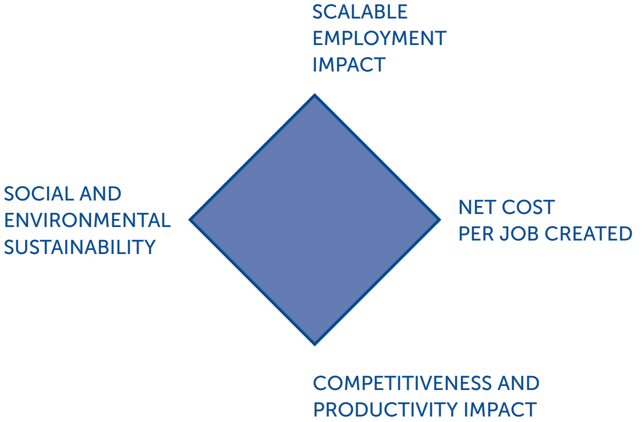
IN DEVELOPING THESE PRIORITY ACTIONS, THE TASK FORCE FOCUSED ON:

- Concrete opportunities for multistakeholder partnerships that can be adopted by G20 Leaders in Los Cabos and piloted across a subset of G20 countries before being scaled up.
- Government actions that are neutral or beneficial to public finances over time.
- Business-led activities that can stimulate employment growth while safeguarding shareholder value.

For each priority action, a wide range of factors was considered and analysed to ensure the task force is proposing valuable and achievable actions for implementation. These include the four dimensions displayed in Figure 2. In addition, the appendix to this document contains a preliminary impact assessment, more detailed implementation considerations and timelines linked to each of the priority actions.

The B20 Task Force calls on G20 stakeholders to ensure that all interventions are analysed at the local level to ensure that their impact is scalable, that the net cost per job reflects the value of additional employment creation over time, that competitiveness and productivity are positively influenced and that both the process and outcomes are socially and environmentally sustainable.

Figure 2. Framework for Assessing Employment Recommendations



Source: World Economic Forum

The Importance of Long-term Thinking

Many businesses and governments across the world are engaged in promising efforts to address the short-term and medium-term employment challenge. These recommendations build on such ongoing work to contribute to scalable solutions that tangibly address the urgency of the current global employment crisis.

However, the task force also emphasizes the need to anticipate potential challenges that will emerge in the long term. Structural changes to labor markets must consider the issue of long-term sustainability in light of demographic shifts. As the evolution and spread of technology continues to accelerate around the world, stakeholders need to collaborate on identifying and delivering the emerging skills that will be demanded in large numbers by businesses in 10 years' time.

Further, as skills sets common today become obsolete, plans must be made to help workers retrain to ensure that the value of their economic activity increases, requiring concerted, multistakeholder efforts to implement systems of lifelong learning. Large-scale demographic, technology and economic shifts should be identified, analysed and planned for proactively. As the world deals with the urgent unemployment crisis today, the resulting response strategies must be designed to manage the challenges, risks and costs of tomorrow, thereby contributing to a highly productive and sustainable global economy in the long term.

III. Action Agenda for Los Cabos

The B20 Task Force calls on G20 stakeholders to make the following commitments that have potential for scalable impact on the challenge of unemployment, and youth and long-term unemployment in particular.

I. Commit to Strategic Infrastructure Investments: Facilitate Productive and Strategic Infrastructure Investments that can Be Scaled to Contribute to Long-term Competitiveness, Job Creation and Sustainable Development

THE B20 TASK FORCE PROPOSES A MULTISTAKEHOLDER PILOT AMONG G20 STAKEHOLDERS TO:

- Convene stakeholders in a subset of three to four G20 countries to fast-track infrastructure investments with regional complementarities. The pilot should prioritize and prepare projects that would meet collective national goals of productive, strategic infrastructure investments with long-term employment benefits. A critical test of this will be demonstrated progress on the 11 Exemplary Regional Projects presented by the Multilateral Development Banks (MDBS) highlighted in the G20 High Level Panel on Infrastructure's recommendations, and other key regional integration projects such as those identified by the African Union/New Partnership for Africa's Development (NEPAD).
- Spur investments in low-carbon infrastructure and associated services that support "green jobs".

GOVERNMENTS SHOULD COMMIT TO:

- Provide specific funding (for example, US$ 100 million, linked to size of potential projects), dedicated to improving pre-project feasibility and assembly studies, thus increasing the speed with which productivity and competitiveness-enhancing infrastructure projects can be planned, approved, financed and implemented. This should include improving project prioritization, design, infrastructure interdependencies and regulatory approval processes to ensure sustainable economic development and the building of long-term economic growth and skills development well beyond construction.

- Use their relationships with Multilateral Development Banks (MDBS) to accelerate the shift from MDBS as a primary lender to enablers of financing from multiple sources, mitigating risks for private sector partners, pooling funding in appropriate structures and adopting a portfolio approach for project development that ensures existing public budgets can be scaled.
- Prioritize "brownfield" infrastructure investments that modify or upgrade existing structures to increase their scale or quality while creating jobs at a lower cost than equivalent "greenfield" investments.

BUSINESSES SHOULD COMMIT TO:

- Initiate and commit resources to improving the planning for productive infrastructure projects.

II. Implement Structural Labor Market Reforms and Policies: Implement Credible, Structural Labor Market Reforms and Policies that Enhance Labor Market Access, Competitiveness and Productivity while Maintaining Sustainable Social Protection Systems

THE B20 TASK FORCE PROPOSES A MULTISTAKEHOLDER PILOT AMONG B20 STAKEHOLDERS TO:

- Develop labor market policies that combine adaptable access to labor markets with effective, well-coordinated active labor market policies, thereby supporting "employment security" rather than "job security". These could include "youth pacts" with unemployed youth, linking social benefits to education, training or community activities; or "apprenticeship guarantees" to ensure that all young people have the opportunity to develop practical skills and vocational training.
- Reduce cross-border skills gaps in ways that enhance economic growth and support general employment, such as strategic immigration reform and the further development of programs targeting cross-country skills. This would enable countries with high unemployment and those with persistent vacancies to find mutually beneficial solutions.
- Create and implement adaptable definitions of work and employment, such as creating environments that enable multiple projects and participation in community life and allow work from home.

GOVERNMENTS SHOULD COMMIT TO:

- Link labor market reforms with general regulatory reforms designed to support economic growth and improve the climate for investing and doing business as a foundation for further employment. Reforms would include strengthening legal institutions, enhancing property rights and streamlining business-related processes such as starting a business, registering property, trading across borders and paying taxes.
- Increase the ability of firms to temporarily manage cyclical downturns in labor demand while limiting layoffs, such as through government compensation for retained labor and reduced working-hour schemes, thus lowering the burden on social security systems and avoiding skill atrophy.

BUSINESSES SHOULD COMMIT TO:

- Play a proactive role in helping governments to find an optimal set of labor market policies that balance worker rights, social protection, skill development and deep and transparent labor markets.

Identify and take innovative opportunities to leverage their resources when possible to increase their role as providers of opportunities to workers, customers and communities.

III.
Facilitate Growth of SMEs and Innovative Business Models: Provide Financing, Training, Mentoring and Innovation Support to Organizations with the Desire and Potential for Growth, Including SMEs, Entrepreneurs, Cooperatives and Social Enterprises

THE B20 TASK FORCE PROPOSES A MULTISTAKEHOLDER PILOT AMONG G20 STAKEHOLDERS TO:

- Develop mechanisms, standards and technologies that allow the targeting of SMEs and social enterprises with the desire and willingness for rapid growth, and to provide to these firms financing and strategic guidance to assist their development. A subset of G20 countries with appropriate local and multinational partners, supported by local business organizations and chambers of commerce, should commit to a systematic support scheme linked to innovative financing instruments that effectively spread risk across a broad range of ventures diversified by sector and geography.
- Leverage emerging community-based, crowd-sourced and microcredit financing models to scale up access to private sector finance for appropriate SMEs and social enterprises.
- Create a supportive ecosystem around cooperatives and social entrepreneurs in selected G20 economies, to ensure they share the same opportunities for growth as other businesses, particularly those with the desire and potential to scale their employment and social benefits.
- Lower the barriers to productive, web-based and freelance self-employment, particularly for young people, by creating a pilot scheme that would increase access to shared work spaces, Internet connectivity and skills for virtual collaboration.

GOVERNMENTS SHOULD COMMIT TO:

- Ensure that cooperatives and social enterprises are considered among the range of employment-creating vehicles, and that the necessary regulations exist to enable them to compete on a level playing field with other forms of businesses and organizations.
- Increase access to financing options for SMEs targeted as high priorities, such as loan guarantee schemes, seed investment capital pools and tax incentives for investors in young and small enterprises.
- Work with financial institutions to enable greater access to a variety of funding sources for SMEs, such as temporary tax incentives for early stage investors, start-up loans with favorable interest rates and/or repayment-free year, and guarantees in order to minimize the default risk for lenders.
- Improve the general regulatory and business environment so as to lower the time and cost of starting, operating and growing SMEs.
- Support entrepreneurship education in schools and universities, physical and virtual networks of young entrepreneurs, business-plan competitions and entrepreneurship fairs.
- Expand support for SMEs looking to tap into external demand via targeted export schemes.

BUSINESSES SHOULD COMMIT TO:

- Allocate resources to initiatives aimed at uncovering growth and innovation potential along their value chains, using relationships with suppliers and customers to identify opportunities for value-added services that also increase employment.
- Work with local banks and lending officers to inform them about new business models, improve information flow between ventures and bank lenders, and put in place portfolio management tools (e.g. specific SME financing capital pools) for venture financing.
- Provide resources to local initiatives that identify and support entrepreneurs in their sectors.
- Where appropriate, ensure that cooperatives and social enterprises are considered and engaged appropriately along their value chains in advanced, emerging and developing economies, recognizing the additional value that they provide in the form of social outcomes, such as Coca Cola's Micro-Distribution Model and "5 BY 20" initiative.
- Provide education and other forms of start-up assistance enjoyed by SMEs to catalyse the formation of cooperatives in their local communities, enabling groups of otherwise unemployed workers to create value for local communities in an organized and sustainable manner.

IV.
Improve Collaboration between Business and Educational Institutions: Assist Companies, Educational Systems and Education Providers to Collaborate Effectively on "Post-crisis" Curricula, Targeted Skill Development and Skills Matching

THE B20 TASK FORCE PROPOSES A MULTISTAKEHOLDER PILOT AMONG G20 STAKEHOLDERS TO:

- Create a coalition of 30 to 40 businesses within one or more G20 economies to launch a major campaign against "youth unemployment" in collaboration with education providers and youth organizations, by committing to hiring additional young people with appropriate skills required for their operations. The campaign should have a specific impact target (such as measurably reducing national youth unemployment by five percentage points in a year) appropriate to the national context.
- Develop a systematic and standardized cross-country approach to developing and using workers to their full potential across their entire working lives, building on current international and local skills strategies. This could include work such as the World Economic Forum's Human Capital Index.
- Aggregate funding from major agencies to improve the efficiency of current, project-based funding of education and employability initiatives, and apply a systematic, measured approach to funding.

GOVERNMENTS SHOULD COMMIT TO:

- Maintain or increase total investment in practical skill development, particularly vocational training, through different types of financing mechanisms.
- Support research into the needs of businesses in relation to current and future skills and competencies, and better link education ministries and departments to the business sector. Governments should combine emerging firm-level skills data with existing industry and national level skills work (such as the OECD Skills Strategy) to influence the development of flexible, business-focused school, college and university curricula.

BUSINESSES SHOULD COMMIT TO:

- Adopt an appropriate number (e.g. 1,000 by 2013) of local educational institutions (such as schools, community colleges), contributing resources such as funding and executive time to better link and adapt college curricula and student employability to the demands of business.
- Expand, standardize and publicize the content of corporate training modules to enable prospective workers wider access to the skills and competencies that companies are looking for.

V.
Scale Internships and Apprenticeships: Scale the Number, Quality and Image of Internships and Apprenticeships for Young People Making the School to Work Transition and Experienced Workers Transitioning Careers, Upgrading Local Programs and Developing a Cross-G20 Internship and Apprenticeship Exchange Scheme

THE B20 TASK FORCE PROPOSES A MULTISTAKEHOLDER PILOT AMONG G20 STAKEHOLDERS TO:

- Launch a major campaign to improve the image of apprenticeships and technical jobs, looking for innovative ways to circumvent social and cultural barriers keeping young people out of decent work.
- Design and test the implementation (in at least five countries across Europe, Asia, Africa, North America and Latin America) of a cross-G20 internship and apprenticeship exchange scheme, similar to the Erasmus program in Europe and North Africa. This would enable students, apprentices and others to build cross-country experience and skills, improve the image of internships and apprenticeships both locally and internationally, and facilitate skills transfer.

GOVERNMENTS SHOULD COMMIT TO:

- Upgrade and scale local apprenticeship and internship programs by working with training providers, accrediting bodies, education departments, and businesses on the content, curricula and design of apprenticeships and internships that provide relevant learning and career opportunities for participants.

- Create cross-country dialogue between a minimum of five G20 countries, involving education ministers, labor ministers, academic leaders and international organizations with business representatives, aligning with the efforts of the G20 Task Force on Youth Employment to collaborate on vocational training and internship standards, sharing best practices and supporting the proposed scheme.
- Expand student loans to cover funding for vocational training and apprenticeships.

BUSINESSES SHOULD COMMIT TO:

- Support local initiatives to scale internships, such as ten Youth and Manpower Group Mexico's Training Program for Young People's Employability.
- Accept an appropriately scaled number of interns and apprentices with a cross-G20 scheme.
- Improve the image and value-add of apprenticeships by significantly increasing the percentage of their workforces engaged through these programs, and by co-designing programs with local education providers. ◆

1.
Commit to Strategic Infrastructure Investments

DESCRIPTION OF ACTION

• Facilitate productive and strategic infrastructure investments that can be scaled to contribute to long-term competitiveness, job creation and sustainable development.

RELEVANCE

• As pointed out by the Cannes working groups, building and maintaining high-quality, strategic infrastructure can create a wide range of sustainable, high-skilled careers over time. According to the OECD, annual infrastructure requirements for electricity, land transport, telecommunications and water are likely to average 3.5% of world GDP or US$ 2 trillion per annum, totalling a sum of US$ 53 trillion by 2030.

EXPECTED IMPACT

• Strategic infrastructure investment has considerable scope to create jobs, most immediately, and long-term through maintenance. US research indicates that infrastructure investment creates about 18,000 total jobs for every US$ 1 billion in new spending, including direct, indirect and induced jobs.

CITERIA FOR SUCCESS

• Identifying and planning projects appropriately to capture maximum benefits
• Attracting the scale and type of financing required to ensure completion
• Ensuring that, over time, the flow of employment created by infrastructure development supports a sustainable shift to high-quality, career-oriented jobs

ACCOUNTABLE FOR RECOMMENDED ACTION

• Governments, both national and regional, including planning authorities and legislatures
• Engineering and construction sector
• Financial services sector

MAIN BENEFICIARIES AND DECISION-MAKERS

• Unemployed people with technical or construction skills and experience
• The engineering and construction sector
• Entrepreneurs and businesses able to build services on the new infrastructure

ILLUSTRATIVE EXAMPLES

• The 11 Cannes "Exemplary regional projects presented by the MDBS"
• The African Union / NEPAD examples in "Revision of the AU/NEPAD African Action Plan 2010-2015"

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Provide specific funding (for example, US$ 100 million) to improving pre-project feasibility and assembly studies, increasing the speed and effectiveness of planning, approval, finance and implementation	• Appropriate funding (linked to overall project values) to be dedicated by end 2012, leading practices report by next G20 meeting	• High cost of infrastructure investments combined with restricted availability of funding for many G20 governments	• Private sector participation in "leverage funds" to make the most of public funds • Concerted, coordinated efforts by regulators to pre-approve strategic infrastructure projects
• Fast-track productive infrastructure investments with regional complementarities, such as the 11 exemplary regional projects presented by the MDBS	• Review by end 2012	• Skills shortages in many technical fields including design, engineering, project planning and project management	• Support by governments and MDBS for long-term, possibly cross-border, investments that achieve multiple goals such as energy efficiency, job creation and competitiveness
• Accelerate MDB shifts towards providing collective risk- and portfolio-management, thereby enabling greater private financing	• Immediately		

2.

Implement Structural Labor Market Reforms and Policies

DESCRIPTION OF ACTION	
• Implement credible, structural labor market reforms and policies that enhance labor market access, competitiveness and productivity while maintaining sustainable social protection systems.	

RELEVANCE	EXPECTED IMPACT
• Sound labor market policies are a prerequisite for sustainable growth, for they enable a virtuous cycle where high-quality jobs and decent incomes generate sustainable demand, and where social protection systems provide an adequate safety net, giving citizens the confidence to consume and businesses to invest.	• Preliminary research (OECD 2011) suggests that there is a correlation between low spending on active labor market policies and a sharp rise in unemployment during the crisis (to be assessed by future research as more data becomes available).
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Labor market policies need to be designed such that they consider growth, employment and social protection as mutually reinforcing elements • Dialogue, on both labor market policies and education reforms, among government, business, academia, trade unions and civil society is critical	• G20/national governments • Labor groups • Employers organizations
MAIN BENEFICIARIES	**ILLUSTRATIVE EXAMPLES**
• Businesses, employers, governments • Unemployed people	• The Danish "flexicurity" model • Austria's Public Employment Service model • Dutch Youth Unemployment Action Plan 2009-2011 (OECD reference here)

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Pilot countries to expand investment in combining more adaptable labor market structures with active labor market policies, expanding funding in collaboration with the private sector, and linking training to social benefits • Multistakeholder actions to reduce cross-border skills gaps, and therefore to enhance economic growth and support general employment • Schemes to increase firms' ability to adapt to drops in demand through managing working hours	• Collaboration to start as soon as possible, review of implemented policies and initial results by G20 2013 • Five public-private cross-border projects to be underway by 2013 • Immediately	•Ongoing fiscal consolidation efforts may leave limited room to finance active labor market programs	• Given the sensitivity of this issue, transparency, openness and political will to engage constructively are required from across all stakeholders, including employer groups, labor groups and government • Labor market reforms should link to education reforms to ensure complementarity between the two

3.
Facilitate Growth of SMEs and Innovative Business Models

DESCRIPTION OF ACTION

• Provide financing, training, mentoring, and innovation support to organizations with the desire and potential for growth, including SMEs, entrepreneurs, cooperatives and social enterprises.

RELEVANCE

• Small and medium-sized businesses account for between 60-70% of employment in OECD economies and the vast majority of economic activity in all G20 economies. Young companies that have both the desire and ability to grow represent opportunities for rapid employment creation, but often require support in terms of enhanced financing, training, mentorship and innovation support.

EXPECTED IMPACT

• Evidence from microfinance institutions from Eastern Europe and Africa indicates that supporting small enterprises creates a job for between 150 euros and 3,000 euros
• Cooperatives employ over 100 million people worldwide; the estimated multiplier effect ranges from 1.43 for farming to 6.25 for cooperative financial institutions

CITERIA FOR SUCCESS

• Business owners must possess a sense of opportunity, motivation and basic business skills, which should be provided by institutions from a young age
• Not all SMEs have the desire or willingness to grow. It is particularly critical to target financing to those organizations which have the potential for growth

ACCOUNTABLE FOR RECOMMENDED ACTION / DECISION-MAKERS

• G20/national governments
• Financial institutions
• Entrepreneurship support groups
• Business organizations

MAIN BENEFICIARIES

• Would-be entrepreneurs
• Young, small and medium-sized businesses with the desire and capacity to grow
• Local and poor communities reliant on SME employment and activity
• Members of cooperatives and local beneficiaries of social enterprise

ILLUSTRATIVE EXAMPLES

• Canada's Youth Business Foundation, TOBB Young Entrepreneur Council
• NZ Seed Co-investment Fund; Progreso Financiero; Goldman Sachs 10,000 Women
• Coca Cola's Micro-distribution Centre and "5 BY 20" initiative
• Siemens Venture Capital; Desjardins, Canada; BVR, Germany
• MEA-I Micro-Enterprise Acceleration Institute

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• MNCs to commit specific resources to supporting growth and innovation potential along value chains, including uncovering and engaging high-potential SMEs, cooperatives and social enterprises • Allocate funding to identify and communicate leading practices on targeting SMEs and entrepreneurs with high potential for growth	• Immediate pilot programs where appropriate • Funding (e.g. US$ 20 million) allocated now, research due by next G20 meeting	• "Picking winners" in the form of individual SMEs has proved problematic in the past; a portfolio approach that employs broad targeting measures but diversifies across companies, industries and geographies is required	• Business associations, with the government and relevant social partners, should be responsible for identifying high-potential organizations • Collaboration is particularly required from the financial sector to create new models of financing that lowers risks, increases returns
• A pilot scheme to increase access to shared work spaces, Internet connectivity and virtual collaboration skills for young entrepreneurs	• Pilot program to be launched in interested countries in 2012		
• Governments to ensure that cooperatives and social enterprises are considered among a range of employment-creating vehicles, enable them to compete on a level playing field with other businesses and organizations • Governments to scale entrepreneurship education	• Immediate commitment, measurement and results due next G20 meeting • Results by 2013	• Funding for entrepreneurship education may be limited by government budgets	

4.

Improve Collaboration between Business and Educational Institutions

DESCRIPTION OF ACTION
• Assist companies, educational systems and education providers to collaborate effectively on "post-crisis" curricula, targeted skill development and skills matching.

RELEVANCE	EXPECTED IMPACT
• Aligning educational curricula with so-called employability skills would help facilitate the transition from school to work, a problem which appears severe in view of the high number of youth neither in employment nor in education or training.	• The incremental employment impact of business/education collaboration is hard to measure, and more research is needed. However, Cisco's Networking Academy trains on average more than 900,000 students every year in 10,000 academies in 165 countries.
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Ensure uniformity and quality of private-sector-led curricula (standard-setting) • Adapt programs to the skills demands of the private sector • Maintain strong collaboration and consultation between government, national ministries of education and the civil society	• G20 governments • National ministries of education • Businesses • Social partners
MAIN BENEFICIARIES	**ILLUSTRATIVE EXAMPLES**
• Young graduates looking for first-time employment • Businesses looking for high-skilled graduates with strong employability skills	• The Infosys Campus Connect Program • Al Jisr , Morocco • ManpowerGroup Shanghai Workforce Harmonization • Education for Employment • Globant, Argentina

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Create national coalitions of 30-40 businesses to launch a major campaign to measurably reduce youth unemployment by sharing skill needs and committing to hire qualified candidates	• By mid-2013	• Curricula and education policy are generally centralised in G20 countries (nationally or at a federal level) and may take time to implement reforms	• Government needs to help with standard-setting and align educational curricula
• Businesses to "adopt" an appropriate number of educational institutions (perhaps 1,000 by 2013), to better link their curricula with business needs	• Report back in 2013		• Businesses need to work with government to design funding models for skill development that complement public funding for education
• Commission cutting-edge research on a systematic and standardized cross-country approach to developing and using workers to their full potential across their entire working lives, including such projects as the World Economic Forum's Human Capital Index	• Initial results due in 2013	• Businesses and educational institutions may not be aware of this new form of engagement, requiring advocacy and outreach by proponents	

5.
Scale Internships and Apprenticeships

DESCRIPTION OF ACTION
• Scale the number, quality and image of internships and apprenticeships for young people making the school to work transition and experienced workers transitioning careers, upgrading local programs and developing a cross-G20 internship and apprenticeship exchange scheme.

RELEVANCE	EXPECTED IMPACT
• Ensuring that young people and those transitioning careers are gainfully engaged in skill-enhancing activities is critical to both managing cyclical falls in demand and preparing the workforce for future growth. Internships and apprenticeships transfer skills and experiences that directly enhance employability, and a cross-G20 scheme would improve both the image and value of such experiences.	• Expanding opportunities for students and the unemployed to learn skills in a work environment has been shown to significantly improve employability • The Erasmus program in Europe and North Africa currently exchanges in the order of 150,000 students, or 1% of the student population in the region

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Corporate support in terms of demand and supply of interns and apprentices • Improved image of apprenticeships and vocational training to ensure demand	• G20/national governments • Financial institutions • Entrepreneurship support groups • Business organizations

MAIN BENEFICIARIES	ILLUSTRATIVE EXAMPLES
• Those temporarily unemployed, both participants and others • Businesses looking for more skilled, experienced workers with international experience and outlooks • Governments who are less burdened with social security payments	• Germany's dual vocational system and K&U's Senior Apprenticeship scheme • Apprentice Kickstart program, Australia • ManpowerGroup Mexico's Training Program for Young People's Employability • The Erasmus exchange program and Leonard da Vinci program

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• G20 governments should upgrade and scale local apprenticeship and internship programs by working with training providers, accrediting bodies, education departments and businesses on the content, curricula and design of apprenticeships and internships	• Governments to report progress in 2013	• Lack of funding for expanding apprenticeships and vocational training • Differing apprenticeship skills and educational standards across countries	• Education providers and businesses should strengthen engagement with each other • Employer organizations must support programs and help with standard setting
• Business leaders should commit to a specific, incremental increase in their intake of apprenticeships and internships, with a suggested level of increase at 20% • G20 stakeholders should initiate a pilot among five countries for a cross-G20 internship and apprenticeship exchange scheme, including initial standard-setting and a pilot cohort of trainees	• Immediate start, results to be communicated at G20 meeting in 2013 • Initial cohort of exchangees due to participate by January 2013	• Lack of resources for ensuring access by a wide range of potential participants, to avoid a sense of elitism	• Education systems and providers would need to be flexible in managing the new program and adapting to language requirements and curricula

B20

TASK FORCE RECOMMENDATIONS ON IMPROVING TRANSPARENCY AND ANTI-CORRUPTION

I.
Background

Corruption in business transactions distorts competition, deters investment and increases the cost of goods and services. In the fight against these illicit practices, the private sector has a key role to play, both by exercising pressure on governments to take action and by taking appropriate measures to address these challenges. G20 leaders explicitly recognized the need to strengthen their partnership with business in the Seoul Anti-Corruption Action Plan in 2010.

The recommendations adopted in Cannes by the B20 last November set a clear framework in which the G20 business community can coordinate its action. In their Cannes Declaration, G20 leaders commended the enhanced engagement of the private sector in the fight against corruption.

In preparation for the Los Cabos Summit, the B20 Task Force on Improving Transparency and Anti-Corruption will build on these recommendations, which all remain relevant, and identify concrete and achievable measures that both companies and governments can take to carry forward the fight against corruption. They will echo the G20 agenda laid out in the Seoul Anti-Corruption Action Plan and the G20 Anti-Corruption Working Group's first monitoring report, which was released in Cannes, to ensure consistency and complementarity in G20 and B20 efforts.

However, proposed actions can only be successful if countries have the proper legal and institutional framework in place to ensure a level playing field. For this reason, the business community continues to urge all G20 countries to ratify, rigorously enforce and monitor the implementation of the UN Convention against Corruption (UNCAC) and the Organisation for Economic Co-operation and Development (OECD) Convention against Bribery of Foreign Public Officials. Two areas of critical importance to business will be sustained efforts by G20 governments to curb the demand-side of bribery – by ensuring that solicitation is properly addressed – and to develop incentivizing measures that support good behaviour by all market participants.

The launch of the Seoul Anti-Corruption Action Plan and the continuous engagement of the G20 Working Group on Anti-Corruption have provided much needed impetus to advance key objectives in the fight against corruption and to foster a strengthened partnership between the public and the private sectors.

THE B20 URGES G20 LEADERS TO REAFFIRM THE MANDATE OF THE G20 WORKING GROUP ON ANTI-CORRUPTION BEYOND THE LOS CABOS SUMMIT AND FOR SUBSEQUENT YEARS WITH A VIEW TO:

- Secure the full implementation of the Seoul Anti-Corruption Action Plan
- Identify and develop new streams of work that will contribute to the Action Plan's objectives
- Maintain a strong and continuous dialogue with the business community, including international governmental and, on specific issues, non-governmental organization

The B20 Task Force on Improving Transparency and Anti-Corruption, with the support of the International Chamber of Commerce and the World Economic Forum, remains committed to leading and facilitating business engagement with G20 leaders at Los Cabos and beyond, to further advance the global anti-corruption agenda.

II. Key Policy Messages and Recommendations

The Working Group has identified six priorities which hold the most potential for progress in the context of the Los Cabos Summit. For each of these six priority areas, we have developed key recommendations for individual and collective action by governments and business from the G20 and beyond.

I. Enhancing Transparency in Government Procurement

Public procurement is an area that warrants special attention in the fight against corruption. It accounts for a significant percentage of global GDP and is highly vulnerable to corruption due to the size of the financial flows and the close interaction between the public and the private sectors it generates. In this context, global standards and mechanisms should be established to ensure transparency in government procurement and prevent acts of corruption.

Both business and governments of the G20 recognized procurement as a priority area of focus. In Cannes, G20 members undertook to "adopt fair and transparent government procurement systems" and endorsed a set of broad principles to guide their efforts. Looking ahead, governments and business should ensure that concrete actions are taken to implement these principles.

Government-driven actions

ENSURING TRANSPARENCY IN PROCUREMENT IS THE PREROGATIVE OF GOVERNMENTS. IN PARTICULAR, GOVERNMENTS SHOULD:

- Conduct independent assessments of their public procurement systems, through OECD Public Procurement Reviews or other international mechanisms, and publish the results of these assessments.
- Ensure transparency through the whole procurement cycle by: ensuring public electronic access to key procurement information and making use of new technologies for monitoring procurement processes; paying special attention to the pre-tendering and execution phases of public contracts, which often lack proper oversight; and following the model of the "well-prepared project", which takes into account the whole lifecycle cost.
- Signal their clear support for re-initiating negotiations within the WTO for a multilateral agreement on worldwide standards for procedures and transparency in government procurement, based on the WTO Government Procurement Agreement.
- Integrate indicators on public procurement effectiveness and transparency in the World Bank's Doing Business reports.
- Make demonstrated efforts to promote the integrity of public officials and to properly investigate and prosecute public sector corruption.
- Implement rules and mechanisms to prevent and detect illicit acts, for example by requiring public officials working in vulnerable positions to disclose relevant assets.
- Include, in public procurement projects, clauses requiring companies to certify that they have robust anti-corruption compliance programs in place.
- Give positive recognition of proper compliance by companies, including by allowing "self-cleaning", i.e. recognizing companies that promptly and effectively remedy past problems.

Business-driven actions

ENHANCING INTEGRITY IN PUBLIC PROCUREMENT ALSO REQUIRES ADDRESSING THE SUPPLY SIDE OF BRIBERY. THEREFORE, COMPANIES SHOULD:

- Elaborate a detailed diagnostic of risks in public procurement cycles, including in the pre-tendering and execution phases, to help identify vulnerabilities and adequate risk mitigation measures.
- Set up robust ethics and compliance programs and develop mechanisms to examine and improve their effectiveness. For this effort, companies should

take into account internationally recognized tools developed by national and international business organizations or under the framework of the G20 (such as the G20 Anti-Corruption Compliance Handbook for Business, currently under preparation).

Joint public-private actions

GOVERNMENTS AND BUSINESS SHOULD IDENTIFY SPECIFIC MECHANISMS TO ACT JOINTLY AGAINST CORRUPTION IN PROCUREMENT. TOGETHER, THEY SHOULD:

- Enter into "integrity pacts" monitored by an independent third party (e.g. by civil society organizations) and consistent with anti-trust regulations, whereby government agencies and all bidders for a public contract agree to neither pay nor solicit bribes, and not to collude with competitors.
- Enter into sectoral integrity initiatives initiated by the specific sectors and possibly monitored by an independent third party, such as a consultant, whereby participants would define precise rules of behaviour and governance compliant with anti-trust laws and regulations. Those sectoral integrity initiatives would be brought to the knowledge of all stakeholders. The public sector would be expected to do its part by implementing appropriate compliance and training programs to reduce the demand side.
- Develop other joint actions, including independent monitoring, e.g. for work and services contracts in the context of mega-projects such as major sport and cultural events or high-level political summits. Active participation by companies in such integrity pacts or sectoral integrity initiatives could be included as an eligibility requirement for public tenders.

II. Promoting, Extending and Implementing Collective Action and Sectoral Initiatives

A number of Collective Action and Sectoral initiatives have been launched in recent years to address problems linked to specific country or regional contexts and industry sectors. Experiences from these initiatives should be pooled together to replicate their successes and address their weaknesses. Additional efforts are needed to increase the number of companies participating in these initiatives and to address the issue of solicitation of bribes by public officials.

Collective Action initiatives in specific country contexts have proven most successful when: they were developed bottom-up to address a specific local issue; there was a strong collaboration between government and the private sector with tangible mechanisms, such as a clear code of conduct that was widely disseminated and supported by a monitoring system; the initiative was recognized, incentivized and supported by the public sector at the top level; and when the initiative was driven by a champion recognized by the public and the private sectors.

Sectoral initiatives bringing together companies from a similar industry are among the most promising approaches to address corruption. They bring together companies that face similar customers, business processes and compliance challenges and encourage them to accept the same standards of compliance. Successful sectoral initiatives require: a clear code of conduct supported by programs and policies; a neutral secretariat function with the ability to broker and facilitate the initiative; resources to operate the secretariat and to follow up with the processes; and a critical mass of companies from that industry.

More generally, we believe deeply that the set-up of credible mechanisms to report the solicitation of bribes will be critical to supporting and enhancing the effectiveness of such Collective Action and Sectoral Initiatives.

Business-driven actions

THE BUSINESS COMMUNITY SHOULD:

- Invite all private sector participants in their value chains to join existing Collective Action Initiatives in their respective industry sectors and/or to initiate multi-sector initiatives in their respective countries of origin and in all countries in which they operate. Business associations should encourage and promote the adoption by members of effective compliance programs and provide capacity-building assistance to facilitate their development.
- Create a central hub with a user-friendly interface that leverages key tools from the Internet (e.g. videos

and social networks) to document, measure and share existing Collective Action and Sectoral Initiatives across industry sectors and countries. The head of such a hub should possess broad experience in anti-corruption, including direct experience in a Collective Action Initiative.

Government-driven actions

GOVERNMENTS SHOULD:

- Foster the adoption of codes of conduct and other available tools by private sector participants through the appointment of local program managers, charged with promoting codes and driving their implementation at country level, and of a global program manager, charged with administering communication activities and executing the roll-out of these codes and tools. Governments should encourage state-owned enterprises to participate fully in these efforts.
- Establish appropriate forms of "high-level reporting mechanisms" to address allegations of solicitation of bribes by public officials. In particular, governments should ensure the involvement of top authorities and set up such a mechanism, in close cooperation with the support of the private sector and civil society. A pilot project could be set up in a country willing to test such a mechanism.

Joint public-private actions

GOVERNMENTS AND BUSINESS SHOULD:

- Generate public-private partnerships to address the need to untangle the root causes of corruption. To monitor such partnerships, a neutral secretariat function should be established with senior level recognition and involvement from the public and the private sectors.

III. Engaging The Private Sector in the Review Mechanisms of UNCAC and the OECD Anti-Bribery Convention

The private sector has a key role to play in efforts to monitor implementation of the UN Convention Against Corruption (UNCAC) and the OECD Anti-Bribery Convention. Both instruments contain a number of provisions that, while addressed to states, have a direct impact on the private sector. Full engagement of the business community in the monitoring processes for these conventions will ensure momentum on the anti-corruption agenda and help implement and monitor agreed work plans.

The terms of reference of the review mechanism for the implementation of UNCAC provide for at least two instances in which the reviewed state can invite the private sector to actively contribute to its review process: during the self-assessment phase, and during the optional country visit. In the first year of the review mechanism, out of the 24 country reviews that are in the final stages, two countries involved the private sector during their self-assessment stage and eleven countries during the country visit, which formed part of the active dialogue. In the second year, so far, five countries involved the private sector during the self-assessment stage and six countries during the country visit.

The business community's input has so far greatly contributed to the recommendations made by the OECD Working Group on Bribery to help States Parties improve their implementation and enforcement of the OECD Anti-Bribery Convention. "Phase 3" evaluations of the Working Group's peer-review mechanism place an increasing emphasis on the role of the private sector. It is the first round of evaluation that focuses on State Parties' implementation of the 2009 OECD Anti-Bribery Recommendation and its Annex II "Good Practice Guidance on Internal Controls, Ethics and Compliance", which are both directly relevant to the corporate sector.

Government-driven actions

GOVERNMENTS SHOULD:

- Conduct further analysis of the extent of private sector engagement in the UNCAC and OECD Working Group on Bribery peer review processes to date, in order to determine what has worked well in the past and how participation can be strengthened and made more effective.
- Give the private sector a role beyond providing views prior and during the review, by engaging them in

the follow-up of recommendations coming out of country reviews.

- Create a structured and transparent process including a platform to enable the private sector to provide input and feedback throughout the review process.
- Engage the private sector in an inclusive way through local business associations and similar organizations to ensure that the views expressed are representative.
- Determine how best to involve the private sector in an actual upcoming review (noting the interest of Mexico in volunteering as a pilot country in its forthcoming UNCAC review).

Joint public-private actions

GOVERNMENTS AND BUSINESS SHOULD:

- Develop and promote coordinated partnerships, including between the public and private sectors, to leverage resources for advancing technical assistance efforts.
- Engage in discussions on how companies can join forces with public institutions of the countries where they do business and/or with international organizations to "invest" in public anti-corruption infrastructure.

IV. Encouraging Cross-fertilization within the Private Sector and Between the Public and Private Sectors, through Training and Capacity-building Activities

Many companies have dedicated significant resources to the development of effective ethics and compliance programs to ensure that their employees share a culture of compliance and understand what is expected by ethical business conduct. The private sector has the capacity to share best practices, training material and resources to support the implementation of integrity programs and control procedures, and to raise awareness in both the public and private sectors. Business reciprocally calls on governments to share their experience of developing similar programs aimed at ensuring ethical conduct on the part of their officials. Sharing best practices in executing compliance programs within the private sector, and between business and governments, could be a low-cost and immediate measure to improve the compliance environment.

Business-driven actions

TO ENCOURAGE SUCH CROSS-FERTILIZATION, BUSINESS SHOULD:

- Develop a pool of trained private-sector compliance officers in various parts of the world, comparable to what already exists in jurisdictions where compliance efforts may be more advanced due to increased anti-corruption enforcement.
- Provide concrete practical training on anti-corruption compliance, including "train the trainers" and other educational programs provided by experienced individuals with direct business experience. These programs should draw from international anti-corruption instruments (i.e. UNCAC and the OECD Anti-Bribery Convention) and could build on existing anti-corruption compliance resources, such as the International Chamber of Commerce's Fighting Corruption: International Corporate Integrity Handbook and the upcoming anti-corruption compliance handbook for the private sector welcomed by the G20 Working Group on Anti-Corruption.

Government-driven actions

GOVERNMENTS SHOULD:

- Consider giving formal recognition to individuals and companies which have successfully followed a structured training program.

Joint public-private actions

GOVERNMENTS AND BUSINESS SHOULD:

- Encourage intergovernmental organizations involved in the fight against corruption (i.e. UNODC and OECD) to support the development of such compliance training programs by participating in relevant parts of the curriculum and contributing training materials such as the UN Global Compact-UNODC E-Learning Tool and other resources produced under the umbrella of the Anti-Corruption Academic Initiative and the International Anti-Corruption Academy.

V. Encouraging the Adoption of Business Codes of Conduct, with a Specific Focus on SMEs

Growing awareness of the damages of corruption has motivated global companies to adopt increasingly comprehensive codes of conduct and compliance programs to deter and detect bribery and corruption. The same, however, cannot be said of small and medium-sized enterprises (SMEs), through which the majority of business is conducted worldwide. Although smaller enterprises have similar obligations to abide by anti-bribery laws, they do not have the same human and financial resources as multinational companies to ensure compliance with such laws.

Smaller businesses are especially vulnerable to extortion and often face the difficult choice between losing essential business and refusing to engage in corrupt practices. The exposure of SMEs to corruption is also a problem for larger companies as SMEs may be a weak link in their supply chain. While there are already a number of model codes tailored to their particular circumstances, SMEs are a difficult constituency to address because of their sheer number. More effective outreach could be done by companies, via their supply chains, chambers of commerce and government bodies such as export credit agencies.

Government-driven actions

GOVERNMENTS SHOULD:

- Ask their export credit agencies to require companies, including SMEs, to have adequate anti-corruption programs as a condition for receiving credit and other financial services. To assist SMEs in fulfilling this requirement, export credit agencies should step up anti-corruption training for SMEs.
- Introduce on a pilot basis a white-list system for fast track access to finance through loan programs or export-based support (notably in the context of G20 work on "financial inclusion"). To benefit from white-listing, SMEs should represent that they have adequate anti-corruption systems in place.

Business-driven actions

COMPANIES SHOULD:

- Engage SMEs through their supply chains and provide them with concrete support in the adoption of best practices in resisting corruption, including possibly through an industry sector supply chain initiative.

Joint public-private actions

GOVERNMENTS, IN COLLABORATION WITH BUSINESS ASSOCIATIONS, SHOULD:

- Support efforts to broadly disseminate model codes tailored to SMEs.
- SMEs should represent that they have adequate anti-corruption programs in place as a condition for participating in public procurement.

VI. Strengthening the legal and regulatory framework on anti-corruption

Business recognizes the importance of effective enforcement of anti-bribery laws and believes that cooperation between companies and enforcement authorities is crucial to the ultimate success of this effort. To that end, it is critical to eliminate the specific disincentives that currently discourage such cooperation and, conversely, to create incentives for companies to take a proactive role in the fight against corruption.

Specifically, the Working Group has worked to identify immediate and concrete solutions and/or tools for addressing the following challenges: encouraging and incentivizing compliance efforts and voluntary disclosure by companies and avoiding double and parallel enforcement in multi-jurisdiction cases from discouraging companies to self-report and cooperate actively in the investigation phase.

Government-driven actions

GOVERNMENTS SHOULD:

· Introduce clear and concrete system of leniency for companies that self-report corruption cases and/or cooperate in the investigation phase with relevant authorities.

· Establish a framework for addressing multiple jurisdiction issues and effectively implement Article 4.3 of the OECD Anti-Bribery Convention (on "Jurisdiction") and Articles 48 and 49 of UNCAC (on "Law enforcement cooperation" and "Joint investigations").

· Develop or revise relevant national rules, regulations, legislation or prosecutorial guidelines, as appropriate and permissible, to implement the principle of "Ne Bis In Idem": to take into account as a final judgment the closing of an anti-bribery investigation of a company in a foreign jurisdiction, including by means of a non-prosecution agreement, a deferred prosecution agreement, or a negotiated settlement, consent decree, or plea agreement; and to avoid duplicative penalties, sanctions and disgorgement of profit by different jurisdictions whether applied by criminal authorities or civil regulators.

Joint public-private sector actions

GOVERNMENTS AND BUSINESS SHOULD:

· Identify, with the support of UNODC and ICC, good practices in G20 countries and beyond to incentivize companies' self-reporting and cooperation in the investigation phase, taking into account the variety of legal frameworks in the G20 and ongoing projects to encourage the reporting of corruption (e.g. the Legal Incentives for Corporate Integrity Project run by UNODC and sponsored by the Siemens Integrity Initiative).

III. Action Agenda for Los Cabos

The need for concrete and continuous action by G20 governments and business remains as strong as ever. The B20 strongly urges G20 leaders at Los Cabos to give a clear and permanent mandate to the G20 Working Group on Anti-Corruption in order to lock in and further advance the considerable progress that G20 countries have made, both individually and collectively. In particular, business invites the G20 to develop further the Seoul Anti-Corruption Action Plan in order to: ensure its full implementation by all G20 countries; and tackle areas so far not covered, for example, illicit flows, transparency in international payments, and corruption in the organization of major sport events. We highlight below our most pressing recommendations, with a focus on key actions and decisions that can be taken at the Los Cabos Summit and in the lead-up to the next G20/B20 summit in 2013.

I. Key priorities for G20 governments should be to streamline their public procurement processes, to address the demand-side of bribery, and to encourage and further incentivize business action against corruption.

PROPOSED IMMEDIATE ACTIONS:

· G20 leaders should reaffirm (at Los Cabos) the mandate of the G20 Working Group on Anti-Corruption with a view to secure the full implementation of the Seoul Anti-Corruption Action Plan, to identify and develop new streams of work, and to maintain a strong and continuous dialogue with the business community.

· All G20 governments should commit (at Los Cabos) to conduct independent assessments of their public procurement systems, through OECD Integrity Reviews and other mechanisms, and to publish the results (by 2013).

· The G20 should adopt common principles on asset disclosure for public officials in vulnerable positions (at Los Cabos) and all governments should timely implement them (by November 2012).

· G20 governments should agree to develop a compendium of best practices in the fight against solicitation (at Los Cabos), establish appropriate forms of "High Level Reporting Mechanisms" to address allegations of solicitation of bribes by public officials (by mid-2014), and endorse the setting up of a pilot project in a country willing to test such mechanisms (by November 2012).

· The G20 should develop and endorse common principles on enforcement of foreign bribery legislation (by November 2012).

· One pilot country, this year, preferably Mexico, should be identified (at the Los Cabos summit) to explore, in cooperation with the private sector, possible engagement processes and mechanisms during its upcoming UNCAC review process (by the beginning of the next review year in July 2012), and in the follow-up of the recommendations from the review process (by September 2012).

FOLLOW-UP ACTIONS:

· G20 governments, with the support of the OECD and input from the private sector, could devise a checklist for transparent process during the pre-tendering and execution phases (by 2013).

· G20 governments should introduce measures asking companies, including state-owned enterprises, to certify that they have a robust anti-corruption compliance program in place as an eligibility requirement to participate in public tenders and to benefit from export financing (by end-2013).

· Governments, in cooperation with UNODC and technical assistance providers, should agree on a model review process for private sector involvement in the UNCAC review mechanism (by April 2013) and assess the effectiveness of the selected approach (by mid-2013).

· Export credit agencies of G20 countries should develop anti-corruption training programs tailored to SMEs (by end-2013).

· Governments should address issues related to article 4.3 of the OECD Anti-Bribery Convention and articles 48 and 49 of UNCAC concerning multiple jurisdiction, law enforcement cooperation, joint investigations and coordinated sanctions and evaluate the need to revise national rules (by mid-2013).

II.
Key priorities for the business community should be to increase its participation in Collective Action and Sectoral Initiatives, to encourage cross-fertilization through the sharing of best practices and training materials and to engage SMEs through supply chains.

PROPOSED ACTIONS:

· Companies should invite participants in their value chain to join existing Collective Action Initiatives in their respective sectors and/or to initiate multi-sector initiatives (ongoing).

· The B20 should select a head of the Collective Action hub initiative (by mid-2013) charged with designing and developing a central hub that will provide information on existing Collective Action Initiatives (by mid-2014).

· The business community should develop training materials on anti-corruption compliance (by end-2012) and deliver a "train the trainers" program aimed at compliance officers from the private sector (by mid-2013).

· Companies should engage SMEs through their supply chains and provide them with concrete support in the adoption of best practices in resisting corruption, including possibly through an industry sector supply chain initiative (by end-2013).

III.

Key priorities for joint government and business action should be to develop further a platform of dialogue, to promote participation in integrity pacts, to support efforts to raise SME business integrity standards, and to identify good practices to facilitate active cooperation between companies and enforcement authorities.

PROPOSED ACTIONS:

- Governments and business should work together to further step up the G20/B20 dialogue, also through the creation of a devoted permanent platform, through which both actors could develop and implement realistic commitments (by end-2012).
- Governments and business should commit to enter integrity pacts and other joint sectoral initiatives (ongoing) and establish active participation by companies in such initiatives as an eligibility requirement for participating in public tenders.
- Relevant G20 government bodies and business associations should devise a strategy to disseminate model codes of conduct tailored to SMEs and encourage SMEs to implement an anti-corruption program as a condition for participating in public procurement (by end-2013).
- Governments and business should identify good practices to incentivize self-reporting by companies and active cooperation with enforcement authorities, and where appropriate carry out pilot projects (by end-2012). ◆

The B20 strongly urges the establishment of a permanent G20 Working Group on Anti-Corruption through future G20 Presidencies

DESCRIPTION OF ACTION

• The B20 strongly urges G20 leaders at Los Cabos to give a clear and permanent mandate to the G20 Task Force on Anti-Corruption. The B20 Task Force is committed to cooperate with the G20 countries in the full implementation of the Seoul Action Plan and in the work for its extension after 2012. The B20 Task Force on Improving Transparency and Anti-Corruption, with the support of the International Chamber of Commerce and the World Economic Forum, remains committed to lead and facilitate business engagement with G20 Leaders at Los Cabos and beyond to further advance the global anti-corruption agenda.

RELEVANCE

• The launch of the Seoul Anti-Corruption Action Plan and the continuous engagement of the G20 Task Force on Anti-Corruption have provided much needed impetus to advance key objectives and to foster a strengthened partnership between the public and private sector.

EXPECTED IMPACT

• Forward momentum on the anti-corruption agenda

CITERIA FOR SUCCESS

• Proper legal and institutional framework among member countries to ensure a level playing field

ACCOUNTABLE FOR RECOMMENDED ACTION

• The leaders of the G20 countries

MAIN BENEFICIARIES AND DECISION-MAKERS

• The people of the respective G20 countries
• The private sector of the respective G20 countries
• The leaders of the respective G20 countries

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• G20 leaders should reaffirm the mandate of the G20 Task Force on Anti-Corruption with a view to secure the full implementation of the Seoul Anti-Corruption Action Plan, to identify and develop streams of work, and to maintain a strong and continuous dialogue with the business community including international governmental and on specific issues, non-governmental organizations	• By Los Cabos	• The sensitivity around the issue of corruption means that policy-makers may not want to properly address it	• The G20 Leaders; G20 and B20 Task Force on Anti-Corruption; International Chamber of Commerce and the World Economic Forum
• Formal letter to the G20 Leaders, signed by the B20 CEO's that demands the establishment of a permanent G20 Working Group on Anti-corruption through future G20 Presidencies	• Before Los Cabos		
• Press release on the demand for the G20 Working Group on Anti-Corruption	• During Los Cabos	• In the current difficult global economic climate, corruption may not be top-most priority in the minds of policy-makers	
• Engagement by the B20 Task Force to work closely with the upcoming Russian and Australian Presidencies on their priorities with regard the agenda of the G20 Task Force on Anti-Corruption	• By October 2012		
• G20 Leaders should maintain a strong and continuous dialogue with the business community including international governmental and on specific issues, non-governmental organizations	• Ongoing		

The G20 should streamline their public procurement processes to address the demand-side of bribery and to encourage and further incentivize business against corruption.

DESCRIPTION OF ACTION
• The B20 calls on the G20 to identify points of contacts within at least five G20 governments for the B20 to partner with to explore the development/implementation of the B20 public procurement recommendations.

RELEVANCE	EXPECTED IMPACT
• The public procurement is an area that warrants special attention in the fight against corruption. It accounts for a significant percentage of global GDP and is highly vulnerable to corruption due to the size of the financial flows between the public and the private sectors.	• This initiative will raise the standards of public procurement and reduce bribery risks for large private sector companies.

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Global standards and mechanisms should be established to ensure transparency in government procurement.	• G20 countries • The private sector of the respective G20 countries

MAIN BENEFICIARIES AND DECISION-MAKERS
• The private sector of the respective G20 countries • The leaders of the respective G20 countries

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Conduct independent assessments of their public procurement systems, through OECD Integrity Reviews and other mechanisms and to publish the results	• During 2013	• Lack of interest/motivation among companies or public sector	
• Introduce measures asking companies, including state-owned enterprises, to represent that they have robust anti-corruption compliance programs in place as an eligibility requirement to participate in public tenders and to benefit from export financing	• By 2013		
• Encourage best practice sharing and cross-training between the public and private sectors in the design and execution of compliance programs, to reduce supply on the private side, and to reduce demand on the public side	• During 2013		

Piloting possible private sector engagement processes and mechanisms in the UNCAC review process and beyond.

DESCRIPTION OF ACTION

• A state party to the United Nations Convention against Corruption (UNCAC) (potentially Mexico) to be identified as a pilot country to explore possible processes and mechanisms for involvement of the private sector in the UNCAC review process. Further, mechanisms for private sector support to the implementation of recommendations emerging from the review process worldwide to be identified.

RELEVANCE

• As recognized in the November 2010 G20 Anti-Corruption Action Plan, "business is a stakeholder in anti-corruption efforts, and its engagement on the issue is essential". The private sector has a key role in the implementation of the UNCAC.

EXPECTED IMPACT

• Forward momentum on the anti-corruption agenda; Stronger anti-corruption legislation and infrastructure and more fair and level playing field in the pilot country and beyond through replication of good practices identified.

CITERIA FOR SUCCESS

• Engagement processes and mechanisms identified and piloted for a thorough and active private sector participation in the review process and support by the private sector to the implementation of the recommendations coming out of the review process, such mechanisms could refer to the private sector's participation in the peer reviews of Parties' implementation of the OECD Anti-Bribery Convention.

ACCOUNTABLE FOR RECOMMENDED ACTION

• The government of the pilot country; private sector in the pilot country.

MAIN BENEFICIARIES AND DECISION-MAKERS

• The people of the pilot country
• The private sector in the pilot country
• The government of the pilot country
• Other UNCAC States parties

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• The pilot country to announce its willingness to pilot the recommendation • The government of the pilot country to explore, in cooperation with the private sector, possible engagement processes and mechanisms in the UNCAC review process • Model review process with private sector involvement • The government of the pilot country to explore, in cooperation with the private sector, possible mechanisms for private sector support to the implementation of the recommendations emerging from the review process • Assessment of the effectiveness of the selected approach • Presentation of good practices and lessons learnt	• Los Cabos - June 2012 • By the beginning of the next review year in July 2012 • During the review process (expected to be finished by April 2012) • By September 2012 • By mid-2013 • G20 summit and the Conference of the States Parties to the UNCAC in 2013	• Possible delays in the peer review process (responsiveness of the reviewing countries, the private sector etc) • Possible lack of willingness by the private sector to invest in the implementation of the recommendations emerging from the review process	• The pilot government; G20; B20; businesses active in the pilot country; UNODC as the Secretariat of the UNCAC review mechanism

Development of capacity-building programs for SMEs

DESCRIPTION OF ACTION
• Develop public-private compliance partnerships for capacity-building among SMEs in specific industries. The Russian Energy Compliance Alliance (RECA) initiative can be used as a model for such partnerships.

RELEVANCE	EXPECTED IMPACT
• Contribute to the capacity-building of smaller companies to develop and implement compliance programs adapted to their resources and needs.	• This initiative will raise standards of anti-bribery compliance among SMEs and reduce bribery risks for large companies exposed via their supply chains.

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Degree of adoption and implementation of anti-bribery code(s) • Number of SMEs engaged/trained • Number of leading companies participating in a given sector	• Private sector in a given industry sector/country G20 national government.

MAIN BENEFICIARIES AND DECISION-MAKERS	
• SMEs that will be more compliant with anti-bribery laws and less vulnerable to extortion • Large companies as they will incur less risk with cleaner supply chains	• Improvement of compliance standards throughout the particular industry • Public sector through compliance dialogue with business

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Liaise with RECA initiative to understand how it could be used a model for this action	• By Los Cabos	• To identify a person/ group responsible for this action	
• Identify industry sector and country where RECA-like initiative could be replicated and/or expanded	• By December 2012	• Identification of a champion company/ organization to give impetus to the initiative	
• Start compliance dialogue between leading businesses and SMEs to facilitate the exchange of compliance best practices between large companies and their supply chains. Involve the public sector	• During 2013	• Lack of interest/ motivation among companies or public sector	
• Report back on progress and gain commitment of other G20 countries to replicate the initiative	• At G20 2013		

1.
Ensure Transparency in Public Procurement

DESCRIPTION OF ACTION
• Governments commit to conduct independent assessments of their procurement systems, for example through OECD procurement reviews or other international mechanisms • Governments commit to put in place effective mechanisms to require public officials in vulnerable positions to disclose relevant assets • Business commits to elaborate a detailed diagnostic of risks in public procurement cycles, including in the pre-tendering and execution phase • Business commits to set up and regularly update ethics and compliance programs, taking into account international and industry standards • Governments and business commit to enter integrity pacts, consistently with anti-trust regulations and to develop specific joint sectoral initiatives

RELEVANCE	EXPECTED IMPACT
• Public procurement, which accounts for a significant percentage of global GDP, is highly vulnerable to corruption due to the size of financial flows it generates and the close interaction between the public and private sectors.	• Identify corruption in public procurement so governments can work towards effective prevention and sanction.

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• G20 governments have undergone and published the review of their procurement and have proper and effective asset disclosure systems in place • B20 companies have effective compliance programs in place • Specific integrity pacts between G20 countries and B20 companies can be identified	• G20 and national governments • The private sector

MAIN BENEFICIARIES AND DECISION-MAKERS	
• The people • The private sector	• Governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• G20 governments commit to procurement reviews by the Los Cabos summit and publish the results by 2013	• Commitment in Los Cabos - reviews by 2013	• Resources for countries to undergo these reviews	
• G20 governments adopt and implement principles on asset disclosure	• By November 2012	• Possible political and institutional challenges to implement internal reforms	
• B20 draft a study mapping the risks of corruption in procurement process.	• Study by November 2012		
• G20 governments, with the support of the OECD, could devise a checklist for transparent process during the pre-tendering and execution phase	• Checklist by 2013		

2. a)

Collective Action Initiatives

DESCRIPTION OF ACTION
• Invite all private sector participants to join existing Collective Action initiatives in their respective sectors/industries or initiate multi-sector initiatives in their respective countries of origin and all countries in which they operate.

RELEVANCE	EXPECTED IMPACT
• Sectoral initiatives are among the most promising approaches to address corruption • They associate companies with the same customers and same characteristics to accept the same rules of behaviours and to establish relevant and harmonized integrity standards	• Collective Action initiatives facilitate discussions with stakeholders, either governmental or non-governmental organizations, and have a stronger impact in the adoption of anti-corruption initiatives.

CITERIA FOR SUCCESS
• Detailed plan to invite participants to Collective Action initiatives in place and communicated to participants • Recognition and support from public sector at the top level • Support from a strong champion with recognized experience in the private sector • Reach critical mass with at least two key local players by industry

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Individual companies • Associations in each sector	• Public sector

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Companies to invite participants in their value chain • Associations to include compliance clauses in their statutes and demand adherence • Public sector to provide recognition to associations and companies	• Ongoing	• Possible lack of recognition from public sector at the highest level • Possible lack of adequate training options to support members in respective implementation efforts	• Government should encourage state-owned companies to replicate the same efforts described for private companies

2. b)

Documentation of Private Sector-led Collective Action Initiatives

DESCRIPTION OF ACTION

• Document, measure and share the existing private sector-led Collective Action initiatives through a central hub for reference to all countries/sectors.

RELEVANCE	EXPECTED IMPACT
• Easier, faster and more effective sharing of Collective Action initiatives and results • Standardization of actions	• Stronger share of knowledge and participation from private companies and interested associations.

CITERIA FOR SUCCESS

• Hub in place with a friendly interface accessible to every interested party that leverages key tools from the internet (e.g. videos and social networks) and stays up to date
• Head of the initiative appointed with an adequate calibre and relevant experience
• Sufficient funding to execute plan

MAIN BENEFICIARIES AND DECISION-MAKERS

• Private sector
• Associations with a relevant role in the Collective Actions initiatives

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• B20 companies to select a head of the hub initiative - Must have broad experience in anti-corruption, possess a large network	• One year	• Potential lack of addressing of local issues due to a top-down approach	• Features that characterize effective initiatives should include senior management commitment, appointment of dedicated managers and implementation of procedures
• Head of hub to design and develop the hub to provide information on existing Collective Action initiatives on a website	• Two years	• Lack of enough funding to make it sustainable • Difficulty in selecting the right selection of head of the hub initiative	

2. c)
Adoption of Codes of Conduct and Other Tools

<table>
<tr><th colspan="4">DESCRIPTION OF ACTION</th></tr>
<tr><td colspan="4">• Communicate and foster the adoption of codes of conduct and other tools available to private sector participants in order to ingrain anti-corruption in each organization’s corporate culture.</td></tr>
<tr><th colspan="2">RELEVANCE</th><th colspan="2">EXPECTED IMPACT</th></tr>
<tr><td colspan="2">• To leverage existing tools and to ensure the adoption of current codes of conduct can have a stronger impact than developing new initiatives.</td><td colspan="2">• Adoption of business codes of conduct in the private sector based on internationally recognized and accepted principles for companies in all countries, especially in developing economies.</td></tr>
<tr><th colspan="4">CITERIA FOR SUCCESS</th></tr>
<tr><td colspan="4">• Ensure all existing tools are well communicated and existing codes of conduct are well known and adopted by key private sector participants
• Codes of conduct adapted to each country nuances</td></tr>
<tr><th colspan="4">MAIN BENEFICIARIES AND DECISION-MAKERS</th></tr>
<tr><td colspan="2">• G20 and OECD governments</td><td colspan="2">• Owner of the code of conduct itself (e.g. PACI, ICC)</td></tr>
<tr><th>ACTIVITIES</th><th>TIMELINE</th><th>MAIN BARRIERS FOR IMPLEMENTATION</th><th>SUPPORT REQUIRED FROM STAKEHOLDERS</th></tr>
<tr><td>• Appointment of Local Program Managers for each country with the task of promoting codes and driving their implementation locally
• G20 to establish a global program manager to administer the communication activities and execute the roll-out of tools and codes:
- The function may be played by the government, private sector or associations</td><td>• One year
• Ongoing</td><td>• Lack of a large network for program managers to facilitate a broad communication
• Promotion of codes should not be confrontational</td><td>• Governments should require adherence to code of conducts as a prerequisite to participating in public procurement tenders or receiving other benefits such as export credits, when appropriate
• Must address also passive corruption not just active corruption</td></tr>
</table>

2. d)
High-level Reporting Mechanisms

DESCRIPTION OF ACTION
• Continue establishing appropriate forms of high-level reporting mechanisms to address allegations of solicitation of bribes by government officials.

RELEVANCE	EXPECTED IMPACT
• The establishment of a national high-level reporting mechanism to deal with allegations of solicitation of bribes is proposed in response to longstanding business concerns about the lack of effective methods to address the demand side of bribery.	• Such a mechanism would be intended to provide a means for cleansing procurement processes when there are substantive allegations of corrupt behaviour.

CITERIA FOR SUCCESS
• Resolution of concerns about bribe solicitation in a timely manner, so that government procurement proceeds without prolonged delays and suspicions of impropriety • Appointment of two key positions: conveyor, neutral person in charge of building trust amongst appropriate parties; and ombudsman, who must be reasonably high level and not personally involved in decisions • Must be perceived as preventive not punitive

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Private sector companies to establish and monitor committee	• Senior leadership from public sector support required • Support from NGOs in the set-up of the committee

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Government to ensure involvement from top authorities • Government to establish committee and ensure appropriate seniority of chairperson • Chairman to foster the propensity of companies to use these mechanisms • Set up a pilot in a country that is willing to test these mechanisms • Set up of a credible mechanism for reporting with no possibility for retaliation	• One year • Two years • Two years	• Reporting might be seen to linked to law enforcement preventing its use from companies • Reporting might, as well, be seen too anonymous so that it can be acted upon. • Perception might be seen as punitive instead of preventive • Reporting of solicitation must be above of the procurement agencies	• Senior leadership involvement is necessary, ideally from the head of state, but also works at the minister level • Work with the government to ensure proper interpretation of laws

2. e)
Public and Private Sector Partnerships

DESCRIPTION OF ACTION
• Generate public sector and private sector partnerships to address the need to collaborate in anti-corruption initiatives.

RELEVANCE	EXPECTED IMPACT
• Partnerships between the public and private sectors are key to untangling the real root causes of corruption.	• Common understanding of root causes of corruption shared amongst involved private and public parties.

CITERIA FOR SUCCESS
• Strong collaboration between government and private sector with tangible mechanisms such as specific partnerships and monitoring systems.

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Government senior leadership • Individual companies	• Chief executives from key companies

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Private sector and government to establish a neutral secretariat function	• One year	• Probable lack of resources to monitor these partnerships	• Recognition from top government authorities
• Private sector to gain government and senior level recognition and involvement	• Two years		• Support from chief executives
• Secretariat to establish monitoring system: - Communicate partnerships - Scale-up partnerships	• Two years		• Must have a natural mechanism to monitor closely, especially in multiparty initiatives and actions

3.

Engage the Private Sector to Participate in Peer Reviews Required by the UNCAC and Continue Consultation with the OECD Working Group on Bribery in the Context of its Monitoring Mechanism

DESCRIPTION OF ACTION

- Encourage G20 countries and beyond to ensure full engagement of the business community in the international anti-corruption processes, including UNCAC's and OECD's
- Recommend that the role and contribution of the private sector in the UNCAC peer review process be further explored in order to determine what contribution the private sector can make, what type of private sector involvement in the reviews is beneficial,and what kind of engagement processes and mechanisms need to be developed
- Recommend that the role and contribution of the private sector in the implementation of recommendations coming out of the review process be further explored

RELEVANCE	EXPECTED IMPACT
• As recognized in the November 2010 G20 Anti-Corruption Action Plan, "business is a stakeholder in anti-corruption efforts, and its engagement on the issue is essential". The private sector has a key role to play in efforts to monitor the implementation of the UNCAC and the OECD Anti-Bribery Convention.	• The full engagement of the business community in the international anti-corruption processes will ensure forward momentum on the anti-corruption agenda and help monitor/implement agreed work plans. Ultimately, this will help develop stronger anti-corruption legislation and infrastructure and create level playing fields for businesses.

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• All G20 countries undergoing UNCAC review process have involved the private sector • Pilot country has identified, together with the private sector, engagement processes and mechanisms for a thorough private sector participation in the review process and in the implementation of the recommendations coming out of that process	• G20 and national governments • The private sector

MAIN BENEFICIARIES AND DECISION-MAKERS

- The people
- The private sector
- Governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• One pilot country, this year, preferably in Mexico, to explore, in cooperation with the private sector, possible engagement processes and mechanisms 1) in the review process and 2) in the implementation of the recommendations	• 1) By the beginning of the next review year in July 2012 2) By September 2012	• Possible delays in the peer review process (responsiveness of the reviewing countries, the private sector, etc.)	• The pilot government; G20; B20; businesses active in the pilot country; UNODC as the Secretariat of the UNCAC review mechanism; other technical assistance providers upon request
• Model review process with private sector involvement	• During the review process (expected to be finished by April 2013)	• Possible funding gap for the post-review implementation plan	
• Assessment of the effectiveness of the selected approach	• By mid-2013		

4.

Create Business Programs, Including Training, to Encourage Cross-fertilization within the Private Sector and Between Public and Private, with a Specific Focus on Capacity-building

DESCRIPTION OF ACTION
• Identify how the private sector can share best practices, training materials, education and resources to support the implementation of integrity programs, control procedures and raise awareness in both the public and private sectors • Have business reciprocally call on governments to share their programs with the private sector environment

RELEVANCE	EXPECTED IMPACT
• When considering the present corruption/anti-corruption situation, one arrives at the conclusion that our most important priority should not be to add new international conventions or other legal instruments. Rather, priority should be on further awareness raising of the need to fight corruption and the promotion of more effective implementation anti-corruption compliance measures by companies through concrete and down-to-earth training and education programs within companies.	• Levelling of the playing field • Reduction of private-to-private bribery • Reduction of private-to-public bribery

CITERIA FOR SUCCESS
• Increased anti-corruption compliance throughout the world.

MAIN BENEFICIARIES AND DECISION-MAKERS	
• MNES and SMES • International business organizations such as the ICC	• International organizations such as the UNODC and the OECD • National governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Develop training materials on anti-corruption compliance, drawing on the ICC's *Fighting Corruption: International Corporate Integrity Handbook* and the upcoming G20 anti-corruption compliance handbook for the private sector • Develop and deliver a "train the trainers" program, provided by business people for compliance officers	• Materials developed within six months of the Los Cabos summit • A first train-the-trainers program for compliance officers delivered within 12 months of Los Cabos	• Challenges in reaching targets throughout the world	• In the long-term view and based on experience, public sector to consider giving recognition (or endorsement) of training/education efforts of individuals and companies that have successfully completed a structured training program • Need for strong link with public sector on this effort, as represented by the major specialized anti-corruption organizations (UNODC, OECD), with aim of adding weight/ their authority by participating in the proposed curriculum

5.
Encourage the Adoption of Business Codes of Conduct – Specific Focus on SMEs

DESCRIPTION OF ACTION
• G20 countries to support efforts to broadly disseminate model codes tailored to SMEs. SMEs should be encouraged to have such codes in place as a condition for participating in public procurement • G20 Export Credit Agencies to harmonize and step-up anti-corruption training for SMEs • Develop a supply chain initiative as a pilot in one key sector for G20 countries • Introduce on a pilot basis a white-list system for fast-track access to finance based on anti-corruption certification for SMEs (business)

RELEVANCE	EXPECTED IMPACT
• SMEs are a key engine of growth in emerging economies • SME development is curtailed by corruption • SMEs can pose a risk to large companies via the supply chain • SMEs need to raise their anti-corruption standards • Multinationals need to mitigate risk posed by SMEs	• Higher standards of business integrity among SMEs • Integrity becomes winning proposition for SMEs • More level playing field for businesses large and small

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• More tailored anti-corruption materials and resources available to SMEs • Greater understanding by SMEs of the business case for anti-corruption	• G20 and national governments • The private sector

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Society via improved economic environment • SMEs	• Multinationals • Governments

ACTIVITIES	TIMELINE	SUPPORT REQUIRED FROM STAKEHOLDERS
• Relevant G20 institutions and chambers of commerce to devise strategy to disseminate model codes appropriate for SMEs and encourage anti-bribery programs for participation in public procurement	• By end-2012	• G20, B20, ICC, TI
• G20 ECAs to develop anti-corruption training programs tailored for SMEs	• By end-2013	• G20, ICC
• G20 ECAs to consider requiring company anti-corruption programs as a condition for receiving credit and other financial services	• By end-2013	• G20
• B20 companies to develop a supply chain initiative: choose sector, develop harmonized customer requirements; roll-out	• By end-2013	• B 20
• Explore white-list concept and certification standard for SMEs	• By end-2013	• B20, TI

6.

Strengthen the Legal and Regulatory Framework on Anti-Corruption

DESCRIPTION OF ACTION

- Identify good practice to incentivize companies' self-reporting and cooperation in the investigation phase. Encourage the introduction of clear and concrete systems of leniency
- Establish a framework for addressing multiple jurisdiction issues and effectively implement Art. 4.3 of the OECD and Articles 48 and 49 of UNCAC. Develop or revise national rules as appropriate and permissible to implement relevant principle and rules with respect to such issues

RELEVANCE	EXPECTED IMPACT
• As recognized in the November 2010 G20 Anti-Corruption Action Plan, "business is a stakeholder in anti-corruption efforts and its engagement on the issue is essential". Business is committed to fight solicitation and to cooperate in the fight against corruption.	• Increase the number of corporations that are prepared to take an active role in the fight against corruption. Incentivize self-reporting and cooperation in the investigation phase.

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Identify practical tools and clear, concrete and uniform system of leniency and for dealing with duplication of jurisdiction and settlements issue.	• G20 and national governments • The private sector • ICC, OECD, UNODOC

MAIN BENEFICIARIES AND DECISION-MAKERS

- The people
- The private sector
- Governments

ACTIVITIES	TIMELINE	SUPPORT REQUIRED FROM STAKEHOLDERS
• Identify good practice to incentivize self-reporting and cooperation and where appropriate carry out pilot projects	• By end-2012	• G20, B20, ICC, OECD, UNODOC
• Address issues related to Article 4.3 of OECD and Articles 48 and 49 of UNCAC and evaluate revision of national rules	• By mid-2013	• G20, B20, ICC, OECD, UNODOC

B20

TASK FORCE RECOMMENDATIONS ON TRADE AND INVESTMENT

I. Background

The G20 has a key role to play in ensuring an open global economy that encourages cross-border trade and investment by business to nurture economic recovery, job creation and sustainable development. Over the past 60 years, international trade and investment and the multilateral trading system have contributed to improving the standard of living of billions of people around the world, by creating new economic opportunities for producers and consumers alike and by strengthening ties between nations, thereby contributing to global peace and prosperity and fostering greater freedom around the world.

The Primacy of the Multilateral Trading System

The multilateral trading system is the guarantor of the consistency and predictability that are essential for companies to trade and invest across borders, as well as an insurance policy against protectionism. In an adverse global economic environment where governments are under pressure to find new sources of economic growth and comparative advantage, it is easy to forget that the multilateral trading system is the foundation of international economic exchange.

The G20 leaders acknowledged in Seoul that uneven growth and widening imbalances fuel the temptation to diverge from multilateral, global solutions, but that such uncoordinated policy actions only lead to worse outcomes for all. In light of the current global economic situation, business fully expects that the G20 will reinforce its commitment towards liberalization under a transparent, rules-based framework that protects and promotes international trade and investment. Key corollary actions include: strengthening measures to roll back protectionism; seeking alternative approaches to foster global trade liberalization; and engaging in preferential trade agreements (PTAs) as a complement – not a substitute – to the multilateral agenda.

Global business is very concerned that, at a moment of great economic uncertainty, and when global trade liberalization could provide a debt-free and much-needed stimulus to world economic growth and development, the multilateral trade negotiation process appears to have come to a standstill. In the absence of progress in multilateral trade negotiations, the proliferation of PTAs has added complexity to the global regulatory environment, especially for small- and medium-sized enterprises and developing countries.

Companies and supply chains increasingly operate across multiple borders, and these activities can help to spread prosperity, technical know-how and capital, provided that they take place in a framework that is fair, transparent and rules-based. Business therefore strongly urges G20 leaders to reinforce their commitment to a multilateral agenda that provides a level playing field for all.

The Contribution of Investment to Economic Growth and Job Creation

As foreign direct investment (FDI) has become critical in the delivery of goods and services to markets around the world, the pattern of global FDI flows has changed markedly in recent years, reflecting shifts in the world economy and the growing relative weight of developing and transition economies as both destinations and sources of global FDI. More than half of all FDI inflows – 52% – are now going to developing and transition economies; and outward FDI from developing and transition economies is increasing rapidly, having reached US$ 388 billion in 2010, a 21% increase over 2009.[1]

G20 leaders should recall that FDI and local investment are not alternatives to each other. Rather, they are

[1] World Investment Report 2011: *Non-Equity Modes of International Production and Development*, United Nations Conference on Trade and Development, Geneva.

complementary in a mutual partnership of cooperation and competition, with a key role for FDI in improving the growth impact of overall private investment. Successful and sustainable investments by companies enable employees, suppliers, customers/consumers, communities and home and host countries to participate in the value generated by these investments.

II. Key Policy Messages and Recommendations

The G20 was created to promote multilateralism and to be the "premier forum for international economic cooperation". The multilateral trading system is the most successful example of such cooperation, and there is no substitute for locking in trade liberalization through effective rules and commitments that benefit all WTO members (157 countries representing 97% of world trade).

BUSINESS NOTES THE FOLLOWING TRADE AND INVESTMENT ELEMENTS IN THE OUTCOMES OF THE 2011 CANNES SUMMIT, TOGETHER WITH THE G20'S FRAMEWORK FOR STRONG, SUSTAINABLE AND BALANCED GROWTH AND THE CANNES ACTION PLAN FOR GROWTH AND JOBS:

- The merits of the multilateral system as a way to avoid protectionism
- The need to pursue in 2012 fresh, credible approaches to furthering negotiations on the elements of the Doha Development Agenda
- The commitment to engage in discussions on challenges and opportunities for the multilateral trading system in a globalized economy, including a view to strengthening the WTO, and to report back by the Los Cabos summit
- The role of investment – in particular in infrastructure in developing countries – as a way to unlock new sources of growth

BUSINESS EXPECTS THE G20 TO LEAD THE DEVELOPMENT OF AN EFFECTIVE MULTILATERAL TRADE POLICY AGENDA AND TO BUILD ON THE WORK OF PREVIOUS G8 AND G20 SUMMITS TO BOLSTER CROSS-BORDER INVESTMENT WORLDWIDE BY PURSUING THE FOLLOWING KEY POLICY OBJECTIVES:

- Enhancing the G20's ability to guard against protectionism and to keep trade open, including upholding the principles of non-discrimination and national treatment, avoiding spill-over effects of trade disputes and extraterritorial application of environmental measures, and implementing WTO decisions in a timely manner.

· Placing trade and investment permanently on the G20's agenda and at the centre of the G20's actions to foster economic growth, development, and job creation.

· Supporting the use of new approaches (for example, plurilateral approaches) to achieve meaningful progress on multilateral trade and moving forward on elements of the WTO agenda most likely to bear fruit in the short-term in spurring economic growth and job creation.

· Taking concrete steps to create a more predictable and stable climate for cross-border investment, given its complementarity with trade, including ensuring effective protection of intellectual property rights, which is fundamental to ensure innovation and growth in the increasingly knowledge-based economies of the G20 countries.

To achieve these key policy objectives, the 2012 B20 Task Force on Trade and Investment makes the following action-oriented recommendations to G20 leaders in advance of their next summit in Los Cabos, Mexico.

III. Action Agenda for Los Cabos

The following are recommendations of concrete actions that G20 leaders can take at the Los Cabos summit to advance the objectives set out above.

I. The G20 should make trade and investment a permanent item on its agenda

For instance, this could include periodic meetings of trade ministers between the summits at head-of-state level, and an ongoing dialogue between the G20 and business on these issues. The B20 stands ready to work with G20 sherpas and trade ministers to develop a business-driven multilateral trade policy agenda to foster economic growth and job creation, with concrete proposals based on a detailed consideration of alternative approaches. As part of this process, the G20 should task the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the OECD to produce a paper for endorsement by the G20. The paper should explain how the nature of world trade has changed from bilateral imports and exports to global wealth creation through "made in the world" value chains, all of which make effective multilateral trade liberalization and rule-making all the more necessary.

II. The G20 should lead by example in rejecting measures that restrict trade and investment and in promoting measures that enhance them

Protectionism is a serious threat to the world economy. Business therefore fully supports the G20's commitments to combat protectionism. However, business notes with concern that measures restricting trade and investment continue to be imposed, and even more worrisome is the fact that many of those measures originate in G20 countries. Furthermore, recent analysis shows the emergence of a new generation of non-tariff barriers that are more difficult to identify and address, including so-called “murky protectionism”. Although specific producer groups may call for protectionist measures in some cases, the companies and business associations that we represent support open markets. Therefore, we stand fully behind earlier G20 commitments to reject protectionism and are ready to work with G20 governments to resist protectionist measures.

For these reasons, the existing WTO-UNCTAD-OECD semi-annual monitoring and reporting on G20 trade and investment measures should be strengthened. For instance, one way to accomplish this would be for the G20 to give trade ministers’ meetings a mandate to review these semi-annual reports and the impact of these measures. Such a G20 peer review mechanism should lead to the effective rollback of trade and investment protectionist measures, which may include measures such as export restrictions, sanitary and phytosanitary measures, technical barriers to trade, trade remedies, measures affecting trade in services, andWTO-inconsistent measures. Such a periodic review should lead to the establishment of common principles for open and fair competition among G20 countries. As the WTO-UNCTAD-OECD semi-annual reports importantly include both trade *and* investment measures, a review of these measures should also provide an opportunity for G20 trade ministers to engage with G20 finance ministers on crosscutting issues.

The B20 offers to contribute to the G20’s review process in order to establish the most up-to-date assessment of trade- and investment-related non-tariff measures and their impact, including emerging measures such as local content restrictions, import licensing restrictions, measures restricting trade in raw materials and commodities, and others.

III.
The G20 should encourage progress in multilateral trade liberalization and rule-making within the WTO

This could be achieved through alternative negotiating approaches, including plurilateral approaches and approaches focused on particular sectors, such as the Information Technology Agreement or the Agreement on Basic Telecommunication Services. These approaches should be pragmatic, results-oriented, consensus-based, transparent, as inclusive as possible and lead to multilateral outcomes that promote economic growth and development. An obvious area in which this approach should be tried is the liberalization of trade in services. A number of WTO members, including G20 members, are already exploring such an approach.

IV.
The G20 should support more rapid progress of specific items on the WTO negotiating agenda on a priority basis, particularly with a view to promoting the long-term interests of developing and developed economies alike

These include:

- Concluding the negotiations on a multilateral agreement on trade facilitation
- Encouraging the implementation of trade-enhancing measures for least-developed countries, for example the phasing out of cotton subsidies
- Eliminating agricultural export subsidies
- Expanding the Information Technology Agreement
- Finalizing agreement on the transparency mechanism for PTAS
- Completing the Dispute Settlement Understanding review negotiations

V.
The G20 should reiterate its support for open cross-border investment as an essential contributor to growth, development and job creation

In support of this objective, the G20 should encourage a broad dialogue on emerging international investment issues, such as dispute settlement in international investment agreements, the rising importance of international investments by state-owned enterprises, and how public-private partnerships – including co-investment by host states and private investors – can contribute to break down barriers to investment.

This should be done in partnership with international organizations where dialogue is already underway – such as the OECD, UNCTAD and the WTO – with a view to promoting mutual understanding among governments and between governments and business and to strengthening the framework of rules for international investment in the interest of all stakeholders. The G20 should request that these organizations produce a study of existing investment practices in G20 countries and of the corollary economic impacts of such practices.

VI.
The G20 should create a working group on investment to advance this agenda and report back to the next G20 summit in Russia in 2013

In the meantime, G20 countries should refrain from imposing barriers to either outward or inward investment and should ensure that FDI restrictions or reviews are limited to well-defined concerns and are applied in a transparent and non-discriminatory manner. It is necessary to improve the monitoring of conditions for private FDI to ensure that they are not de facto disguised protectionism. Barriers imposed in both developed and developing countries are harmful to economies and social welfare. The G20 should look at both hard and soft barriers to acquisition-based FDI, with a view to rolling them back to at least the levels prior to 2008.

Business looks forward to discussing these recommendations with G20 leaders, ministers and sherpas, and separately with the "Labor 20" as appropriate, in the lead-up to and during the Los Cabos B20 and G20 summits, and to working with the G20 to contribute to their implementation and follow-up after the G20 Los Cabos summit. In particular, this Task Force on Trade and Investment stands ready to have ongoing interaction with the G20 on trade and investment policy issues, between now and the conclusion of the Mexican presidency of the G20 at the end of 2012. ◆

B20

TASK FORCE RECOMMENDATIONS ON ICT AND INNOVATION

I. Background[1]

Information and Communication Technology (ICT) is a key transformative force that drives socio-economic progress and productivity, and changes the way people do things. ICT has had a positive impact on society as a whole, including on individuals, businesses, and governments. The impact of ICT on society, however, has been different in developed and emerging economies; this difference suggests that the priority areas in each must be treated differently.

ICT has shown to increase living standards in countries with high levels of penetration, providing individuals with enhanced access to information, goods, and services. Recent studies demonstrate that the use of ICT increases consumer surplus significantly. Consumer surplus in developed economies ranges from US$ 18 to US$ 28 per user per month, while in emerging economies it ranges from US$ 9 to US$ 26 per user per month. Total consumer surplus in emerging economies could increase from US$ 135 billion to US$ 364 billion per year if the penetration levels attained in developed economies were reached.

The use of ICT has a positive effect on the economy as a whole. The Internet has contributed to GDP growth by approximately 21% in developed economies, while it contributed about 2.3% in emerging economies from 2004 to 2009. Additionally, the Internet has helped alleviate certain unemployment concerns by creating about 2.4 new jobs per job eliminated by the appearance of this technology. The positive effect of the Internet on employment is greater in emerging economies, where it has created approximately 3.2 new jobs per job eliminated, while it created about 1.6 per job eliminated in developed economies. ICT has also increased productivity in those enterprises that have invested in it. A recent survey of SMEs indicates that those investing in ICT have experienced an estimated 10% increase in productivity.

In addition to the socio-economic benefits for individuals and enterprises, ICT can have a positive effect on government. Investment in e-government applications has been shown to aid in the fight against corruption as well as to reduce costs associated with governmental processes, both for citizens and for the government itself.

To take full advantage of the benefits offered by ICT, a country must ensure the existence of an appropriate ecosystem that fosters the development and adoption of these technologies. The main enablers of ICT development are sufficient and good-quality infrastructure and human capital, and innovative business and flexible regulatory environments.

Although certain companies have started programs that address the ICT gap in different regions of the world, a more unified effort is needed. In order to develop actionable recommendations for G20 countries, two challenges must be addressed:

- The lack of consolidated information regarding ICT: There is currently no consolidated information or market intelligence on ICT for various countries, making it impossible to have a reliable, comprehensive data source to follow-up individual performance on specific topics or to make comparisons across countries.
- The variability in countries' starting point on ICT adoption and usage: The levels of penetration, intensity of ICT use, pricing and regulation – among other key enablers of ICT deployment – vary significantly by country, making it necessary to develop ad-hoc recommendations for countries with different levels of ICT maturity.

[1] Based on information presented on McKinsey & Company. Internet matters: The Net's sweeping impact on growth, jobs, and prosperity. 2011. and McKinsey & Company. Online and upcoming: The Internet's impact on aspiring countries. 2012.

II. Key Policy Messages and Recommendations

I. Enabling Broadband for All[2]

Enabling good quality broadband for all involves understanding the unique environment of each country, the cost-efficient construction of physical infrastructure and spectrum management, the development of new business models for services, and the availability of affordable devices and services for consumers to use. Facilitating each of these aspects of broadband requires all actors to think differently.

The Unique Environment

RECOMMENDATIONS FOR GOVERNMENTS

a.

Create a robust data base that allows comparability across countries and across time to track progress on the delivery of broadband for all:

- Define a consistent set of ICT-related indicators to be collected, followed and compared across countries, along with methodologies to calculate them. The data should be collected and published by the main regulatory bodies in each country, ensuring confidentiality of individual data by operator; the International Telecommunications Union (ITU) could aggregate and monitor data from all countries and validate comparisons.
  - Information on ICT adoption and usage is not readily available for all countries and, even when existent, its level of detail varies significantly. Thus, governments should create and put into action a consistent methodology to define and gather key indicators (e.g., on penetration, usage trends, pricing, applications, average revenue per user (ARPU), spectrum usage, geographic coverage, quality, etc.).
  - Two sets of information should be gathered: a core set of technology and access-related measurements (e.g., maximum and average speed, quantity and quality of fixed and mobile access, usage) and a set of indicators measuring the environmental and economic effects of ICT (e.g., digital literacy, ICT-centred businesses, ability to use e-commerce, e-payments penetration, etc.).

b.

Determine the goals for universal access to broadband based on each country's current starting position. Universal access to broadband must be understood as the universal possibility to access ICT based on different technologies selected for their cost-effectiveness, as there are significant differences in ARPUS among countries. The greatest challenge is how to extend broadband to areas and communities that are not currently commercially viable – helping to achieve the level of coverage that allows a whole nation to make a "broadband leap forward". If a coordinated trans-sectoral approach is taken to the deployment of networks, a "win-win" situation for all will be achieved when broadband reaches the last mile, and the last community or business.

c.

An array of constraints on adopting broadband has proven more significant in developing than in developed countries across the value chain. The most important constraints are:

- In supply: Insufficient content, especially in local languages; little or no incentive to offer broadband access technologies; competing demands for investment of operators' capital; lack of market competition to encourage operators to develop and commercially deploy broadband services; and lack of regulatory incentives designed to encourage broadband deployment.
- In connectivity: Limited backbone and international connectivity associated with the lack of an appropriate regulatory framework that encourages investment in those areas in many developing countries; concern on the part of large-scale network operators over the

[2] Based in information presented in: ITU. Broadband: A platform for progress. 2011, ITU. The broadband challenge. 2011, and recommendations made by Alcatel-Lucent and Telefonica.

commercial viability of deploying broadband networks, especially in rural or remote areas.

· In demand: Lack of consumer demand; lack of consumer awareness; on occasion, the need for the pricing of broadband services to be revised according to comparable international parameters; greater priority given to mobile voice communications than data services; and limited availability of affordable end-user devices necessary for connecting to the Internet, such as computers and smart phones.

The Cost-efficient Construction of Physical Infrastructure and Spectrum Management

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Achieve universal broadband coverage, using infrastructure appropriate to the characteristics of geographical regions, taking into consideration the starting points of different countries:

· Investment in infrastructure for ICT has become a priority for countries, regardless of their network development. The networks should be utilized fully, allowing them to distribute all types of content and services and leading to lower prices and greater benefits to consumers.

· Regulatory decisions will be required to allow the smooth performance of networks while avoiding network congestions:

- Fibre optic infrastructure: This infrastructure should link all major population centres and all major government, industrial/commercial, and health and educational centres. It must also provide interconnection to the global communication infrastructure.
- Local high-bandwidth connections: These connections should be made for local hubs to individual homes and businesses; most likely all-fibre or wireless for greenfield developments, and deep fibre to copper, coaxial cable or wireless tails for brownfield developments.
- Broadband wireless infrastructure: This infrastructure should cover all (or nearly all) of a nation's population, as well as all major roads linking population and industrial centres to enable mobile and nomadic services.

b.

Ensure market liberalization and competition, which remain the most effective mechanisms to encourage greater investment in telecommunication networks. Experience shows that liberalization through the licensing or authorization of new operators will yield greater benefits than incentives or obligation-driven approaches. Attracting investment depends on establishing a regulatory framework allowing investors to enter the market and compete on a fair basis. Governments should implement appropriate regulatory measures and incentives schemes to ensure an adequate competitive environment and the existence and self-sustainability of the necessary funding for infrastructure, taking into account the competitive landscapes in the different countries:

· Develop stable and predictable regulatory regimes that are conducive to investment and supportive of commercially viable broadband network deployment. To this end, establishing a credible independent regulatory agency is a prerequisite. Regulators and policy-makers should also focus on removing unnecessary regulatory burdens and encourage market demand for broadband deployment, allowing market forces to promote access wherever possible. Regulators and policy-makers should also focus on removing unnecessary regulatory burdens and encourage market demand for broadband deployment, allowing market forces to promote access wherever possible. This could include suppressing artificial entry barriers for small enterprises and micro-entrepreneurs, as well as NGOs. The following options should be considered in countries depending on their particular situation:

- Lower investment barriers that prohibit or hinder capital flows from one country to another; and reduce regulatory barriers that discourage capital investment and market growth.
- Identify where competition is unlikely to be an effective driver of increased broadband penetration and create a clear regulatory plan that takes into account the tendency of some operators to "cherry pick" only the most attractive markets.
- Foster voluntary commercial sharing of rights-of-

way, support facilities and certain infrastructure.

- Overhaul and streamline cross-agency processes to create "one-stop shopping" for various network-related authorizations.

c.

Establish mechanisms to fund network deployments, especially if regulators and policy-makers see evidence that regulatory incentives and lower-cost network alternatives will not be sufficient in certain areas. This shortfall between market-based measures and universal access is termed the "true access gap". A range of financing mechanisms has been put in place to bridge this gap, ranging from universal service funds (USF) – the number of which has more than doubled over the last decade – to innovative public-private partnerships and business-NGO partnerships:

· Regulators and policy-makers can address the true access gap by, among others:
  - Licensing special rural operators to deploy broadband networks in defined locations.
  - Funding local community initiatives to provide broadband access.
  - Allowing private funding complemented by public subsidies.
  - Giving direct and indirect financial support in return for the deployment of broadband networks – examples of these mechanisms include tax exemptions to operators that roll out infrastructure in rural areas, full or partial subsidies and loans at preferential rates.
  - Requiring operators to deploy broadband access networks – this can be tied to funding mechanisms that are drawn from government revenues or contributions made by all operators at either a flat-rate or a percentage of revenues.
  - Fund wholesale infrastructure and backbone to increase efficiencies and create National Broadband plans with precise milestones.

d.

In developing economies, where the legacy fixed-line coverage is limited and growth will most likely be concentrated in the mobile broadband segment, governments to create flexible, innovative, and technology neutral spectrum management practices to address three main challenges: making more spectrum available; assigning it adequately; and ensuring its optimal exploitation allowing, if necessary, spectrum sharing. In response to these challenges, several regulators have adopted an approach focused on deregulation and greater reliance on market forces in spectrum management.

The Development of New Business Models

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Facilitate experimentation and entrepreneurship in both infrastructure development and services so developing nations can realize the full benefits of ICT ness models globally. To the extent that more entrepreneurial efforts are devoted to the sector, service costs will likely decrease:

· Ensure that government policies and rules maximize the ability of incumbents and market entrants to choose from a variety of business plans and long-term strategies, including resale, wholesale, and niche markets.

· Create a conducive regulatory environment that balances the needs of business with the needs of consumers, enabling the development of both infrastructure-based and service-based competition.

· Governments should refrain from imposing regulatory restrictions other than to facilitate market entry and a level playing field.

· Encourage service providers to experiment with new business models beyond simple subscription, transaction and advertising – such experimentation can be encouraged through mechanisms such as tax deferrals, for example.

The Availability of Affordable Devices and Services

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Share the benefits of the Internet, which currently are only available to those with access to suitable devices for connecting. Additionally, ICT equipment, such as computers, tablets, mobile phones, cameras, scanner and audio/video recorders, are important tools for digital content creators. Affordability of these devices is a function of scale and regulatory barriers:

- Minimize the trade barriers, taxes or levies that limit the development, production, and imports of these devices or that increase their cost and thus reduce access, limiting business and citizen benefits from Internet access. Additionally, limiting available devices could have a negative effect on local content creation and distribution.
- Resist the temptation to create unique market-specific devices, which do not leverage the extensive global R&D and standards efforts of the broader ICT community.
- Encourage industry efforts at the national level to participate in global, consensus-based standards that lead to improved economies of scale in manufacturing and distribution.
- Review national tariff and tax schemes to ensure they prevent market distortions and allow the free-flow of necessary technology and components to create devices at scale.
- Avoid national policies permitting or requiring restrictions on the attachment and use of edge devices beyond those absolutely necessary to protect the core infrastructure from harm.
- Ensure that innovation leads to more affordable device and service prices.

II. Developing Content and Applications for the Public Good: Social Inclusion through ICT

To take full advantage of ICT for the public good, it is necessary to develop the capabilities and provide access to the technologies and real-time information necessary to develop local content and applications; provide access to traditional services to previously underserved population segments through ICT content and applications; and leverage ICT to create new economic opportunities for businesses and entrepreneurs.

Having access to real-time information (i.e. flight or traffic information, waiting time for certain services, etc.) helps make better use of ICT.

Develop the Capabilities and Provide Access to the Technologies and Real-time Information Necessary to Develop Local Content and Applications

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Increase capabilities needed to promote regional and local content development through learning programs and trainings. To do so, governments and the private sector should help to improve basic and digital literacy and create targeted programs in ICT skill development:

- Improve basic and digital literacy through both the formal educational system and lifelong learning.
- Create targeted programs aimed at certain segments of the youth and adult population to teach necessary skills to help others create, record and disseminate local content, while protecting intellectual property.

RECOMMENDATIONS FOR GOVERNMENTS

a.

Provide easier access to the required technologies to promote user-generated content and applications:

- Help reduce the price of recording media for content creators and distributors to help promote the recording and dissemination of local content. Some countries have chosen to impose levies on blank media (e.g., CDs and DVDs) as a way to help compensate artists for the illegal replication of their work. These levies may benefit certain content creators receiving compensation as part of a licensing collective but the blanket nature of the levies means that many other content creators outside the collective must pay more to record and distribute their original content.
- Examine the development of domestic content hosting services and look for ways to promote its development to reduce international transit costs and increase the speed of content storage and delivery. However, policy-makers should also recognize the potential benefits of cloud-scale international

hosting and delivery services.

Provide Access to Traditional Services to Previously Underserved Population Segments through ICT Content and Applications[3]

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Learning: Increase access to free online learning over the Internet in local languages. Powerful trends are emerging that will increasingly use ICT to improve educational outcomes if free access to online learning over the Internet in local languages is available. Experts recognize at least four ICT categories: improvements over traditional textbooks; the ability to find more effective course materials and lectures via the Internet; the use of social networks to increase collaboration and peer-to-peer learning; and new ways to create personal learning environments that leverage playing games as an educational tool.

b.

Healthcare: Develop mobile and remote health technologies to achieve timely patient care at lower cost.

c.

Financial inclusion: Increase the coverage, efficiency, and certainty of electronic transactions. Focus should also be put on the unbanked population by leveraging ICT and establishing the adequate regulatory framework for their transactions, including leveraging the distribution channels and platforms of mobile operators to create mobile banking services that allow users to safeguard their savings, allowing cash transfers across different mobile providers, banks and countries, and potentially the possibility of purchasing goods and services (e.g. airtime, utility bills).

d.

Rural inclusion: Develop content to provide inhabitants of rural areas with information on weather, technical support on farming, and general advice on agriculture.

RECOMMENDATIONS FOR GOVERNMENTS

a.

Promote e-government by computerizing governmental administration, providing public sector data free of charge or at a marginal cost and migrating to online services. These services should be available for relevant platforms and operating systems:

· Computerize administrative services in the interest of modernization and as a way to improve accountability, transparency, and performance. ICT can be a key enabler of state reform. For example, ICT can provide fast and easy access to public sector information.

· Provide public sector data free of charge or at marginal cost. Governments should embrace the idea of openness. Public sector data should be deemed to be available for use free of charge unless specifically exempted for the protection of national security interests, personal privacy, the preservation of private interests, or where protected by copyright or the application of national access legislation and rules.

Open access to public data enhances the transparency of government, and can also enable the development of new services for the daily lives of citizens, such as transit routing services that combine government data with mapping and traffic congestion data. Open data can be a driver of innovation and enhance economic and scientific competitiveness. When public sector information is not provided free of charge, it should be priced in a way that is fair, that facilitates access and re-use and ensures competition. Examples of public data projects and platforms include Microsoft's Open Government Data Initiative and Google's Public Data Explorer.

· Migrate to online services. This will translate into benefits for the population as well as the government itself, since it will allow cost reduction as well as time-saving opportunities. Additionally, offering online services will increase demand for ICT, which

3 Based on recommendations presented in: OCDE, ISOC, UNESCO. The relationship between local content, Internet development and access prices. 2011.

has been shown to have a positive effect on the economy as a whole. Where possible, costs charged to any user should not exceed the marginal costs of maintenance and distribution, and in special cases extra costs, for example, the price of digitization.

- Make available up-to-date maps of the country and major cities.

Leverage ICT to Create New Economic Opportunities for Businesses and Entrepreneurs

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Build new commercial platforms to foster ICT usage to facilitate economic evolution and innovation:

- Promote the adoption of new commercial models through ICT acceptance and usage, for example, in the acquisition of goods and services (e-commerce) and payments through mobile devices.

b.

Enable the participation of emerging companies and entrepreneurs in the global economy:

- Encourage ICT access and adoption by entrepreneurs (particularly SMEs) to facilitate their participation in the global economy and foster competitiveness.

III. Ensuring Cybersecurity for All

Cybersecurity represents the collective activities and resources that enable citizens, enterprises and governments to meet their computing objectives in a secure, private and reliable manner. Cybersecurity threats and technologies have the potential to evolve much faster than regulatory processes. Therefore government and industry must work together to develop appropriate outcome-based frameworks and processes that allow cybersecurity solutions to keep pace with the dynamic threat environment, while also enabling innovation and intellectual property protection.

RECOMMENDATIONS FOR GOVERNMENTS

a.

Improve governments' cybersecurity profile in the near term and promote innovation and leadership in the long term by:

- Establishing a national, coordinated cybersecurity strategy that balances privacy and security.
- Considering a flexible and agile cybersecurity risk management approach that mitigates the risk of compromising the safety and security of citizens, while not prescribing specific technology solutions.
- Promoting appropriate information-sharing capabilities to encourage the flow of data globally to create and deliver relevant, personalized services through the implementation of privacy rules at the international level.
- Considering the international implications (i.e., reciprocity) of any resulting policies or practices, including international cooperation for cyberforensics.

b.

Play multiple roles in the rollout and adoption of cloud-related services. Government can support the emergence of good practices by incentivizing the participation of local players in global interoperability and standardization activities, and it can contribute to trust building on e-government cloud services and security. Overall, the use of clouds by public administrations can create opportunities for industry to innovate in this area.

c.

Look to successful practices from cloud-related businesses, such as the work done by the Open Data Center Alliance. We encourage governments to engage in public-private collaboration on cloud computing.

RECOMMENDATIONS FOR THE PRIVATE SECTOR[4]

a.

Focus on four key areas to continually improve the efficiency and effectiveness of industry's risk management approaches. Industry should make use of

4 Based on recommendations provided by: World Economic Forum. Partnering for cyber resilience. Risk and responsibility in a hyperconnected world – Principles and guidelines. 2012

risk profiling and assessment tools, and risk management programs and methods to:

- Enhance supply chain security practices
- Enhance operational security
- Secure product development, considering privacy when designing products and services
- Enhance education against social engineering (deception for the purpose of information gathering)

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Create partnerships to ensure adequate mechanisms are in place to manage the risk of compromising the safety and security of citizens, as well as to improve the detection of cybercrimes and increase relevant prosecutions, especially of Internet crimes on youth.

IV. Promoting Innovation in ICT

Innovation is imperative for firms to respond successfully to new opportunities and threats, and for countries to enhance their development and social well-being. Innovation has shown correlation to long-term economic growth, since economies with higher rates of R&D investment have higher growth rates[5]. Decision-makers interested in promoting innovation commonly face three challenges: promoting quality educational programs that lead to innovation; developing incentives to invest in R&D; and creating ecosystems to foster innovation with technology hubs and innovation zones.

RECOMMENDATIONS FOR GOVERNMENTS AND THE PRIVATE SECTOR

a.

Promote quality educational programs that lead to innovation:

- In emerging economies, attract the right kind of talent to innovate in ICT and other technologies and to adopt the ones developed in mature economies. To do so the private sector should:
    - Seek to formalize public-private partnerships to develop educational programs that address the skills and capabilities needed to innovate in local industries.
    - Develop capabilities within the home companies to achieve the skills levels needed to succeed in R&D.
    - Pay competitive salaries to the population with R&D capabilities, to promote retention of talent within the country.

b.

Create policies that link universities and the business sector to ensure that the right mix of skills and knowledge for innovation exists:

- Foster coordination among private and public universities with the business sector in order to create study plans that fulfil the labor force requirements.
- Promote the coordination of university and enterprise incentives to ensure a closer collaboration by investing in the creation of science parks, fostering research joint ventures and promoting mobility from public research institutions and the private sectors, for example.
- Create public-private partnerships (PPP) when public and private sectors have complementary interests and cannot be as efficient when acting alone.

c.

Develop incentives to invest in R&D, including fiscal and regulatory measures, such as taxation and intellectual property protection respectively, as well as provide seed capital for innovation:

- Ensure intellectual property protection, as a fundamental tool for the advancement of innovation and creativity. New and complementary balanced approaches to ensure the effective protection of intellectual property should also be encouraged where necessary. These should also ensure protection of legitimate competition and fundamental principles such as the freedom of expression, access to lawful content and Internet services and technologies, fair use and privacy.
- In sound Internet policy, encompass norms of responsibility that enable voluntary private sector

5 Based on recommendations provided by: INSEAD, OECD, Fundación Telefónica. InnovaLatino: Fostering Innovation in Latin America. 2011

cooperation for the protection of intellectual property. Appropriate measures include lawful steps to address and deter infringement and accord full respect to user and stakeholder rights and fair process.

d.
Create ecosystems to foster innovation with technology hubs and innovation zones that offer an integrated environment to spark the creation, enhancement or adoption of solutions: Such ecosystems benefit from geographical proximity, the pooling of skilled workers and of education and training centres that lead to greater circulation of people and knowledge. This flow of knowledge and ideas is seen as one of the major benefits of clustering, as not only investment in R&D but also the results of such activities are shared and spread over a geographical area. In order to promote ecosystems that foster innovation, governments should:

· Identify potential clusters through quantitative and qualitative studies. This includes firms that could work together.
· Create incentives to attract a large number of entrepreneurs and ICT-skilled workers to support the creation of these clusters.
· Create appropriate infrastructure in these clusters, such as connectivity with other innovation hubs and academic concentrations.
· Promote easier access to finance for spin-offs through the provision of advisory services for non-ordinary financial operations and the creation of public guarantee programs and venture capital.

Leveraging the Impact of ICT and Innovation in other B20 Task Forces

Throughout the document it has become evident that ICT is an important tool that can be used to reduce problems worldwide. The first step to fully taking advantage of ICT and understanding its applicability is to evaluate the linkages that exist with the other task forces of the current B20 summit.

Some linkages between the ICT & Innovation Task Force and others have clearly been stated in different sections of the current document:

a.
With the Employment Task Force: Decrease labor market mismatches by creating a robust database that allows educational institutions to understand what the labor market demands and thus, allows it to adapt study plans accordingly. Additionally, the deployment of ICT can improve the learning experience in at least four ways: improvements over traditional textbooks; the ability to find more effective course materials and lectures via the Internet; the use of social networks to increase collaboration and peer-to-peer learning; and new ways to create personal learning environments that leverage playing games as an educational tool.

b.
With the Improving Transparency and Anti-Corruption Task Force: Promote the digitalization and creation of online platforms for governments' administrative services as a way to improve accountability, transparency and performance, for example, and leverage ICT in public procurement processes to decrease incentives for corruption in those processes.

c.
With the Trade and Investment Task Force: Link supply and demand and improve transactions through commercial and information access (e-commerce).

d.
With the Financing for Growth and Development Task Force: Increase coverage of financial services for the underserved population by giving users a platform that allows them access to financial services, such as mobile banking services, which allow users to safeguard their savings, and potentially purchasing goods and services (e.g. airtime, utility bills).

e.
With the Food Security Task Force: Create robust databases and applications to provide real-time information on market conditions to improve the decision-making process of farmers (e-agriculture), including weather information, technical support on farming and general advice on agriculture.

Even though ICT's impact in the Advocacy and Impact and Green Growth task forces has not been included as part of the recommendations, it plays a crucial role in the advancement of their work:

f.
With the Green Growth Task Force: Leverage ICT to achieve resource efficiency in different industries. Further analysis should be done to determine the best way in which ICT can be used by different industries to achieve green growth.

g.
With the Advocacy and Impact Task Force: Allow tracking of the advancement of recommendations in multiple countries and across time through a robust database in which relevant information can be stored.

These are only examples of how ICT can be leveraged to address B20 Task Forces' concerns. However, further cooperation among task forces will yield specific recommendations on how ICT can be fully deployed to the advantage of many. To do this, meetings and conference calls among task force coordinators should be scheduled, to begin the process of collaboration as soon as possible. Additionally, conversations among task force co-chairs should be held to advance the incorporation of ICT in task forces' recommendations. ◆

ANNEX A
Examples

I. Background

Both private and public organizations have started to develop and implement programs that address gaps in each of the enablers of ICT development mentioned. Some examples include[6]:

Millennium Villages Project by Ericsson; Yes, I can! Initiative by Deutsche Telekom AG; Partnerships for Technology Access by Microsoft; Sub-Saharan African Initiative by Cisco; World Ahead Program by Intel; Rural School Connectivity by América Móvil; Mogalakwena HP i-Community by Hewlett-Packard; Global Signature ConnectEd Program by Alcatel-Lucent; Express Accounts in Mexico by BBVA Bancomer.

[6] ICC. ICC BASIS input to the UN Commission on Science and Technology for Development (CSTD) report for its 15th session. May 2012.

II.
Key Policy Messages and Recommendations

Developing Content and Applications for the Public Good: Social Inclusion through ICT[7]

Provide Access to Traditional Services to Previously Underserved Population Segments through ICT Content and Applications

LEARNING EXAMPLES:

· Among the leaders in creating and delivering new approaches to textbooks are K-12 Foundation (www.ck12.org) and Udemy (www.udemy.com). Khan Academy (www.kahnacademy.org) is a leader in providing access to materials and lectures over the Internet in new and creative ways, complete with adaptive online practice materials. In the social networking area, companies like Edmodo (www.edmodo.com) are providing new tools that enable greater learning and greater collaboration. Manga High (www.mangahigh.com) and Grockit (www.grockit.com) are innovating in new ways by creating new game-based approaches to education.

· People can learn from experts in almost every field when they have Internet access with sufficient bandwidth and a capable device such as mobile phone, tablet or computer. For example, TED (www.ted.com) offers free knowledge and inspiration from the world's most inspired thinkers, and provides a social platform to encourage exchanging ideas. Some of the world's leading universities are also making many of their classes available online for free including the Massachusetts Institute of Technology (www.mit.edu), the Open University (www.open.ac.uk) and Stanford (www.stanford.edu).

· The private sector also offers digital inclusion programs like Intel Learn (http://www.intel.com/about/corporateresponsibility/education/programs/learn/index.htm) that not only address the need for digital inclusion but also teach the basic concepts of entrepreneurship for learners of all ages.

· There is also significant experimentation in the field of ICT-based learning in the developing world. For example UNESCO, the World Bank, The British Council, ISTE, the IDB, UNICEF, World Vision, and many other groups, participate in the mEducation Alliance (www.meducationalliance.org) exploring the use of mobile technologies in education. The African Virtual University (www.avu.org) has as its mission to be the leading Pan-African Open, Distance and eLearning Network.

· Efforts such as Project Gutenberg (www.gutenberg.org) and Google Books (www.books.google.com) are working to make the world's vast treasure of written knowledge accessible anywhere.

· E-books, e-libraries and audio-visual content can be of great help. It is important that this is free or accessible but the intellectual property rights should always be protected.

HEALTHCARE EXAMPLES:

· Remote Doctor services and health monitoring create infrastructure, micro-billing and collection technology needed to provide medical advice and monitoring, with specialist support, via video-enabled call centres and specialized devices.

· SMS or other similar services create an info-storage and exchange platform and SMSs provide drug authentication services, medication reminders and patient education and support remotely.

· Electronic health record (EHR) use should be promoted by governments in order to improve the delivery of health services and the creation of better databases.

7 OCDE, ISOC, UNESCO. The relationship between local content, Internet development and access prices. 2011.

FINANCIAL INCLUSION EXAMPLES:

· M-PESA allows money transfer, banking transactions, school fee payments, micro-savings and micro-insurance, among other services, through mobile phones. M-PESA is the most well-known example of mobile applications developed in Kenya. It originally started as a money transfer service, allowing mobile users to send money across the country via mobile phones. Now, its services have expanded to enable users to withdraw money, buy airtime or pay for groceries, utility bills or school fees. Safaricom and Equity Bank launched M-KESHO (kesho is the Swahili word for tomorrow), which provides micro-savings, micro-insurance and micro-credit services through mobile phones. As of September 2010, there were 13.5 million M-PESA users, who represented 81% of Safaricom customers.

· Other countries are already following M-PESA's lead on mobile financial applications. For example, mobile banking applications for the services mentioned will be launched shortly by America Movil in Mexico, Brazil and Colombia. In addition, BBVA Bancomer Express Account in Mexico already has one million users who can check balances and pay for certain services.

· Airtel Money, which works using SIM and USSD, is being used in 12 countries in Asia and Africa. It plans to expand to 20 within the next two years. In India, it allows subscribers to use their mobile wallet to make money transfers, merchant payments, utility payments, cash-in from bank and cash-out to banks. In East Africa, services include micro-credit/loan disbursal, collections, salary payments, government disbursements, pension allotments and distributor collections.

RURAL INCLUSION EXAMPLE:

· In India, M-POWER (a service provided by Bharti) delivers agriculture content over voice in multiple languages and for any mobile phone (using voice messages, a call-back facility, a dedicated "helpline"; "phone-in expert" program and "peer review".). Subject matter experts from various agriculture universities and eminent scientists answer these queries. Currently, thousands of fertilizer cooperative societies are promoting this service to rural people and M-POWER has documented several hundred individual success stories in the UN Millennium Development Goals. ◆

1.
Enable Broadband for All

DESCRIPTION OF ACTION
• Enabling good quality broadband for all involves understanding the unique environment of each country, the cost-efficient construction of physical infrastructure and spectrum management, the development of new business models for services and the availability of affordable devices with which consumers can connect.

RELEVANCE	EXPECTED IMPACT
• The Internet has shown great impact in GDP growth and job creation. • ~65% of the population in G20 countries does not have access to Internet[1]	• ~2,900 million people in G20 countries who currently don't have access to internet

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Increase the percentage of population with access to Internet from 35% to 70% in G20 countries (~1,560 million additional people with access to Internet)	• Communication ministry in each country

MAIN BENEFICIARIES AND DECISION-MAKERS	ILLUSTRATIVE EXAMPLES
Beneficiaries: • Middle and low income population • Business community Decision makers: • Regulators and Congress • Ministries of Communication	• As part of the American Recovery and Reinvestment Act, the FCC developed a plan that seeks to ensure that people of the US have access to broadband capability. The Act also allocates the $7.2 billion USD for improving broadband infrastructure and consumer education[2]

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Create data base that allows comparability among countries (e.g. coverage, quality, costs).	• 3 years	•Lack of coordination among countries to establish a consistent methodology to measure indicators and compile information	• Regulators to request information and coordinate • Government to create incentives to cover areas that are not commercially viable.
• Determine universal access goals based on country's current starting position and invest in creating infrastructure for coverage based on targets for each country.	• 1 year	•Insufficient content for locals, limited connectivity, lack of consumer demand.	• Private sector to make necessary investment.
• Define regulatory framework for each country that creates the incentives and environment for investment and competition. - Diagnose country's competitive landscape - Define regulatory framework accordingly	• 2 years	• Agreement on execution of regulatory framework.	• Government to create the framework and make it law.
• Implement changes to regulatory framework • Create universal service funds or other funding mechanisms to provide investments for areas that will not be covered through market mechanisms	• 2 years		

[1] World Bank. Data from 2010

[2] FCC page: http://www.fcc.gov/guides/recent-fcc-broadband-initiatives

2.

Develop Content and Applications for the Public Good: Social Inclusion Through ICT

DESCRIPTION OF ACTION	
• To fully take advantage of ICT for the public good, it is necessary to (i) develop capabilities and provide access to technologies and real-time information, (ii) provide access to traditional services to previously underserved population, (iii) leverage ICT to create new economic opportunities for businesses and entrepreneurs.	

RELEVANCE	EXPECTED IMPACT
• Great opportunity to impact areas like healthcare, financial inclusion and learning, as well as in the provision of e-government services	• Financial services: ~ 1,500 mm people benefited in G20 countries[1] • Healthcare: ~ 1,800 mm people benefited in G20 countries[2]

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Financial services: Improve from 56% to 90% banked population[3] • Healthcare: Improve reach of e-health to 100% of G20 rural areas	• Ministers of Finance, Health and Education from each country • Government in general (e-government services)

MAIN BENEFICIARIES AND DECISION-MAKERS	ILLUSTRATIVE EXAMPLES
Beneficiaries: • Low income inhabitants of G20 economies Decision makers: • Ministers • Financial institutions	• MPESA (Kenya) • Remote Doctor (UK) • Khan Academy (USA) • America Movil (México)

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Improve digital literacy and create targeted programs to teach skills.	• 1 year	• Coordination among stakeholders to execute project.	• Government and private sector to coordinate and invest in improving digital literacy.
• Change in regulation (financial regulation agency)	• 1-2 years (depending on starting point)		• Companies, FIs and government could promote changes in regulation
• Invest in technological platforms needed (financial institutions)	• 1-2 years	• Unwillingness of carriers/FIs to invest in technology needed	•Carriers and FIs invest in technology
• Educate unbanked population on benefits of using financial services (Government)	• 3 years	• Cultural aversion to technological improvements and banking in some areas of the world can diminish the impact of educational programs	• Governments promote banking and bundle subsidies with banking • FIs create products beneficial to unbanked population

1. Data from 2005.
2. Includes all G20 rural population. No data on starting point
3 Assumes all G20 will reach developed country levels
SOURCE: FAI, World Bank, McKinsey & Company, team analysis

3.
Ensure Cybersecurity for All

DESCRIPTION OF ACTION	
• Cybersecurity represents the collective activities and resources that enable citizens, enterprises and governments to meet their computing objectives in a secure, private and reliable manner.	
RELEVANCE	**EXPECTED IMPACT**
• Security is key to give populations the confidence to use ICT services.	• NA
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Reduce number of successful attacks: - Brandjacking - Data breaches - Malware infections	• Government: ministers of telecommunications, law makers and enforcers • The private sector, by implementing the necessary measures to promote cybersecurity at a firm level
MAIN BENEFICIARIES	**DECISION-MAKERS**
Beneficiaries: • Population at large, by increasing security of online transactions	• Business community • Ministers of telecommunications • Law makers and enforcers

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Create national cybersecurity strategy and flexible risk management.	• 2 years	• Coordination among country stakeholders.	• Government to create legislation and make topic a priority.
• Ensure appropriate information sharing capabilities and coordination at the international level.	• 3 years	• Coordination among international stakeholders.	• Governments to coordinate to create international agreements.
• Enhance private-sector security practices.	• 2 years	• Private sector to notice impact of non-efficient practices.	•Private sector to invest in enhancing practices.

4.
Promote Innovation in ICT

DESCRIPTION OF ACTION
Create an environment that leads to innovation in ICT through: • Promotion of quality educational programs that lead to innovation • Development of incentives to invest in R&D • Creation of technology hubs and innovation zones

RELEVANCE	EXPECTED IMPACT
• Innovation can lead to increase in GDP, job creation and general well-being.	• Studies have shown that 1% increase in the stock of R&D leads to ~1.33% increase in TFP[1] in the short run, and up to ~8% increase after 5 years
CITERIA FOR SUCCESS	**ACCOUNTABLE FOR RECOMMENDED ACTION**
• Increase GERD (Gross domestic expenditure on R&D) from 2.2% to 3.0% for each country[1]	• Government: Ministers of finance, telecommunications and education • Private sector: Universities, private ICT companies
MAIN BENEFICIARIES	**DECISION MAKERS:**
Beneficiaries • Business community • Population at large	• Private and public Universities • ICT companies • Government (finance, ICT, education)

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Promote quality educational programs that lead to innovation.	• 2 years	• Lack of investment environment not good for innovators.	• Government to provide incentives to create programs and private sector to create jobs to educated.
• Develop incentives to invest in R&D.	• 2 years	• Lack of investment and intellectual property protection.	• Government to ensure intellectual property protection so private sector invests in R&D.
• Create ecosystem to foster technology hubs and innovation zones.	• From 5 to 10 years, varying by country	• Creation of incentives to encourage private sector.	• Government to give incentives so private sector invests in innovation hubs.

1 GERD goal in EU countries is 3%; 2 Total Factor Productivity, taken from "The impact of R&D on the Singapore Economy: an empirical evaluation", The Singapore Economic Review

B20

TASK FORCE RECOMMENDATIONS ON FINANCING FOR GROWTH AND DEVELOPMENT

I.
Background

The shared agenda for the business community and governments is to foster growth that promotes jobs and development. Finance is the oxygen of economic growth, and the core focus of the Financing for Growth and Development task force was to make concrete recommendations on how the financial sector can support growth, job creation and economic opportunity. With a particular focus on emerging markets, this task force took a broad view of financial inclusion, looking at access to credit and banking services for individuals and SMEs. The recommendations call for the regulatory treatment of certain activities to be more reflective of their risk, for actions to reduce risk and lastly for a degree of risk sharing between governments and the private sector where this is necessary for growth or development. The financial services sector will be able to meet the needs of the financially excluded and help foster economic growth and development if the recommendations are implemented.

THE NEED FOR ACTION IS CLEAR:

- 2.7 billion adults in developing countries do not have access to a bank account, and large numbers do not have access to savings accounts, loans, insurance, payment systems, pension plans and remittance facilities.[1] In sub-Saharan Africa, only 19% of families have bank accounts.[2]
- World Bank research using data on 99 developing countries indicates that the contribution of SMEs to growth and productivity is inhibited by a lack of access to finance.[3] SMEs are the dynamo of all economies, in many countries employing around 75% of employees and contributing between 30-60% of GDP and 45% of net new wealth.
- Trade finance has a key role to play in facilitating continued trade flows. Following the crisis in 2008, the International Monetary Fund (IMF) concluded that emerging market trade finance spreads rose by a much larger margin and fell much more gradually. However, they were still above pre-Lehman levels in the first quarter of 2010, but bank-intermediated trade finance largely continued to provide funding for trade and, in fact, increased during the crisis.

There is a significant amount of work already underway on these issues following agreements at the Cannes and Seoul summits. G20 leaders need to focus on maintaining the momentum of these existing projects. Action already underway includes:

- Following the creation of the Financial Inclusion Experts Group under the Korean G20 presidency and the work of the Global Partnership for Financial Inclusion (GPFI), the B20 task forces in Cannes and Seoul made recommendations for access to finance and the role innovation can play in meeting the social, economic and demographic challenges we all face. The Mexican presidency of the G20 will support countries to develop national plans on financial inclusion. The Mexican Banking and Securities Commission has developed a financial inclusion methodology, report and database, which is published on an annual basis and measures the level of inclusion per state in the country.
- The G20 Mexican Presidency asked the OECD and the International Network on Financial Education (INFE) to deliver principles on national strategies for financial education, which will involve all stakeholders including financial institutions. This will complement G20 principles on financial consumer protection developed last year by the OECD task force on financial consumer protection and 2010 G20

[1] Consultative Group to Assist the Poor/The World Bank, *Financial Access 2009*.

[2] Gallup, *Few in sub-Saharan Africa have money in a bank*, 11 May 2010, http://www.gallup.com/poll/127901/few-sub-saharan-africa-money-bank.aspx

[3] Ayyagari, Meghana; Demirguc-Kunt, Asli; Maksimovic, Vojislav, *Small vs. young firms across the world: Contribution to employment, job creation and growth*, World Bank, 2011.

principles on financial inclusion.

G20 ministers are committed to ensuring that trade finance markets work effectively. The Basel Committee on Banking Supervision (BCBS) undertook a review to consider the capital and liquidity treatment of trade finance. The actions to address these issues only went part of the way and regulatory impediments continue to exist.

G20 ministers committed to review the unintended consequences of the regulatory agenda on emerging and developing economies. The IMF, World Bank and Financial Stability Board (FSB) are currently undertaking a study into these issues.

II. Key Policy Messages and Recommendations

Financial Inclusion and Development

I. To create an environment that leads to a rapid expansion in access to financial services:

a.

Governments should support widespread access to finance through formal financial services by promoting existing access points, including public networks and government offices, as well as innovative distribution channels, including third-party correspondent and mobile service providers. Governments should seek to create proportionate global regulatory regimes which support this expansion.

The challenge is to find solutions to address the current low levels of participation in the formal financial services sector. To improve access to formal financial services in unbanked communities, governments should make existing public networks available for banking transactions and account opening processes. Relationship banking is key to developing a banking culture and providing local information to support the development of financial services in emerging economies. Governments should increase their efforts to reduce or eliminate barriers at the state or municipal level to encourage the expansion of branch networks.

Governments should also support the provision of financial services through the adoption of new technology to increase the participation rate of those that are currently financially excluded. Mobile penetration has exploded worldwide, with subscriptions growing to over 5 billion and with 6 billion expected by mid-2012. Asia, Africa and the Middle East are fuelling this recent growth. Governments should work to establish universal connectivity (through Internet and mobile) across all communities to promote the use of technology for financial inclusion. This may require improvement to the quality and efficiency of telecommunication services. However, as mobile channels expand, regulators should ensure appropriate levels of protection are available to both bank and non-bank approaches.

Being able to provide financial services and products at scale would help banks deliver services more cheaply and to deliver them to a wider range of customers. There are a number of steps that could be taken to do this. The unbanked tend to lack documentation required to open a bank account. Regulators should reduce account opening requirements for simple ("no frills") accounts, taking into account the level of risk that such accounts pose. The creation of a global approach for Know Your Customer (KYC) procedures would allow banks to broaden access in a cost-effective manner which is not possible with the significant national disparities that currently exist. Additionally, consideration should be given to establishing a central KYC repository for local bank information and business intelligence under the auspices of an international or national agency capable of aligning local banks to KYC/Anti-Money Laundering standards and adherence to sanctions and related measures. This would lower the relationship risk for correspondent banks, lower the cost of access to finance for emerging market developing economies and strengthen the international financial system.

Lastly, governments at all levels should seek to disburse all Government to Person (G2P) and Government to Business (G2B) payments (such as social cash transfers or workers' wages) through electronic payments by linking them to the mainstream financial infrastructure that would provide them with access to other financial products and services.

b.

G20 leaders should eliminate barriers to entry for providing financial services through measures that include: easing the transition for financial providers to transform into regulated institutions; creating a favorable legal environment including effective regimes for documenting property rights and foreclosure legislation; and by considering the elimination of interest rate and profit caps.

Financial institutions have a role to play in helping to support more comprehensive access to finance; however, governments have to develop the framework to be able to achieve this. Country action plans should be devised and implemented to eliminate barriers to entry for financial services providers, so the right incentives are in place to attract new market players to help them build sustainable businesses to effectively serve the unbanked segment of the population. Since microfinance institutions (MFIS) already have access/contact with a segment of the un/underbanked community, regulations should ease the transition for MFIS to transform into regulated entities in order to take deposits and develop multiproduct offerings. This would increase MFIS' capacity to serve the un/underbanked, beyond just credit, and promote a savings culture. Governments should also consider the elimination of interest rate and profit caps where these can be shown to limit the provision of affordable credit to consumers.

Where banks have access to collateral, they are able to offer cheaper lending or extend it to groups that might not have previously been served. However, in many emerging markets, difficulties still exist with establishing and documenting property rights, securing rights against collateral and with taking foreclosure action where a borrower defaults on payments. A favorable legal environment is essential for the development of effective credit markets and in turn would help banks increase the provision of credit to the currently unbanked. G20 leaders should agree to use an index like the Strength of Legal Rights Index in the World Bank Doing Business index to establish specific goals for all countries. The protection of property rights and well-defined rules to strengthen bank collection rights should become a priority in the agenda to ensure a proper legal framework for the extension of credit. Strengthening the rule of law would lead to a lower cost of credit for borrowers with adequate credit histories, would allow consumers to move from more expensive unsecured credit to cheaper secured credit and would provide benefits for financial stability.

II. Financial education, consumer protection and financial inclusion issues need to be addressed by G20 leaders.

IN PARTICULAR, WE BELIEVE:

- Attention needs to be given to the issue of over-indebtedness. There needs to be the right infrastructure, including credit bureaus, so financial institutions can contribute to limiting the over-indebtedness of their customers, by rigorous risk analysis when providing credit. This should be reflected in additional guidance from the OECD in the High-level Principles on Financial Consumer Protection.
- G20 leaders, financial institutions and international bodies should support further financial education guidance by the OECD/INFE, especially for the un/underbanked, other vulnerable groups and SMEs. They should also support the creation of comprehensive national financial education platforms (coordinated across the private and non-profit sector) to develop consumer knowledge and skills so they can more effectively use financial products and services.
- Governments, financial institutions and international bodies such as the OECD/INFE should endeavour to strengthen the financial literacy and consumer protection of individuals and SMEs, as part of the plan to improve financial inclusion. Increasing awareness among individuals and SMEs about the risks of over-indebtedness must form part of this strategy. Vulnerable groups should be particularly targeted. Governments and financial institutions should work together to promote the development of financial capabilities and an appropriate savings culture. Agencies involved in consumer protection should provide statistics and other tools (such as financial calculators) that help consumers to self-assess their risk position and payment capacity. The creation of effective credit bureaus will be an essential tool for reducing the risks of customers getting into to debt. Government support for these reforms will be essential in helping to reduce over-indebtedness.

G20 leaders should agree on a uniform action plan to promote financial inclusion in emerging markets, which includes the work of the GPFI and recommendations of individual emerging markets that have implemented financial inclusion initiatives. Financial inclusion is not restricted to the unbanked. Consumers with diverse needs must be able to access other products and services. This might include: a framework that allows the creation of accessible insurance with reasonable coverage amounts and reduced costs; the development of easy payment networks; the provision of services targeted at those who face particular barriers to access to credit such as female entrepreneurs; and creating an effective monetary and regulatory environment that encourages saving, entry-level products for credit cards and fiscal incentives for creating individual retirement savings accounts. In particular, GPFI should consider what the benefits would be of an increase in payroll banking for SMEs which could assist both SMEs and the financially excluded.

III. SMEs are the lifeblood of the economy and it is essential they are able to secure the credit they need. G20 leaders should support efforts by all countries to improve data on SME finance, in particular bank access to credit data to help banks reduce the costs and increase the availability of credit.

G20 leaders should support efforts by all countries to improve bank access to credit data to help banks reduce the costs and increase the availability of credit. Asymmetric information is one of the main problems facing the credit market. Improving access to credit information through credit bureaus has proved effective in reducing the risk faced by creditors, improving access and reducing credit prices. In seeking to achieve this recommendation, a particular focus should be placed on increasing information held on SMEs because of the wider economic benefits they bring for economic development. One way of evidencing this would be to improve scores on the Depth of Credit Information Index in the World Bank Doing Business analysis.

Furthermore, the OECD's Scoreboard on SME and entrepreneurship finance (which monitors trends in SMEs' and entrepreneurs' access to and use of debt and equity finance) should be expanded to include emerging markets.

Creating the right incentives for viable and profitable SMEs to enter the official economy could considerably increase their willingness to use financial services, increasing their potential growth significantly. There is a role for governments to play in bringing about this change. For instance, governments should seek to curb informal lending practices by strengthening regulation and supervision of non-financial credit providers (e.g. pawn shops and loan sharks).

In most countries, government support for SMEs is scattered between many regulatory agencies and government programs. Identifying a single public entity that oversees and coordinates all the support programs, funding and guarantees for SMEs could bring benefits. Such a body could coordinate federal, state and municipal programs to promote SME development and be the contact point between the national government and multilateral organizations that establish policies for SME development. The government entity that promotes SME development in each country should focus on providing the necessary incentives for SMEs to access trade finance, including funding lines and guarantees by local and international export and import banks.

Governments should promote partial guarantee schemes to help mitigate risk. Partial guarantee schemes would help create the right incentives for financial institutions as they develop adequate products and services that target smaller and informal enterprises. They would also help banks extend additional credit to these businesses.

TRADE FINANCE

Trade finance is particularly important for SMEs because it is an easier and cheaper way for them to borrow compared to other debt funding. Banks are able to make it cheaper because it is more structured and self liquidating. This is relevant to SMEs in particular because of their higher risk profile, which means their borrowing generally attracts higher capital requirements and is more expensive for banks to provide.

IV.
In light of the global economic slowdown and the low-risk nature of trade finance, the FSB, IMF and World Bank study, commissioned by the G20 to consider the effect of regulatory reform on emerging markets, should focus on the unintended consequences of regulation affecting the capital and liquidity treatment of trade finance. It should indicate where remedial action by the BCBS would facilitate increased global trade.

Trade finance has an important role to play in helping to facilitate global trade, economic growth and job creation. There have been many welcome developments to promote financial stability. We welcome the broad thrust of Basel III and in particular a much greater focus on the creation of regulatory liquidity regimes and higher capital levels. However, the right balance is needed to ensure regulatory regimes are sufficiently risk sensitive. We do not believe that the current capital and liquidity treatment reflects the low risks posed by trade finance. We welcome the changes made last year by the BCBS, to the capital and liquidity treatment of trade finance. However, these changes only partially address the capital and liquidity impediments banks face when offering trade finance. For example, the changes recommended only allow for the one year maturity floor to be waived for Documentary Credits. This treatment could be further widened to include self-liquidating trade finance instruments, which is currently at the discretion of national authorities.

Creating a better regulatory framework for trade finance will help to increase the amount of trade finance and reduce the risks that are faced by exporters. When identifying possible recommendations in their report, the FSB, IMF and World Bank should give attention to the following policy options that are likely to provide for a more appropriate treatment of trade finance:

- Capital – A waiver of the one-year maturity floor for Trade Loans and Receivables and agreement that there should be a harmonized approach to implementation. Creation of a Trade-specific Asset Value Correlation (AVC) or risk curve and a harmonized approach to implementation.
- Liquidity – A defined liquidity requirement for Trade Contingents (LCs and Trade Guarantees) based

on data from the International Chamber of Commerce. Recognition of Trade Finance inflows from corporate counterparties at 100%.

· Leverage – A consistent Credit Conversion Factor of 20% for medium-/low-risk off-balance sheet trade finance exposures and 50% for medium-risk off-balance sheet exposures for purpose of the Leverage Ratio as Basel has been applying since 1998 (Basel I) as well as under Basel II for certain trade contingents.

V.
G20 leaders should commission a study to consider ways to encourage the adoption of trade finance in currencies other than the us dollar.

There are real challenges in the current situation where there is a dominant trade currency (us dollar), not least because a lot of domestic trade happens in local currency. Over the last few years, we have seen low interest rates in us dollars but high interest rates in Asian currencies; this has led to a disproportionate move to us dollar-based trade financing. The key to increasing the amount of trade finance undertaken in other currencies is for low fx volatility and deep fx markets. The success of the renminbi highlights the potential for such markets to develop. International banks can help businesses by providing adequate products to manage the fx risk. Banks and relevant governments will also need to work on building a market around the local currency so that the currency could be invested in international markets.

III. Action Agenda for Los Cabos

I.
To create an environment that leads to a rapid expansion in access to financial services:

a.

Governments should support widespread access to finance through formal financial services by promoting existing access points, including public networks and government offices, as well as innovative distribution channels, including third-party correspondent and mobile service providers. Governments should seek to create proportionate global regulatory regimes which support this expansion.

b.

G20 leaders should eliminate barriers to entry for providing financial services through measures that include: easing the transition for financial providers to transform into regulated institutions; creating a favorable legal environment including effective regimes for documenting property rights and foreclosure legislation; and considering the elimination of interest rate and profit caps.

· An action plan in each country should be implemented to eliminate the barriers to entry for providing financial services. The scope of this action plan should include: providing greater incentive schemes for private financial institutions to become regulated; instilling strong legal rights to both lenders and borrowers through reference to the Strength of Legal Rights Index in the World Bank Doing Business index; and consideration should be given to eliminating interest rate and profits caps where these limit the provision of affordable credit to consumers.

· The action plan should include measures to strengthen the rule of law in order to lower the cost of credit for borrowers with an adequate credit history.

- The action plan should be commissioned with a view to agreeing the scope and timetable for the plan by the end of the Mexican presidency.

II. Financial education, consumer protection and financial inclusion issues need to be addressed by G20 leaders.

IN PARTICULAR, WE BELIEVE:

a.

Attention needs to be given to the issue of over-indebtedness. There needs to be the right infrastructure, including credit bureaus, so financial institutions can contribute to limiting the over-indebtedness of their customers, by rigorous risk analysis when providing credit. This should be reflected in additional guidance from the OECD in the High-level Principles on Financial Consumer Protection.

b.

G20 leaders, financial institutions and international bodies should support further financial education guidance by the OECD/INFE, especially for the un/underbanked, other vulnerable groups and SMEs. They should also support the creation of comprehensive national financial education platforms (coordinated across the private and non-profit sector) to develop consumer knowledge and skills so they can more effectively use financial products and services.

- A timetable should then be developed for delivering OECD guidance and for implementing national plans.
- Agencies involved in consumer protection should provide tools (such as financial calculators, books, workshops, etc.) that help consumers to self-assess their risk position and payment capacity.

c.

SMEs are the lifeblood of the economy and it is essential they are able to secure the credit they need. G20 leaders should support efforts by all countries to improve data on SME finance, in particular bank access to credit data to help banks reduce the costs and increase the availability of credit.

- Key deliverables should be agreed on the steps needed to increase the data held in each country by credit bureaus, with a particular focus on the data available for SMEs.

d.

In light of the global economic slowdown and the low-risk nature of trade finance, the FSB, IMF and World Bank study, commissioned by the G20 to consider the effect of regulatory reform on emerging markets, should focus on the unintended consequences of regulation affecting the capital and liquidity treatment of trade finance. It should indicate where remedial action by the BCBS would facilitate increased global trade.

- The review should be finished by the end of 2012, because it will be essential to ensure any conclusions can be taken into consideration as a number of countries move towards legislating and implementing Basel III in 2012.

e.

G20 leaders should commission a study to consider ways to encourage the adoption of trade finance in currencies other than the US dollar.

- An interim report and discussion on possible next steps for investigation should be published before the end of the Mexican presidency. ◆

1. a)

Create an Environment That Leads to a Rapid Expansion in Access to Finance: Improve Regulation, Distribution Channels and Access

DESCRIPTION OF ACTION
• Governments should support widespread access to finance through formal financial services by promoting existing access points, including public networks and government offices, as well as innovative distribution channels, including third-party correspondent and mobile service providers. Governments should seek to create proportionate global regulatory regimes which support this expansion.

RELEVANCE	EXPECTED IMPACT
• 2.7 billion adults in developing countries do not have access to saving accounts, loans, insurance , etc. New mechanisms to provide banking to the "unbanked" are emerging, but better data and security systems are needed.	• Ultimately, up to 2.7 billion inhabitants of emerging economies to gain access to the formal financial services sector via mobile devices and other distribution channels

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Significant reduction in the number of unbanked consumers in emerging markets and greater access of these consumers to other financial services products and services	• G20/national governments and regulators • Financial institutions • Telecommunications institutions

MAIN BENEFICIARIES AND DECISION-MAKERS
• All consumers and businesses, including low- and medium-income inhabitants of emerging economies • Micro and macro-enterprises • Governments and non-governmental organizations

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Develop national action plans to remove barriers to innovative provision of financial services and ensure government payments bring the unbanked into the system	• Commission review in 2012. Finish in 2013	• Low level of participation in the financial sector; mobile penetration	• Governments should leverage existing government programs and make government networks available for bank account transactions and opening
• Promote new distribution channels, including mobile service providers and third -party correspondents	• Ongoing from 2012	• Need to enhance regulation as applicable to ensure channels are well regulated	
• Agree predetermined KYC procedures to reduce cost and speed for providing credit and establish a central KYC repository	• Agree concepts by end 2012	• Will not be effective if all markets have different information/repositories; needs global coordination	

1. b)

Create an Environment That Leads to a Rapid Expansion in Access to Finance: Address Barriers to Entry and Incentives to Provide Finance

DESCRIPTION OF ACTION
• G20 leaders should eliminate barriers to entry for providing financial services through measures that include: easing the transition for financial providers to transform into regulated institutions; creating a favorable legal environment, including effective regimes for documenting property rights and foreclosure legislation; and considering the elimination of interest rate and profit caps.

RELEVANCE	EXPECTED IMPACT
• Effective financial education helps consumers to better engage with financial products and services and obtain micro-credit where appropriate. Educated consumers contribute to sustainable business for the financial institutions.	• Ultimately, up to 2.7 billion inhabitants of emerging economies to gain access to the formal financial services sector via mobile devices and other distribution channels

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Coverage of financial products and services increased in emerging markets with new legislation, making it easier for financial providers to transform into regulated, deposit-taking institutions; a public assessment in all markets on the elimination of interest rates and profit caps; and the promotion of property-rights protection and well-defined rules to strengthen collection rights.	• G20 /national governments and regulators • Financial institutions

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Low- and medium-income consumers in emerging economies • Micro-enterprises	• Governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• National action plans should be implemented to eliminate barriers to entry to provide financial services including: • incentives for non-regulated FIs to transform into regulated deposit-taking entities • assessing the elimination of caps on interest rate and profit • actions to ensure a proper legal framework for the extension of credit	• Clear plan of action agreed by end 2012.	• Balance between increasing incentives to provide credit, preventing excess charges and ensuring a proper legal framework.	• Governments should work to establish universal connectivity to promote the use of financial services • Governments should agree to use recognized indices to establish specific goals for all countries

2. a)

Improve Financial Education, Protection and Financial Inclusion: Consumer Protection and Over-indebtedness

DESCRIPTION OF ACTION	
• Attention needs to be given to the issue of over-indebtedness. Financial institutions should contribute to limiting the over-indebtedness of their customers, by rigorous risk analysis when providing credit. This should be reflected in additional guidance from the OECD in the High-level Principles on Financial Consumer Protection.	

RELEVANCE	EXPECTED IMPACT
• Over-indebtedness poses risks to both consumer protection and financial stability	• Reduce costs and increase availability of credit • Lower transaction costs and increased growth and productivity • Strengthen the capacity of institutions to lend to SMEs

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Reduce over-indebtedness risk measured at country level	• G20/national governments and regulators • Financial institutions

MAIN BENEFICIARIES AND DECISION-MAKERS
• Low- and medium-income consumers

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• The G20 should ensure that, as part of the follow-up work on the High-level Principles on Financial Consumer Protection, further guidance on the prevention of over-indebtedness is included • Creation of credit bureaus for sound credit origination and monitoring of over-indebtedness	• By 2013	• Slow take-up of principles into existing policies	• Governments should create a national consensus on the importance of reducing over-indebtedness • Governments should enact key milestones on improving scores for the Depth of Credit Information Index in the World Bank Doing Business analysis

2. b)

Improve Financial Education, Protection and Financial Inclusion: National Financial Education Platforms

DESCRIPTION OF ACTION			
• G20 leaders should support further financial education guidance by the OECD/INFE, especially for the un/underbanked, other vulnerable groups and SMEs. They should also support the creation of comprehensive national financial education platforms (coordinated across the private and non-profit sector) to develop consumer knowledge and skills so they can more effectively use financial products and services.			
RELEVANCE		**EXPECTED IMPACT**	
• Effective financial education helps consumers to better engage with financial products and services		• National financial education platforms to improve financial well-being and capabilities for hundreds of millions of people globally	
CITERIA FOR SUCCESS		**ACCOUNTABLE FOR RECOMMENDED ACTION**	
• Develop comprehensive financial education strategies and literacy schemes on a market-by-market need basis, aiming to reach the 10% most in need of access to finance and improvement to financial well-being.		• G20 /national governments and regulators • Financial institutions • NGOS	
MAIN BENEFICIARIES AND DECISION-MAKERS			
• Low- and medium -income consumers in emerging economies • NGOS • Governments		• Local, national and global banks • Private financial institutions • Education bodies	
ACTIVITIES	**TIMELINE**	**MAIN BARRIERS FOR IMPLEMENTATION**	**SUPPORT REQUIRED FROM STAKEHOLDERS**
• Establish comprehensive national financial education platforms to develop knowledge and skills to help consumers use financial products and services • Governments and financial institutions should work together to promote the development of financial capabilities and an appropriate savings culture	• Stakeholders engaged and a plan agreed in each market by end 2012 • During 2013	• Lack of resources for national schemes or study; unwillingness to make such efforts a priority • Lack of resources available at a national level	• Governments should coordinate the creation of national financial education strategies which highlight the importance of good credit records

3.

Increase SME Finance Through Better Credit Risk, Provision and Access

DESCRIPTION OF ACTION

- SMEs are the lifeblood of the economy, and it is essential that they are able to secure the credit they need. G20 leaders should support efforts by all countries to improve data on SME finance – in particular, bank access to credit data – to help banks reduce the cost and increase the availability of credit.

RELEVANCE

- Insufficient data is available to access SME credit risk, despite the fact that SMEs employ around 75% of employees and contribute between 30-60% of GDP and 45% of net new wealth

EXPECTED IMPACT

- Reduce the costs and increase the availability of credit
- Increase growth and productivity across emerging markets
- Strengthen capacity of financial institutions to lend to SMEs

CITERIA FOR SUCCESS

- Improved scores on the Depth of Credit Information Index in the World Bank Doing Business analysis
- Increased credit available to SMEs

ACCOUNTABLE FOR RECOMMENDED ACTION

- National governments
- Financial regulatory agencies in each country

MAIN BENEFICIARIES AND DECISION-MAKERS

- SMEs
- Emerging market economies
- Financial regulatory agencies
- National governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Accelerate development of credit bureaus, through traditional and new providers such as telcos, with a particular focus on SME data	• Set ambitious targets under the Mexican presidency and agree on an implementation timetable	• Difficulties in gathering data and the need for passage of national legislation	• Support of governments to develop credit bureaus and of financial institutions to promote their importance
• Develop partial guarantee schemes for SME finance, including support for rural supply chains.	• Develop framework by end 2012	• Upfront cost implication and need for new oversight body	• Support from governments to champion and establish
• Identify single national public entities to coordinate all SME support	• Identify options over 2013	• Many organizations involved with SMEs who will still need to be engaged.	• Federal and regional government, SMEs and export finance to build system

4.

FSB, IMF and World Bank Should Consider Effect of Regulation on Provision of Trade Finance

DESCRIPTION OF ACTION

• In light of the global economic slowdown and the low-risk nature of trade finance, the FSB, IMF and World Bank study – commissioned by the G20 to consider the effect of regulatory reform on emerging markets – should focus on the unintended consequences of regulation affecting the capital and liquidity treatment of trade finance. It should indicate where remedial action by the BCBS would facilitate increased global trade.

RELEVANCE

• Trade finance has an important role to play in helping to facilitate global trade, economic growth and job creation
• Trade finance is a low-risk activity – using a dataset of 60% to 65% of traditional global trade finance activity (worth about US$ 2-2.5 trillion), ICC found fewer than 3,000 defaults in the full dataset of 11.4m transactions

EXPECTED IMPACT

• A defined liquidity requirement for Trade Contingents
• Creation of a trade-specific Asset Value Correlation (AVC) or risk curve and a harmonised approach to implementation
• Consistent Credit Conversion Factor of 20% for medium-/low-risk and 50% for medium-risk off-balance sheet trade finance exposures

CITERIA FOR SUCCESS

• Identify recommendations that lead to more appropriate regulatory regime for trade finance activity
• Address restrictions to trade finance activity in revised regulatory rules, in particular Basel III and Basel II

ACCOUNTABLE FOR RECOMMENDED ACTION

• G20 leaders
• Regulatory agencies

MAIN BENEFICIARIES AND DECISION-MAKERS

• Exporters, particularly SMEs
• G20 leaders
• National governments

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• Consult on specific changes to capital, liquidity and leverage requirements for trade finance	• Launch consultation before the end of 2012 to align any changes with Basel III implementation	• Willingness of governments to commission study	• ICC for industry-wide data • Government support to commission study • BCBS consultation and engagement

5.
Encourage Trade Finance in Non-dollar-denominated Products

DESCRIPTION OF ACTION	
• G20 leaders should commission a study to consider ways to encourage the adoption of trade finance in currencies other than the US dollar.	

RELEVANCE	EXPECTED IMPACT
• Credit crunch in European banks has had an impact on US dollar business • Emerging market banks experienced negative impact of foreign currency financing capabilities	• To assist businesses by allowing them to secure trade finance in their local currency, thus avoiding foreign exchange risk

CITERIA FOR SUCCESS	ACCOUNTABLE FOR RECOMMENDED ACTION
• Increase the creation and adoption of products and services in other currencies • Improve foreign currency finance capability of emerging market institutions	• Governments • Trade finance providers

MAIN BENEFICIARIES AND DECISION-MAKERS	
• Regional and local firms • Emerging market economies	• Trade finance providers

ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
•Commission a study on adoption of alternatives to US dollar for trade finance	• Initiate by end 2012	• Lack of funding or desire to undertake large study on the issue	• International institutions including the World Bank, IMF and WTO together with banks and regulators

B20

ADVOCACY AND IMPACT TASK FORCE

Context and mandate

The Task Force on Advocacy and Impact was created to address the clear need to advance and track B20 recommendations. Most participants in B20 summits have expressed the view that the B20 needs to complement its analyses and proposals with specific and implementable actions and tracking on the advancement of recommendations. Accordingly, the task force's main goal is to define efficient principles for the private sector's engagement on global governance and thus identify and propose ways in which, over time, the business community, working with G20 governments, can advance recommendations and help monitor progress.

To fulfill its mandate, the task force has a) launched an effort to understand the current degree of progress in the advancement of B20 recommendations; b) developed guiding principles to promote the advancement of recommendations and supported task forces in implementing those principles; and c) started to define some guidelines for follow-up to achieve efficacy and ensure consistency and continuity over time.

The Task Force on Advocacy and Impact efforts to maximize impact, help advance the Los Cabos recommendations, and track their implementation coincides with president Calderon's reiterated comments in support of establishing a tracking mechanism. The principles presented in this document were developed during bi-weekly calls since February and, despite the progress made, the group recognizes that its work is part of an ongoing process that will last beyond Los Cabos.

Guiding principles followed by the Task Force on Advocacy and Impact

The processes for advancement and follow-up of recommendations defined by the Task Force on Advocacy and Impact are not intended to be prescriptive and look to include enough flexibility so each country can tailor them to their own specific context. However, there are common elements that are meant to help achieve some degree of alignment.

Members of the task force have engaged in the process as corporate global citizens and not as lobbyists and consider that effective business advocacy has to be based, among other things, on credibility, transparency and integrity of process; reliance on accurate factual data; belief in the common good rather than a company or industry-specific agenda; inclusion of different perspectives; clear and focused objectives; policy orientation; and efficiency and efficacy of efforts.

I. Starting point: degree of progress of recommendations

It is clear that each host has added great value to the B20 process and that the business community's participation, analyses, and proposals have evolved and improved over time. The Task Force on Advocacy and Impact's investigation found that every summit has helped build a stronger process based on the foundations established by its predecessors Accordingly, Mexico's B20 summit efforts will build on the Seoul and Cannes successes and focus on achieving further business community alignment, working closer with the G20 to increase impact and to support the tracking and advancement of initiatives undertaken by the task forces.

It is with these insights in mind and with the intent of achieving higher efficiency and, above all, efficacy, that we are proposing the following guidelines to help advance and communicate results.

II. Advancement process

To advance the B20 proposals, the Task Force on Advocacy and Impact, taking into consideration the input of participating business organizations and CEOs, proposes the following: first, the business community should focus its efforts on fewer high-impact recommendations; and second, they should attain buy-in from key stakeholders at both a national and a global level.

1. Focus on a few high-impact recommendations.

The Task Force on Advocacy and Impact has asked the task forces to suggest a smaller number of high-impact recommendations because it answers to the need to focus efforts and resources on actionable recommendations in order to get traction behind them and, leverage successes to help advance all recommendations over time. It also answers to G20 representatives' feedback that fewer, more focused recommendations are desirable because the group's ability to absorb and implement recommendations is limited. Finally, fewer recommendations allow for key stakeholders to move quicker and be more effective. Having said that, it is clear that every recommendation made by the task forces should be addressed both by the business community and policy makers since they all are of great importance.

As a result, the task forces were asked to include no more than three to five recommendations, prioritize them, create a specific action plan behind them, and develop appropriate metrics.

To prioritize recommendations, the task force proposed the following criteria:

- IMPACT AND FEASIBILITY:
  Selected recommendations should have fewer barriers for advancement in the short term and higher potential impact.

- KEY STAKEHOLDERS:
  Ideally, at least one action associated with a prioritized recommendation should be advanced by the private sector alone in order to gain traction and show governments that the private sector is a committed partner in the process.

- G20 PRIORITIES:
  Selected recommendations should ideally be topics that are aligned with G20 government agendas.

Further, recognizing the importance of providing policy makers and other stakeholders with a clear road map to implementation, the Task Force on Advocacy and Impact worked with other task forces to define specific action plans for each prioritized recommendation, including support needed from key stakeholders and, where possible, specific commitments by participants. Finally, the groups set metrics and criteria for success for the actionable recommendations.

To facilitate this process, the task force elaborated a common template for all groups (Annex A) and worked with them to advise on the content needed. Accordingly, the actionable recommendations and templates that resulted from this effort (Appendix B20 Task Force Recommendations) will be the focus of the advancement efforts and will be the subject of our tracking and follow-up activities, which we describe in the next sections.

2. Develop a buy-in process.

There are four main enablers that could allow the different task forces to reach consensus with key stakeholders: a) efforts to gain endorsement from key stakeholders; b) establishment of role models to gain traction and motivate advancement; c) timeliness in the delivery of recommendations; and d) constant communication with policy makers.

a.

EFFORTS TO GAIN ENDORSEMENT

The Task Force on Advocacy and Impact proposes business act collectively through some form of chosen coordinating mechanism. Given that each country has different political and business contexts, the composition of the group that leads this action will vary across countries, but it is critical that the group represents the business community and has substantial influence in order to promote the advancement of the recommendations.

Accordingly, this group will work with the broader business community and strive to gain endorsement from all key stakeholders that are needed to move forward.

To do this, the group will first look for alignment of the actionable recommendations with the business agendas of their respective countries. Where there is alignment, the participants will define how best to press forward, taking into consideration each country's context. Where there is no such alignment, participants must determine how and when to look for support in order to make the recommendations part of the agenda, if at all possible.

As such, the process through which endorsement is built and recommendations are advanced must be flexible enough to take into consideration each country's agenda, stakeholders, and political and economic context, and the group participants must commit their support to the process and will make efforts to gain endorsement and move the actionable recommendations forward at a national level.

b.
ESTABLISHMENT OF ROLE MODELS

To gain traction, some recommendations can be tested with "pilot countries." This can provide a platform to motivate other countries to undertake efforts to advance the different recommendations, as well as provide insights on how the different recommendations can be advanced more efficiently.

c.
TIMELINESS IN THE DELIVERY OF RECOMMENDATIONS

A main enabler to promote the advancement of recommendations is the inclusion of B20 recommendations in the G20 agenda. To this end, it is very important to provide policy makers the opportunity to review and discuss B20 recommendations in the months leading up to the G20 summit. As such, the B20 community has to establish direct communication with the government authorities of the host country, gain access to scheduled ministerial meetings, and create contact points with all participating countries.

In the case of the B20/G20 under the Mexican presidency, a meeting was held in Puerto Vallarta two months prior to the final B20 and G20 summits in Los Cabos, in which the different B20 task forces presented their recommendations to President Felipe Calderón and government representatives.

In addition to that meeting, the different task forces have participated in several G20 finance, economy, trade, labor, agriculture, and energy ministerial meetings. Also, there has been constant communication with Mexican government officials, including their participation on a "pitch call", in which each task force presented its prioritized recommendations to other task forces and Mexican government representatives so that these stakeholders could gain a deeper understanding of the recommendations, discuss how they are interrelated, and, if possible, gain support for their advancement. Finally, some group members have had contact with their respective governments to discuss the proposals.

All these efforts have allowed task forces to get feedback regarding the feasibility of their recommendations and to make the necessary adjustments to increase the probability of enabling B20 proposals to be part of the G20 discussions and agenda. In addition, the efforts have provided important opportunities to gain the necessary endorsements to move the actionable recommendations forward.

d.
CONSTANT COMMUNICATION WITH POLICY MAKERS

It is the belief of this task force that communication with authorities on B20-related matters and the effort to gain alignment and advance recommendations should not be limited to the preparation of the B20 meetings but rather should be a continuous and thorough process. Accordingly, group members should commit themselves to continued communication and efforts to move forward and track the advancement of recommendations.

III.
Follow-up process

The Task Force on Advocacy and Impact considers follow-up is a basic management principle for achieving advancement of recommendations, and thus commits to track the advancement of recommendations during the B20 Mexican presidency.

The follow-up process should be supported by experienced, independent, and well-respected institutions in each country (for example, think tanks or universities) chosen by and interacting with the key stakeholders in such countries. They should follow these basic principles to ensure comparability and consistency: simple process; transparent, defined frequency of reporting; participation in review meetings; common follow-up methodology (for example, definition of metrics and their measurement); and common reporting methodology (for instance, a dashboard).

For the Mexican B20/G20 presidency, the Advocacy and Impact Task force developed a dashboard for prioritized recommendations to be tracked during the year. Once each country determines the level of advancement of the recommendations (expected by October 2012), the information at the national level will be shared with this task force so that a global dashboard can be compiled and shared with all participants and governments (expected by November 2012).

Finally, given the importance of continuity in order to advance recommendations, during the Mexican presidency the task force will start engaging with the Russian B20/G20 presidency and, during the November update, will seek to lay out a process for continued monitoring and engagement. ◆

ANNEX A: Recommendations template

TASK FORCE
Action name

DESCRIPTION OF ACTION			
• -			
RELEVANCE		EXPECTED IMPACT	
• -		• -	
CITERIA FOR SUCCESS		ACCOUNTABLE FOR RECOMMENDED ACTION	
• -		• -	
MAIN BENEFICIARIES AND DECISION-MAKERS			
• -			
ACTIVITIES	TIMELINE	MAIN BARRIERS FOR IMPLEMENTATION	SUPPORT REQUIRED FROM STAKEHOLDERS
• -	• -	• -	• -

Source: -

APPENDIX:
B20 TASK FORCE RECOMMENDATIONS: CONCRETE ACTIONS FOR LOS CABOS

Introduction

Each of the B20 task forces, with guidance from the Task Force on Advocacy and Impact, prioritized recommendations and made them actionable by adding the activities needed to implement recommendations. This appendix presents the prioritized recommendations from all seven B20 Task Forces, which does not necessarily reflect the positions of the members of the Task Force on Advocacy and Impact.

B20 Task Force on Food Security

The aim of the B20 Task Force on Food Security is to contribute to the G20 food-security agenda in 2012. The task-force recommendations aim to encourage private-sector engagement and to achieve greater alignment among all stakeholders in order to accelerate and implement national food- and nutrition-security programs. The task force draws upon the "New Vision for Agriculture," which emphasizes the linkages among food security, environmental sustainability, and economic opportunity, and places the farmer at the center of multistakeholder efforts to improve agriculture productivity and food security. In particular, the task force encourages a shift from aid to entrepreneurship in its approach to empowering farmers, with a goal of building capacity and a market environment that will enable farmers to thrive as the frontline providers of sustainable food security.

I. Significantly enhance public- and private-sector investment to achieve a 50 percent increase in agricultural production and productivity by 2030.

Metric and criteria for success

AVAILABLE MEASURES:

- Public-sector investments in agriculture as a percentage of agricultural GDP

Proposed future measures:

- Private-sector investment in agriculture
- Average income and rates of market access among smallholder farmers
- Total factor productivity in agriculture, across countries

Commitments needed

FROM INDUSTRY

- The private sector should increase investments in agriculture to help reach the twin goals of increasing production and productivity by 50 percent by 2030 and improving the livelihood of smallholder farmers.

- Sectors represented by the task force plan to invest an additional $10 billion to $15 billion, expanding market and input access for 3 million to 5 million smallholder farmers, and improving the income and productivity of 2 million to 3 million women farmers.
- Investments should ensure the sustainable use of resources, including farming inputs, and should expand market access for smallholder farmers, especially women.

FROM THE PUBLIC SECTOR

- Governments should create an enabling environment for private-sector investment by establishing effective public-policy frameworks and incentives and by investing in essential infrastructure and services.
- Governments should increase their investments in agriculture to help increase production and productivity by 50 percent by 2030, and to improve the livelihood of smallholder farmers. Policy measures can be targeted to catalyze, de-risk, and offer incentives for sustainable private-sector investment in agriculture and food-value chains. Public programs should also be designed to empower women farmers.
- Government investments should take an integrated approach to strengthen whole value chains by improving infrastructure, boosting productivity, and reducing waste.
- Policy measures, including subsidies, should encourage sustainable use of resources.
- Promote financial-services provision in rural areas from a diverse and complementary array of providers, including farmer organizations, microfinance institutions, and commercial banks.

II. Strengthen national food-security programs, supported by public-private partnerships.

Metrics and criteria for success

- Number of countries with robust national food-security plans
- Number of countries implementing national-level public-private partnerships in coordination with the World Economic Forum New Vision for Agriculture Initiative and the Africa-focused Grow Africa partnership.

Concrete action

The realization of many of these actions depends on the implementation of robust national agriculture and food-security programs, supported by national-level public-private partnerships. Such partnerships are currently being piloted in 11 countries, in accordance with the World Economic Forum's "New Vision for Agriculture" initiative. The partnerships can provide a coordinating platform from which further initiatives can be launched for the benefit of multiple stakeholders, with the shared goals of increased productivity and sustainability of local agricultural systems. The partnerships also provide a forum for the joint addressing of risks and obstacles encountered in this environment, and the development of new opportunities for small-scale farmers.

Commitments needed

- Governments can enable such partnerships through strong leadership by heads of state to drive public-private collaboration and action, ensuring that all stakeholders, including farmers, are fully engaged.
- Donor agencies and international organizations also play important roles by providing catalytic financial support and sharing best practices across regions.
- The private sector can deepen its engagement in such collaborative initiatives and share the lessons of efforts already under way.

B20 Task Force on Green Growth

The B20 Task Force on Green Growth has proposed five "Priority Actions for Los Cabos" to G20 stakeholders. While all five are tangible, actionable ideas, one idea in particular represents a significant opportunity to advance the green-growth agenda in the next 36 months.

I. At the Los Cabos summit, endorse the launch of a new club called the B20 Green Growth Club to facilitate and monitor progress in delivering green growth.

The club will have a three-year mandate and will initially focus on transforming global financing flows for green growth by strategically targeting public financing to dramatically scale up private investment.

Concrete action

At the time of the Los Cabos summit the B20 will declare a new club of international financial institutions, development banks, companies, banks, and private investors. As stated above, the club is designed to make practical progress on the green-growth agenda within the next 36 months, with an initial focus on financing. We invite development and finance ministers and international financial institutions to engage with the B20 Green Growth Club to scale public-private financing structures for green growth and United Nations sustainable energy for all investments. We will report on our progress in leveraging private finance at future G20 summits.

Initial activities

In its first phase, the club will work with the G20 to facilitate efforts to target public funding to leverage private investment by:

- Identifying and sharing best-practice risk mitigation and co-investment funding structures for green investment
- Supporting efforts to move away from a project-by-project approach to a portfolio-investment approach
- Working with G20 leaders to incorporate "leveraging private finance" as a key performance strategy for international financial institutions and national development banks

Commitments needed

- We call upon leaders from international financial institutions, development banks, companies, banks, and private investors to join the B20 Green Growth Club and support its efforts.
- We call upon governments, including finance and development ministers, to engage with the club and create an enabling policy environment for green growth by implementing task-force recommendations for:
  - Promoting free trade in green goods and services
  - Achieving robust pricing on carbon
  - Ending inefficient fossil-fuel subsidies
  - Accelerating low-carbon innovation
  - Dramatically increasing efforts to target public funding to leverage private investment

B20 Task Force on Employment

The B20 Task Force on Employment has proposed five "Priority Actions for Los Cabos" to G20 stakeholders. These have been developed based on three foundational principles: first, that the priority actions be scalable, hence able to make a significant impact on the challenge of unemployment; second, that they are able to be locally adapted to match the social, political, and economic environments of the different G20 countries; and third, that they be formulated and adopted in such a way that stakeholders can be held accountable for their implementation over time.

While all five priority actions proposed by the task force represent sets of tangible, actionable ideas, two ideas in particular represent significant opportunities for G20 stakeholders to contribute to job creation.

I. Facilitate growth of small and medium-size enterprises (SMEs) and innovative business models.

Concrete action

Business leaders and associations, with the support of local governments, should commit specific resources to supporting growth and innovation potential along value chains, including identifying and strengthening high-potential SMEs, cooperatives, and social enterprises.

In all G20 economies, significant employment could be created by targeting and supporting those enterprises with both the desire and potential for rapid revenue and employment growth. Larger organizations, particularly multinational corporations, have a unique opportunity to identify and strengthen such entities, using their knowledge and experience along value chains and building on existing supplier, customer, and community relationships.

Commitments needed

- We call upon business leaders to commit to setting aside a specific or increased amount of funding as well as leadership support for these activities, with the goal of investing such resources along their value chain in the coming 12 months.
- We call upon governments from pilot countries to commit to creating enabling local environments for such value-chain and community-related investing, and identifying local government champions.
- We call upon G20 governments and academic leaders to invest in research on a robust methodology for targeting those enterprises with characteristics that indicate high growth potential.

II. Scale internships and apprenticeships.

Concrete action

Business leaders and associations, with the support of national and local governments and academic institutions, should commit to a major campaign to scale and improve the image and quality of apprenticeships and internships.

The existence of a skills mismatch between the demands of business and labor-force supply creates unnecessary unemployment and retards growth. Particularly among young people, both general employability skills and specific technical skills are often lacking. This mismatch can be somewhat alleviated by scaling and improving the image and quality of apprenticeships and internships, whereby job-relevant and career-enhancing skills are imparted in a supportive environment.

Commitments needed

- We call upon business leaders to commit to a specific, incremental increase in apprenticeships and internships, with a suggested increase of 20 percent for the 12 months ahead.
- We call upon G20 governments to upgrade and scale local apprenticeship and internship programs by working with training providers, accrediting bodies, education departments, and businesses on the content, curricula, and design of apprenticeships and internships.

· We call for the setting up of a pilot coalition of interested governments, academic institutions, and businesses (in at least five countries across Europe, Asia, Africa, North America, and Latin America), that will commit to designing and testing a cross-G20 internship and apprenticeship exchange scheme, similar to the Erasmus program in Europe and North Africa, by June 2013.

B20 Task Force on Improving Transparency and Anticorruption

The need for concrete and continuous action by G20 governments and businesses remains as strong as ever. The B20 urges G20 leaders at Los Cabos to give a clear and permanent mandate to the G20 Working Group on Anticorruption in order to lock in and further advance the considerable progress that G20 countries have made, both individually and collectively, on combating corruption and improving transparency. In particular, the business community invites the G20 to further develop the Seoul Anticorruption Action Plan in order to (i) ensure its full implementation by all G20 countries; (ii) tackle areas that have not been covered so far, for example, illicit flows, transparency in international payments, and corruption in the organization of major sport events.

We highlight below our most pressing recommendations, with a focus on key actions and decisions that can be taken at the Los Cabos summit and in the lead-up to the next G20/B20 Summit in 2013.

I. Key priorities for G20 governments.

The key transparency and anticorruption priorities for governments should be to streamline their public procurement processes, to address the demand side of bribery, and to encourage and offer incentives for business action against corruption.

Commitments needed

PROPOSED IMMEDIATE ACTIONS:

- G20 leaders should reaffirm (at Los Cabos) the mandate of the G20 Working Group on Anticorruption with a view toward: securing the full implementation of the Seoul Anti-Corruption Action Plan; identifying and developing new streams of work; and maintaining a strong and continuous dialogue with the business community.

· All G20 governments should commit (at Los Cabos) to conducting independent assessments of their public procurement systems through Organisation for Economic Co-operation and Development (OECD) integrity reviews and other mechanisms, and to publishing the results (by 2013).

· The G20 should adopt (at Los Cabos) common principles on asset disclosure for public officials in vulnerable positions, and all governments should implement them in a timely manner (by November 2012).

· G20 governments should agree (at Los Cabos) to develop a compendium of best practices in the fight against solicitation, establish appropriate high-level reporting mechanisms to address allegations of solicitation of bribes by public officials (by mid-2014), and endorse the setting up of a pilot project in a country willing to test such mechanisms (by November 2012).

· The G20 should develop and endorse common principles on enforcement of foreign bribery legislation (by November 2012).

· One pilot country, preferably Mexico, should be selected this year (at the Los Cabos summit) for a pilot program on transparency and anticorruption. In cooperation with the private sector, G20 leaders would explore the focus country for possible engagement processes and mechanisms during its upcoming United Nations Convention Against Corruption (UNCAC) review (by the beginning of the next review year in July 2012) and during the follow-up on the recommendations from the review process (by September 2012).

FOLLOW-UP ACTIONS:

· Governments, in cooperation with the United Nations Office on Drugs and Crime and technical-assistance providers, should agree on a model review process for private-sector involvement in the UNCAC review mechanism (by April 2013) and should assess the effectiveness of the selected approach (by mid-2013).

· Export credit agencies of G20 countries should develop anticorruption training programs tailored to small and medium-size enterprises (SMES) (by end-2013).

· G20 governments, with the support of the OECD and input from the private sector, could devise a checklist for transparent processes during the pre-tendering and execution phases (by 2013).

· G20 governments should introduce measures asking companies, including state-owned enterprises, to certify that they have a robust anticorruption compliance program in place as an eligibility requirement to participate in public tenders and to benefit from export financing (by end of 2013).

· Governments should address issues related to article 4.3 of the OECD's Anti-Bribery Convention and articles 48 and 49 of UNCAC concerning multiple jurisdictions, law-enforcement cooperation, joint investigations, and coordinated sanctions, and should evaluate the need to revise national rules (by mid-2013).

II.
Key priorities for the business community.

The key transparency and anticorruption priorities for the business community should be to increase its participation in collective-action and sectoral initiatives, to encourage cross-fertilization through the sharing of best practices and training materials, and to engage SMES through supply chains.

Commitments needed

· Companies should invite participants in their value chain to join existing collective-action initiatives in their respective sectors and/or to initiate multi-sector initiatives (ongoing).

· The B20 should select a head of the collective-action hub initiative (by mid-2013) charged with designing and developing a central hub that will provide information on existing collective-action initiatives (by mid-2014).

· Companies should engage SMES through their supply chains and provide them with concrete support in the adoption of best practices in resisting corruption, including, possibly, through the launch of an industry-sector supply chain initiative (by end of 2013).

· The business community should develop training materials on anticorruption compliance (by end of 2012) and deliver a "train the trainers" program aimed at compliance officers from the private sector (by mid-2013).

III. Key priorities for joint government and business action.

The key transparency and anticorruption priorities for joint government-business action should be to further develop a platform of dialogue, promote participation in integrity pacts, support efforts to raise SME business-integrity standards, and identify good practices to facilitate active cooperation between companies and enforcement authorities.

Commitments needed

- Governments and businesses should work together to deepen the G20/B20 dialogue. One means for doing this would involve the creation of a permanent platform, through which both actors could develop and implement realistic commitments (by end of 2012).
- Governments and businesses should commit to entering into integrity pacts and other joint sectoral initiatives (ongoing) and should establish active participation by companies in such initiatives as an eligibility requirement for participating in public tenders.
- Relevant G20 government bodies and business associations should devise a strategy to disseminate model codes of conduct tailored to SMEs and should encourage SMEs to implement an anticorruption program as a condition for participating in public procurement (by end of 2013).
- Governments and business should identify good practices that would encourage (with incentives) self-reporting by companies and active cooperation with enforcement authorities, and where appropriate, should carry out pilot projects (by end of 2012).

The B20 Working Group on Improving Transparency and Anticorruption, with the support of the International Chamber of Commerce and the World Economic Forum, remains committed to leading and facilitating business engagement with G20 leaders—at Los Cabos and beyond—to further advance the global anticorruption agenda.

B20 Task Force on Trade and Investment

The B20 Task Force on Trade and Investment has made six recommendations to G20 leaders, which taken together constitute a focused and integrated "action agenda for Los Cabos" on trade and investment.

At the request of the B20 Task Force on Advocacy and Impact, the Task Force on Trade and Investment suggests that immediate implementation of three of these recommendations would significantly boost global efforts to spur jobs and growth. The three priority recommendations are as follows:

I. The G20 should push for rapid progress on specific, prioritized items on the World Trade Organization (WTO) negotiating agenda, in order to promote the long-term interests of both developing and developed economies.

THESE ITEMS INCLUDE:

- Concluding the negotiations on a multilateral agreement on trade facilitation
- Encouraging the implementation of trade-enhancing measures for the least developed countries, for example, the phasing out of cotton subsidies
- Eliminating agricultural export subsidies
- Expanding the Information Technology Agreement
- Finalizing agreement on the transparency mechvanism for preferential trade arrangements
- Completing the Dispute Settlement Understanding review negotiations

Potential barrier

Disagreement among G20 members, or attaching conditions to the implementation of some items

Commitments needed

- In addition to expressing support for prioritizing the items above within the WTO, the G20 should encourage other WTO members to also support such an approach.
- Such a decision could be implemented immediately by WTO members if they agree.

Commitments made by the task force

The B20 Task Force on Trade and Investment is committed to discussing the benefits of such a decision with G20 leaders at Los Cabos.

II.
The G20 should lead by example in rejecting measures that restrict trade and investment and in promoting measures that enhance them.

Potential barrier

Disagreement among G20 members on the need to strengthen the G20's capacity to consider the impact of trade and investment measures

Commitments needed

- G20 leaders should give G20 trade ministers a mandate to conduct regular peer reviews of trade and investment measures and their impacts. Reports compiled by the WTO, the United Nations Conference on Trade and Development, and OECD can provide a factual basis for such reviews. This peer-review process should lead to the effective rollback of measures that restrict trade investment and to the establishment of common principles for open and fair competition.

Commitments made by the task force

- The B20 Task Force on Trade and Investment stands fully behind the G20's earlier commitments to reject protectionism and is ready to work with the G20 on establishing and contributing to the peer-review process.

III.
The G20 should reiterate its support for open, cross-border investment as an essential contributor to growth, development, and job creation and take concrete steps to advance an international investment agenda.

Concrete action

The G20 should create a working group on investment to identify issues, impact, and key action areas and should report back to the next G20 Summit in Russia in 2013.

Potential barrier

Disagreement among G20 members to move this agenda forward

Commitments needed

- The G20 should encourage a broad dialogue on international investment issues.

Commitments made by the task force

- The B20 Task Force on Trade and Investment welcomes a discussion on investment with G20 leaders, ministers, and sherpas as well as the opportunity to contribute to the implementation of a forward-looking G20 agenda on this issue.

B20 Task Force on ICT and Innovation

Information and Communication Technology (ICT) has proven to be a major transformative force, driving socioeconomic progress and productivity around the world. When fully deployed, ICT has had a positive impact on society as a whole, including individuals, businesses, and governments. However, substantial differences in ICT availability between developed and developing countries remain. To address this, the B20 Task Force on ICT and Innovation has proposed four "Priority Actions for Los Cabos" to G20 stakeholders. While the task force believes that successful execution of all four priority actions is essential to fully realize the social and economic benefits of ICT, we note that two ideas in particular must take priority in order to benefit a larger portion of the population in the shorter term.

I.
Enable broadband for all.

Enabling good-quality broadband for all involves understanding the unique environment of each country, cost-efficient construction of physical infrastructure and spectrum management, development of new business models for services, and availability of affordable devices and services for consumers to use.

Metrics and criteria for success

- Double the percentage of people in each G20 country who have affordable access to the Internet.

i) ICT database: Create a database that allows comparability of ICT-related indicators across countries and across time (for example, indicators related to coverage, quality, and cost of ICT, as well as indicators measuring the economic effects of ICT, such as digital literacy levels and e-payments penetration).

Commitments needed

- Telecom ministries from G20 countries should require the publication of ICT-related indicators for the private sector.
- Telecom companies should commit to providing the required information to build these ICT-related indicators
- A global entity should collaborate with telecom ministries to compile and publish the information captured at a national level.

Commitments made by the task force

- America Movil commits to work in coordination with the International Telecommunication Union (ITU) and other multilateral organizations to establish and analyze the indicators to be tracked and the methodology to measure them.

ii) Universal access: Determine universal access goals based on each country's starting position and invest in creating the appropriate infrastructure for coverage based on the country's unique circumstances and established goals.

Commitments needed

- Each country needs a local representative who commits to coordinating efforts to establish universal access goals.

Commitments made by the task force

- The ITU commits to evaluate and report on the current ICT deployment situation in each country utilizing the indicators described above, and agrees to establish improvement goals for each of the key indicators.

iii) Regulatory framework: Each country should ensure that it has enacted a regulatory framework that creates the incentives and environment to stimulate investment and competition across all sectors of the ICT ecosystem. This framework should facilitate use of newer technologies and mechanisms such as dynamic spectrum access to enable economic viability in all areas.

Commitments needed

- Telecom ministries and regulators should commit to adapting the regulatory framework in order to facilitate and promote the needed investments.
- Governments should commit to creating universal service funds and/or establishing public-private partnerships as additional funding mechanisms to accelerate infrastructure development in areas where market mechanisms fail.

II. Develop content and applications for the public good: social inclusion through ICT.

Having access to government services, education, banking, and real-time information such as flight information, traffic, waiting time for certain services, and so on improves and enables society as a whole. For the benefits to be fully realized it is important to provide access to the technologies and information necessary to develop local content and applications; provide access to traditional services for previously underserved population segments through ICT content and applications; and leverage ICT to create new economic opportunities for businesses and entrepreneurs.

i) Development and digital literacy: Develop capabilities and provide access to the technologies necessary to develop local content and applications and improve basic and digital literacy by creating targeted programs to teach ICT skills.

Commitments needed

Education ministries and telecom ministries should expand the formal education system to provide programs to improve digital literacy and ICT skills.

ii) Regulation: Each country should ensure that it has enacted a regulatory framework that enables development and deployment of digital services. For example, financial regulations may need revision to allow mobile banking. Regulations should enable delivery of e-government services.

Commitments needed

- Governments should computerize their administrations, provide public-sector data free of charge or at a marginal cost, and migrate to online services.
- Telecom and finance ministries along with regulators should adapt the regulatory framework in order to facilitate and promote new content and application services such as mobile banking, health, education, and government.

iii) Technology platforms: Invest in technology platforms to provide content and applications for the public good.

Commitments needed

- Telecom and finance ministries should work with the private sector to develop and promote financial incentives for investment in the necessary technology platforms to provide content and applications.

B20 Task Force on Financing for Growth and Development

The B20 Task Force on Financing Growth and Development has proposed five "Priority Actions for Los Cabos" to G20 stakeholders. The shared agenda for the business community and governments is to foster growth that promotes jobs and development. Finance is the oxygen of economic growth, and the core focus of the Task Force on Financing for Growth and Development is to make concrete recommendations on how the financial sector can support growth, job creation, and economic opportunity. With a particular focus on emerging markets, this task force has taken a broad view of financial inclusion, looking at widespread access to formal financial services by promoting existing access points, including public networks and government offices, as well as innovative distribution channels, including third-party correspondent and mobile-service providers, in addition to access to credit and banking services for individuals and micro, small, and medium enterprises (MSMEs). The task force has also developed specific recommendations on how to promote financial education in order to develop financial capabilities and a savings culture among un-/underbanked groups.

The recommendations of the task force call for the regulation of certain activities to be more reflective of their risk, for actions to reduce risk, and finally, for a degree of risk sharing between government and the private sector when it is necessary for growth or development. The financial-services sector will be able to meet the needs of the financially excluded and help foster economic growth and development if these recommendations are implemented.

Two of the ideas that provide a significant opportunity for G20 stakeholders to make real progress in financing growth and development are outlined below, along with the priority actions.

I. Trade finance: The G20 should recognize the low-risk nature of trade-finance activity and the value it provides for emerging economies and take action to reverse the unintended consequences of the capital and liquidity treatment of trade finance.

Rationale

Trade finance has an important role to play in helping to facilitate global trade, economic growth, and job creation. Trade finance is a low-risk activity: using a dataset of 60 to 65 percent of traditional global trade-finance activity (worth about $2 trillion to $2.5 trillion), the International Chamber of Commerce found fewer than 3,000 defaults in the full dataset of 11.4 million transactions. In light of the global economic slowdown and the low-risk nature of trade finance, the G20 should reverse the unintended consequences of the capital and liquidity treatment of trade finance. Actions to overcome the unforeseen regulatory and real-economy impact on emerging markets should be taken.

Concrete Actions

- Identify actions that lead to a more appropriate regulatory regime for trade-finance activity.
- Address restrictions to trade-finance activity in revised regulatory rules, in particular Basel III and Basel II. More specifically:
  - Capital: A waiver of the one-year maturity floor for trade loans and receivables and agreement that there should be a harmonized approach to implementation. Creation of a trade-specific asset-value correlation or risk curve and a harmonized approach to implementation.
  - Liquidity: A defined liquidity requirement for trade contingents (letters of credit and trade guarantees) based on data from the International Chamber of Commerce. Recognition of trade-finance inflows from corporate counterparties at 100 percent.
  - Leverage: A consistent credit conversion factor of 20 percent for medium-/ low-risk off-balance-sheet trade-finance exposures and 50 percent for medium-risk off-balance-sheet exposures

for the purpose of the leverage ratio, as Basel has been applying since 1998 (Basel I), as well as under Basel II for certain trade contingents.

Immediate action to start process: Consult on specific changes to capital, liquidity, and leverage requirements for trade finance.

Timeline

Launch consultation before the end of 2012 to align any changes with Basel III implementation.

Commitment needed

- Individual companies to provide data and input where required (This task force commits to supporting this process and engaging with the Financial Stability Board and governments as they move the study forward.)
- The International Chamber of Commerce to help coordinate industry-wide data
- Government support to commission the study; G20 countries to take the lead in identifying the restrictions and to take action to reduce impediments to global trade
- Basel Committee on Banking Supervision consultation and engagement

II. Financial inclusion (SME): The G20 should support efforts by all countries to increase SME finance through better provision of data on SME credit-risk guarantee programs and a unified national agency that promotes this segment.

Rationale

SMEs are the lifeblood of the economy, and it is essential they are able to secure the credit they need. G20 leaders should support efforts by all countries to improve data on SME finance. In particular, bank access to credit data will help banks reduce the costs and increase the availability of credit. The creation of credit bureaus and the expansion of their data are essential steps in the development of effective credit markets and will help to reduce the risks to the financial system. Insufficient data are available to evaluate SME credit risk despite the fact that SMEs employ around 75 percent of employees and contribute between 30 and 60 percent of GDP and 45 percent of net new wealth. According to McKinsey & Company, the presence of a credit bureau decreases the percentage of MSMEs reporting constraints in financing from 49 percent to 27 percent, increases the chance of loans being granted from 28 percent to 40 percent, and cuts default rates from 2.2 percent to 1.3 percent for large banks and from 2.4 percent to 0.5 percent for small banks. And there is significant room for improvement: currently, only 5 to 30 percent of MSME borrowers are covered by credit bureaus.

Concrete actions

- Accelerate development of credit bureaus through traditional and new providers such as telcos, with a particular focus on SME data.
- Develop partial-guarantee schemes for SME finance and microfinance institutions, including support for rural supply chains.
- Identify single national public entities to coordinate all SME support in a country, including government support programs, funding, and guarantees for SMEs. Information from this entity will support data creation for credit bureaus.
- Create a requirement for all credit providers to submit data to credit bureaus.

Immediate action to start process: Targets to be established and an implementation timetable agreed on

Timeline

- Set ambitious targets under the Mexican presidency and agree on an implementation timetable.
- Develop framework by end of 2012.
- Identify options throughout 2013.

Barriers to implementation

- There are difficulties in gathering data and a need for passage of national legislation.
- There is an up-front cost implication as well as a need for a new oversight body.
- Many organizations are involved with SMEs that will still need to be engaged.

· It is necessary to capture nonregulated financial entities in the reporting process so that data provision is complete.
· There needs to be a process of supervision to guarantee the quality of the information reported to credit bureaus.

Commitment needed

· Building this system will require the support of governments to develop credit bureaus, and of financial institutions and financial-literacy providers (that is, academic and private institutions) to promote their importance. This task force calls on the G20 countries to take the lead in establishing or strengthening credit bureaus, ensure that all financial institutions are reporting client data to the credit bureaus, take concrete steps to develop partial-guarantee schemes for SME finance, and then establish and champion this work.
· Federal and regional government, SME, and export-finance input will be needed to build this system. G20 countries can take the lead and look to business for support. This task force commits to supporting the actions outlined above, and to promoting credit bureaus across all the markets in which we are based. Where there is expertise to help build the system, this group will engage in consultation and provide input to the development process to ensure that the most effective system is implemented and to increase access to funding for SMEs and microenterprises to help establish credit histories for an un-/underbanked sector. ◆

Notes

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