



The Commonwealth

# Information Note

Commonwealth Finance Ministers Meeting 2016

## Update on G20 Engagement

*Prepared by the Economic Policy Division, the Commonwealth Secretariat<sup>1</sup>*

This note provides an update on Commonwealth–Francophonie–G20 engagement since finance ministers last met in October 2015, outlines some key developments in the G20 agenda in 2016 and in this context sets out plans to recalibrate the relationship and further deepen its value and impact.

### 1. Introduction

The Commonwealth–Francophonie–G20 relationship was first established in 2010. Over the last seven years, this relationship has strengthened markedly, establishing an effective and efficient outreach platform where developing countries can share their perspectives on key growth and development issues with the G20 through its Development Working Group (DWG) and the G20 can share information on its agenda. This helps ensure that the G20 development agenda is relevant and effective.

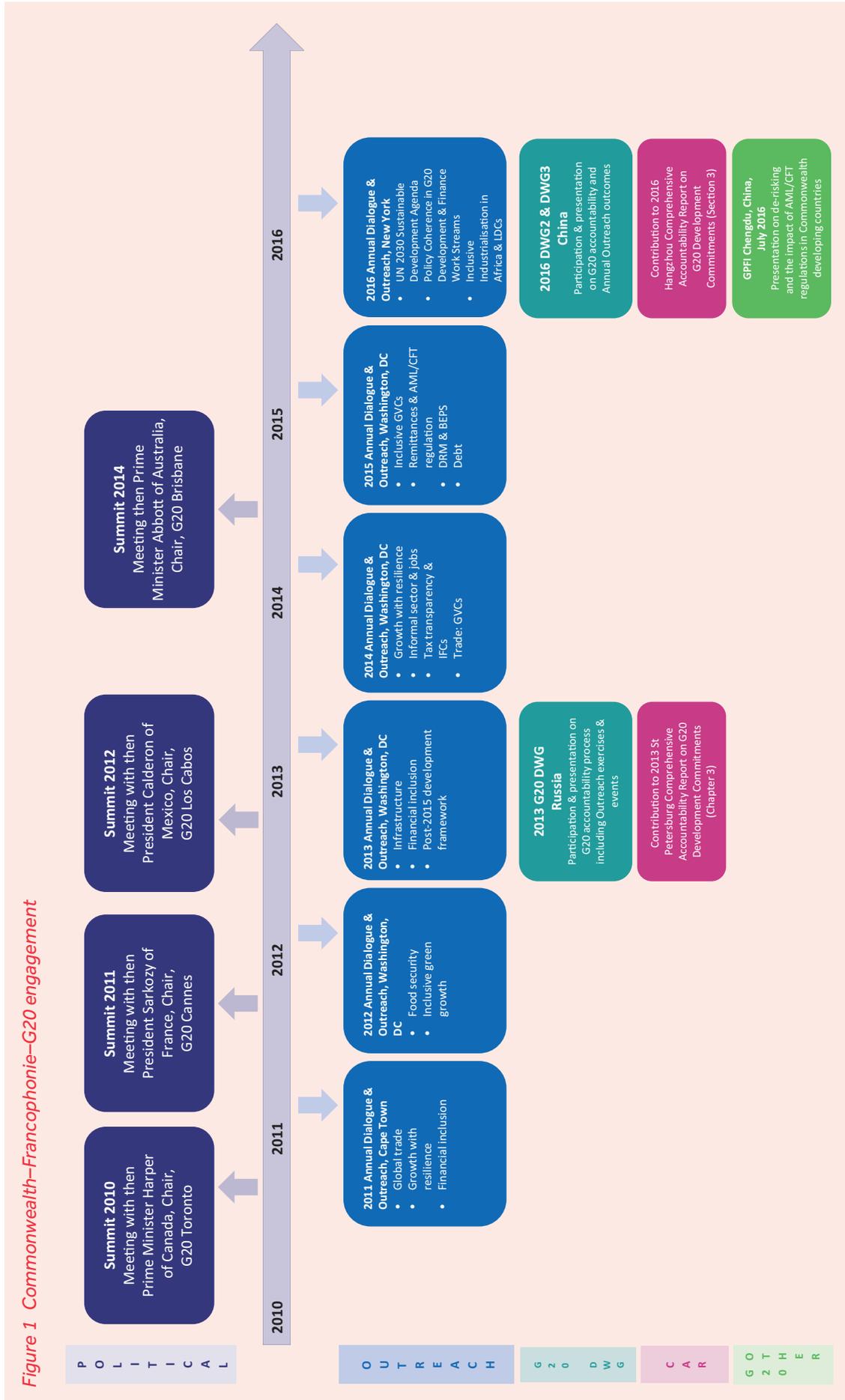
To date, the engagement with the G20 in collaboration with La Francophonie has taken a number of forms as illustrated and summarised in Figure 1. At the technical level, a series of policy outreach meetings have been facilitated between the G20 presidency, other G20 DWG members and developing-country members of the Commonwealth and La Francophonie. The most recent was held in New York on 20 April 2016. At the political level, a series of meetings have also been held between the Secretaries-General and G20 leaders in advance of the annual G20 summit. The two organisations have also been pleased to contribute to the previous

and current G20 comprehensive accountability reports (CARs) and to attend a number of DWG meetings.

Identifying an effective means of strengthening the G20's engagement with countries outside the G20, such as that offered by the Commonwealth and La Francophonie, has become increasingly important, particularly as the G20, under China's presidency, has sought to mainstream development throughout the G20 agenda, ensuring for example that developing-country voices have a place in the Finance Track agenda.

### 2. Update: a deepening engagement

The Commonwealth's focus on the G20 emanates from the recognition of both Commonwealth Heads of Government and Commonwealth Finance Ministers of the potential for the Commonwealth to play an important role as a forum through which members and non-members of the G20 could work together on global economic policy issues. At the most recent meeting of Commonwealth Heads of Government in Malta 2015, Heads recognised



the value of this engagement and stressed the importance of strengthening and broadening this engagement, which is currently supported financially by Australia. We are pleased to report a deepened engagement with the G20 DWG in 2016. This is, in part, a recognition of the intrinsic value of the engagement itself and the effectiveness and efficiency of the platform established, but also reflects the active support of Commonwealth G20 members in establishing, supporting and promoting this engagement within the G20.

As in previous years, the 2016 annual Commonwealth–Francophonie–G20 outreach meeting was convened in April. The engagement has, however, deepened, with additional engagement with the G20 DWG as follows:

- The extension of an invitation to contribute to the G20 DWG CAR.
- The extension of invitations by the Chinese G20 presidency to G20 DWG meetings to present the key messages from the annual Commonwealth–Francophonie–G20 outreach meeting and the key findings from the Commonwealth–Francophonie accountability survey, which has informed the 2016 G20 CAR and influenced the G20 DWG outreach approach.
- The extension of an invitation to present on de-risking at the jointly convened G20 and Global Partnership for Financial Inclusion (GPII) meeting in Chengdu, China, in July 2016.

## 2.1 Annual Commonwealth–Francophonie–G20 outreach meeting

In collaboration with the Chinese G20 presidency, the Secretariat convened its sixth annual Commonwealth–Francophonie–G20 dialogue with the G20 DWG on 20 April 2016. At the request of the Chinese G20 presidency and in contrast to previous years it was convened at the United Nations in New York in the wings of the United Nations' Financing for Development Forum.

The dialogue was attended by 68 representatives from 31 countries (of which six were G20 members, including four Commonwealth G20 members) and eight international organisations. The discussion, supported by a series of discussion papers, focused on (1) G20 support for the implementation of the 2030 Agenda for Sustainable Development; (2) accountability of the G20; (3) industrialisation in

Africa and least developed countries (LDCs); and (4) enhancing policy coherence across the G20 agenda. Table 1 summarises the key messages arising from the dialogue, and the outcome statement can be found in Appendix 1.

G20 member countries and developing countries expressed strong support for the dialogue, recognising its value in terms of sharing information on the G20 DWG agenda and sharing developing-country perspectives, which can help ensure that the G20 development agenda is relevant and effective. The Chinese presidency acknowledged the valuable insights proffered on trade issues in the context of industrialisation, and on international tax in the context of policy coherence issues. The United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO) also acknowledged the importance of the outreach in informing the G20 Sustainable Development Goals (SDGs) and industrialisation action plans. The outcome statement and the discussion papers, which featured Commonwealth perspectives and recommendations for G20 consideration, were later circulated by the Chinese G20 presidency to all members of the G20 DWG.

## 2.2 Contribution to the 2016 G20 DWG comprehensive accountability report

At the G20 Leaders Summit in Hangzhou in September 2016, the G20 published its second CAR. Cognisant of the centrality of the Commonwealth–Francophonie–G20 outreach platform as part of the G20's broader outreach programme, the Commonwealth and La Francophonie were invited to contribute their perspectives on the accountability of the G20 and its development agenda. In collaboration with the G20 DWG Accountability Steering Committee, the Commonwealth designed a survey and surveyed its membership in February and March 2016. The Commonwealth supplemented the survey with a number of interviews with officials who had previously attended the Commonwealth–Francophonie–G20 outreach meetings. The findings of this work and recommendations for the G20 DWG's consideration were summarised in a report that the Commonwealth submitted to the G20 DWG in April 2016 (see Appendix 2). The Commonwealth was also able to present these findings at the second and third meetings of the G20 DWG. The Commonwealth and Francophonie

**Table 1 Summary of key messages from the 2016 Commonwealth–Francophonie–G20 dialogue**

Issues discussed	Key messages
<b>G20 contribution to the implementation of the UN 2030 Agenda for Sustainable Development and Commonwealth and Francophonie perspectives</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>work closely with the Commonwealth and La Francophonie to strengthen the dialogue between G20 and non-G20 member countries; and</li> <li>consider the role of the Commonwealth and La Francophonie as intermediaries in assisting member countries to better understand the G20, its development agenda and the means through which developing-country perspectives could be effectively conveyed to the G20.</li> </ul>
<b>Enhancing co-ordination and policy coherence between G20 development and finance work streams</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>ensure that future discussions in the DWG will be directly transmitted to other G20 working groups, through the ad hoc participation of a limited number of Commonwealth and Francophonie countries in these groups and discussion of specific issues of concern – this is particularly important in the context of international taxation reform; and</li> <li>continue to invite the Commonwealth and Francophonie secretariats to participate in DWG meetings.</li> </ul>
<b>Inclusive industrialisation in Africa and LDCs</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>promote economic transformation through industrialisation in the global development agenda, with greater recognition for policy space, as well as through increased assistance and trade support measures;</li> <li>address the excessive trade costs of landlocked economies and island states;</li> <li>provide adequate support for improved trade facilitation measures; and</li> <li>remove all protectionist measures to boost export-led industrialisation efforts in LDCs.</li> </ul>

report has been incorporated into the outreach section of the 2016 G20 CAR.

The following key findings have been highlighted in the main body of the CAR:

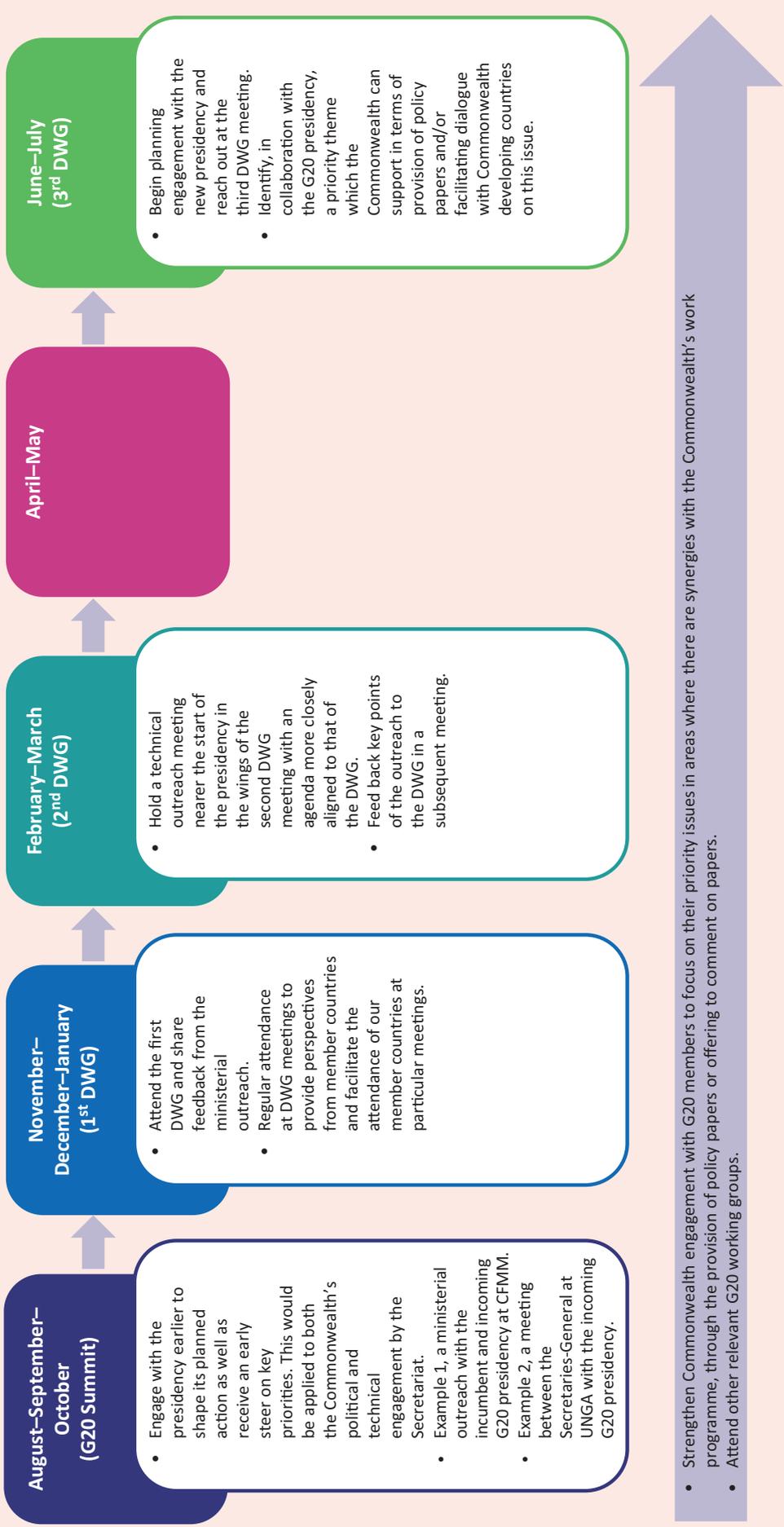
- Developing countries welcomed the decision to align the G20's development agenda with the 2030 sustainable development agenda and to promote greater policy coherence across the G20 agenda.
- Developing countries had a general understanding of the G20 but their awareness of the work of the G20's DWG was limited. This potentially affects perceptions of the G20, undermining the legitimacy and diminishing the value of its development work. Building on and strengthening existing engagement platforms is necessary and, in the context of promoting policy coherence across the G20 agenda, so is ensuring that the voices of developing countries are heard in other work streams.

- Developing-country members that had been engaged in previous years' dialogues highly valued the opportunity to present their perspectives directly to the G20.
- Engagement was welcome, particularly in areas in which the G20 plays a role in influencing international standards and rules that affect developing countries.

### 2.3 Attendance at meetings of the G20 DWG

The Commonwealth was invited to attend the second and third meetings of the G20 DWG to present on Commonwealth findings and perspectives on the accountability of the G20 and its development agenda and the outcomes of the Commonwealth–Francophonie dialogue. G20 member states registered their appreciation of the Commonwealth's G20 work and stated their support for efforts to further strengthen our G20

Figure 2 Strengthening Commonwealth–Francophonie–G20 engagement



engagement. Germany, which is about to take over the G20 presidency, specifically noted the findings of the Commonwealth's accountability work, highlighting the need to strengthen outreach and engagement.

Attendance at these meetings helps enhance the effectiveness of the Commonwealth–Francophonie–G20 engagement as it provides an opportunity to better understand the G20 DWG's agenda and that of the broader G20 and to reflect on how the Commonwealth can most effectively support the work of the G20 DWG.

### 2.4 De-risking: attendance at the G20 Global Partnership for Financial Inclusion meeting

Through the Commonwealth's continued engagement with the G20 DWG, Australia, China and the World Bank on the issue of de-risking, the Commonwealth was invited to present and discuss its report *Disconnecting from Global Finance: De-risking: The Impact of AML/CFT Regulations in Commonwealth Developing Countries* at the G20 GPFI meeting in July 2016 in Chengdu, China. This allowed the Commonwealth the opportunity to present key concerns of Commonwealth countries, highlighting the detrimental impact that this issue is having across the Commonwealth, focusing on the critical situation in the Caribbean and Pacific regions and highlighting proposed Commonwealth policy solutions.

## 3. Enhancing the effectiveness of G20 support for the implementation of the SDGs

Two welcome and recent developments in the G20's development agenda under the Chinese G20 presidency have heightened the importance of ensuring developing-country perspectives are effectively communicated to the G20. Firstly, the G20 is making concerted efforts to align its

agenda to better support the implementation of the 2030 Sustainable Development Agenda (including by low-income and developing countries); secondly, the G20 is making a concerted effort to enhance policy coherence across the G20 agenda, by mainstreaming development throughout the G20, recognising that issues of relevance to developing countries are not limited to the work of the DWG.

These developments will require new approaches to ensuring the effective transmission of developing-country perspectives. Participation by non-G20 countries in various G20 meetings, engagement by international and regional organisations with memberships beyond the G20, and outreach activities, such as those undertaken with the Commonwealth and La Francophonie, all provide important means by which the perspectives of non-G20 members can help to shape the G20 development agenda and through which the G20 DWG can share information.

## 4. Strengthening the relationship

Strengthening the established Commonwealth–Francophonie–G20 relationship can greatly assist the G20 DWG in reaching out to non-G20 countries and can support the DWG in its ambitious new role within the G20 system.

In this context the Secretariat has consulted with Commonwealth G20 members on ideas to further strengthen the engagement with the G20. Accordingly, the Secretariat plans to recalibrate its approach and engagement with the G20, essentially engaging much earlier and with a focus on priority policy issues of the G20 along the lines outlined in Figure 2 for an average year.

### Note

- 1 Samantha Attridge, Adviser and Head, Finance and Development Policy, Economic Policy Division (s.attridge@commonwealth.int)

# Appendix 1

# Outcome Statement: Commonwealth and Francophonie Dialogue with the G20 New York

*20 April 2016*



1. Members of the Commonwealth and La Francophonie (CF) held a Dialogue with the Chinese G20 Presidency in 2016 and members of the G20 Development Working Group (DWG) in New York on 20th April 2016. We welcomed China's initiative to hold the sixth Annual Dialogue, which has contributed to a further deepening of exchange and engagement among the three associations and enabled the perspectives and priority development challenges of many of the poorest, smallest and most vulnerable developing countries to be discussed and brought to the attention of the DWG. Participants included over 26 developing country members of the Commonwealth and Francophonie (CF), from Africa, Asia, the Pacific and the Caribbean regions, six G20 member countries, one G20 observer country and eight international and regional organisations.
2. The Chinese G20 Presidency welcomed the valued suggestions of members on where the G20 DWG might best support developing countries in generating resilient growth and employment in the context of sustainable

development and the challenges presented by the global economy. Participants highlighted the importance of a continued but deepened engagement with the G20, and discussed the importance of policy coherence and the need for the G20 to respond to developing country policy concerns that do not feature in the existing agenda.

## **G20 Contribution to the Implementation of the UN 2030 Agenda for Sustainable Development and Commonwealth and Francophonie Perspectives**

3. The CF welcomed the Chinese Presidency's efforts to align the G20 development agenda with the UN 2030 Agenda for Sustainable Development and to strengthen the G20's outreach with developing country members. At the Antalya Summit in November 2015, the Chinese President H.E. Xi Jinping announced that under its Presidency, the G20 would increase the representation and voice of emerging and developing countries in key global fora. These priorities were confirmed in China's presentation on the progress of the overall G20 work program.

4. Recognising the importance of engaging non-G20 countries and international/ regional organisations, China welcomed the opportunity to engage with the CF and hear the perspectives of CF, non-G20 members on the current development agenda.
5. The CF, asked by the DWG to contribute to its 2016 comprehensive accountability report, surveyed its membership on the role and effectiveness of the G20. The initial findings of the survey presented by the Commonwealth Secretariat highlighted that there was limited broader awareness of the G20's development agenda amongst member states despite a strong appetite to know more. This had a number of potential implications, both in terms of the perceptions of the G20's role in developing countries and also in leaving such countries unprepared for decisions taken by the G20 that may ultimately have global impact.
6. In this context, the moves by the G20 to align its development agenda with the universal 2030 agenda were welcome. Moreover, the need to strengthen the dialogue between G20 and non-G20 member countries, building on forums such as this annual dialogue was highlighted.
7. The role of intermediaries such as the Commonwealth and La Francophonie was also emphasised, particularly in assisting member states to better understand the G20, its development agenda, and the means through which developing country perspectives could be effectively conveyed into the G20.

### **Enhancing Coordination and Policy Coherence between G20 Development and Finance Work Streams**

8. Many of the CF's membership reflected that the issues of most relevance to them are often discussed outside of the DWG, predominantly in the Finance Track. Members therefore welcomed the decision, under China's Presidency, to promote greater policy coherence across the G20, ensuring that developing country perspectives are considered by G20 groups beyond the DWG where that work has the potential to impact countries beyond the G20.
9. Countries outlined that this is particularly important on tax issues which go beyond BEPS

and will be crucial to mobilise more domestic resources to finance and meet the SDGs. They welcomed the initiatives of the G20 and OECD to reform the international tax system, but highlighted that there remain other crucial issues for developing countries that need to be addressed at an international level, such as revising tax and investment treaties, reducing tax exemptions (especially those requested and/or supported by official development financing institutions), analysing spillovers and harmful tax competition, eliminating criteria from investment climate assessment tools that lead to reduced tax rates, and reviewing the impact of technical assistance on domestic resource mobilisation (DRM).

10. The OECD provided an outline of efforts to promote greater policy coherence in relation to the international tax and DRM agendas. This included the development of a Base Erosion and Profit Shifting (BEPS) implementation framework that was open to all countries to be engaged in on an equal footing. The presentation also noted the recent launch of a platform for collaboration on tax between the World Bank, the United Nations, the International Monetary Fund and the OECD.
11. More broadly, in the context of promoting coherence across the G20 agenda, CF members emphasised the need to ensure that future discussions in the DWG will be directly transmitted to other G20 working groups, through the ad hoc participation of a limited number of CF countries in these groups and discussion of specific issues of concern. They also welcomed China's decision to invite the Commonwealth and La Francophonie Secretariats to participate in the recent DWG meeting and urged that this practice should continue in future DWG meetings.

### **Inclusive Industrialisation in Africa and LDCs**

12. Advancing industrialisation is one of the most important objectives for most CF African countries and LDCs given the need to create jobs in a context of high unemployment rates among young people. Despite recent high economic growth in the region, manufacturing value added in Sub-Saharan Africa has actually declined over the past 30 years as countries have struggled to diversify and industrialise their economies.

13. A presentation by the Commonwealth Secretariat on the challenges and opportunities regarding industrialisation in many CF countries was well received by the G20 and CF member states present. Key CF recommendations included, *inter alia*, (i) promoting economic transformation through industrialisation in the global development agenda, with greater recognition for policy space, as well as through increased assistance and trade support measures; (ii) addressing the excessive trade costs of landlocked economies and island states; and (iii) providing adequate support for improved trade facilitation measures. Citing the evidence of protectionist measures affecting LDCs since the onset of the global financial crisis of 2008, the presentation called for immediate removal of all such measures to boost export-led industrialisation efforts in LDCs.
14. The ensuing discussion included contributions on the priorities for promoting industrialisation, which included inclusive participation in GVCs and the potential role of regional integration in building support for productive capacity in Africa and LDCs. In this regard there is a need to support SMEs. Participants noted that slow structural transformation led to high social costs in terms of the number of poor people increasing, the rise in unemployment, and women and vulnerable groups being disproportionately affected.

### Continuing Engagement

15. We have agreed to continue deepening engagement and collaboration, through actively facilitating dialogue and the sharing of information, to highlight and to address the needs of the poorest, smallest and most vulnerable countries. Countries also noted that members of the G20 present have undertaken to share the content and outcomes of these discussions with the G20 DWG.
16. We warmly thanked the Chinese G20 Presidency for facilitating this meeting and the UN for providing the venue for our meeting. We also expressed our gratitude to the Government of Australia for its financial support for this valuable dialogue.

## Appendix 2

# Commonwealth and La Francophonie Perspectives on the Accountability of the G20 and its Development Agenda

*29 April 2016*

### 1. Introduction

The Commonwealth and La Francophonie welcome the G20 Development Working Group's (DWG) invitation to contribute to the outreach section of this year's Comprehensive Accountability Report (CAR). As well as contributing to sections of the Report itself, we are pleased to provide this note which outlines broader perspectives on the G20's accountability for its development agenda.

This note outlines the feedback and recommendations received by the two organisations from their member states, through country surveys and engagement with officials that have attended previous Commonwealth-Francophonie-G20 meetings, and provides reflections on what accountability could mean for the G20 going forward.

The development of the CAR, this year, coincides with two significant evolutions in the G20's development operations: 1) efforts to align the G20's agenda to best support the implementation of the 2030 sustainable development agenda (including by low income and developing countries); and 2) efforts to enhance policy coherence across the G20 agenda, by mainstreaming development throughout the G20, recognising that issues of relevance to developing countries are not limited to the work of the DWG.

The Commonwealth and La Francophonie welcome these developments. They also provide an opportunity to consider how the G20 can best reach out to non-G20 countries to support the DWG in its ambitious new role within the G20 system, and to inform the G20's actions more generally.

### 2. Accountability and the G20 development agenda

In deciding to establish the DWG at the Toronto G20 Summit in 2010, G20 Leaders recognised that narrowing the development gap and reducing poverty are integral to achieving the Group's core goals of sustaining strong economic growth and building a robust and resilient global economy. The DWG's work program was elaborated through the Seoul Development Consensus for Shared Growth and the development of the G20 Multi-Year Action Plan (MYAP).

For the DWG's actions to be credible, it must be accountable to those countries it is purporting to assist. This focus on accountability is also important for the G20 itself, as it can potentially enhance the legitimacy of the forum and the effectiveness of its actions. The importance of this stretches far beyond the G20 because, as a forum consisting of the world's most systemically important economies, the Group's

directions and actions often have global implications and are likely to impact all countries to different extents.

Recognising this, the decision by G20 leaders in 2012 and again in 2013 to enhance the accountability of the DWG represented a significant step forward in promoting the accountability of the G20's development agendas more generally. Since then the DWG has presented its first CAR during the Russian G20 Presidency (2013), set out its Accountability Framework (2014) and produced two progress reports under the Australian (2013) and Turkish (2014) Presidencies. These reports monitor the progress of specific commitments made by the DWG; however, they do not evaluate their impact.

Accountability is not only achieved through the reports themselves. Participation by non-G20 countries at various G20 meetings, engagement by international and regional organisations with memberships well beyond the G20, and outreach activities, such as those undertaken with the Commonwealth and La Francophonie (see below), all provide an important means by which the perspectives of non-G20 members can help to shape the G20 development agenda. The Commonwealth and La Francophonie welcomed the opportunity to participate in the DWG's April 2016 meeting in Nanjing, which provided an opportunity to better understand the group's priorities and to reflect on how the two organisations can most effectively support the work of the DWG.

The 2013 St Petersburg Accountability Report recognises that engagement with developing countries, in particular low income countries, is at the core of the G20 development agenda. This approach has continued under China's Presidency. At the Antalya Summit in November 2015, the Chinese President, H.E. Xi Jinping, announced that under China's chairmanship, the G20 would increase the representation and voice of emerging and developing countries in key global decision-making fora. These priorities were confirmed in China's opening G20 statement, which called for a 'World-Embracing G20' – one that will 'attach great importance to and take advice and suggestions from non-G20 members' and seek to enhance dialogue with other international/regional organisations.

As noted above, the G20's focus on accountability this year is also occurring at a time when the DWG is undertaking a significant realignment of its work, to ensure that the G20's development agenda supports the universal 2030 sustainable development agenda, and that developing country perspectives are considered across the G20 agenda. This will involve some adjustment to the DWG's existing accountability framework and in terms of how outreach by the G20, through the DWG, can best support the mainstreaming of development throughout the G20.

### 3. G20 engagement with the Commonwealth and La Francophonie

It has been seven years since the Commonwealth-Francophonie-G20 Dialogue was first established. The engagement between the Commonwealth, the Francophonie and the G20 has proceeded on two parallel tracks – a political and a technical track. At the political level, a series of meetings between the CF Secretaries-General and the G20 President have taken place. At the technical level, a series of policy outreach meetings have taken place with the G20 Development Working Group (DWG), traditionally in the margins of the IMF and World Bank's Spring Meetings. Most recently, the Dialogue was held under the Chinese Presidency in New York on 20 April 2016. Together, these processes have established an effective channel for CF Developing Countries that are not part of the G20 discussions to put forward their perspectives on key growth and development issues that are in the remit of the G20.

This dialogue provides an invaluable forum for a large majority of the world's poorest, smallest and most vulnerable countries, which do not formally participate in G20 discussions, to put forward their priority development challenges to G20 members. Three subsequent Commonwealth-Francophonie-G20 meetings, since the publication of the first CAR in 2013, have provided an opportunity for over 100 officials representing over 30 Commonwealth and Francophonie countries across Africa, Asia, the Pacific and the Caribbean to engage directly with the DWG and members of the G20.

A summary of the key issues discussed at the annual dialogue can be found in Attachment A.

#### 4. Commonwealth and La Francophonie perspectives on the G20 and its development agenda

To contribute to the chapter on outreach to non-G20 countries in this year's CAR, the Commonwealth and Francophonie have sought their members' views on the G20, its development agenda and the effectiveness of the DWG's outreach. We have sought to do this in two ways: 1) through a survey of officials in member countries; and 2) through interviews with respondents and officials that had attended previous Commonwealth-Francophonie-G20 meetings. A copy of the survey questionnaire, developed in consultation with members of the DWG's Accountability Steering Committee (ASC), can be found in Attachment B. Broadly, the survey sought to gauge members' knowledge of the G20 and its development operations, the effectiveness of G20 engagement with developing countries, and how well the G20 development agenda, and moves to align it with efforts to support the UN's Sustainable Development Agenda, supported the priorities of developing countries.

Based on both the survey responses (15 in total were received) and the interviews, it was clear that whilst there was some awareness of the G20 and its role in international policy coordination on global economic governance, there was less awareness of the G20's development operations. One survey respondent demonstrated quite a detailed knowledge of the G20 but no knowledge of the DWG itself or its work program. This suggests that awareness of the G20 and its development agenda is likely to be isolated to officials who are directly engaged as part of G20 outreach, or obtained from external sources. One official, for example, gained their knowledge from engagement with the IMF, whilst another learnt about the G20 through studies undertaken in a G20 country itself.

This lack of awareness can undermine the legitimacy of the G20. There are positive steps being taken within the DWG to support development, but if countries are largely unaware of these operations then their value may arguably be diminished. In addition, decisions taken by the G20 have global implications and will require, in many cases (especially in the Group's work on promoting the uptake of financial regulation standards), concrete action by countries outside

of the G20. Therefore, limited awareness of the G20's decisions and processes is likely to exacerbate challenges for countries that are under-resourced and grappling to meet their existing development challenges.

The international tax work undertaken by the G20 presents one such case in point. Whilst officials from revenue authorities have been involved in the development of pilots and toolkits, engagement by Finance Ministries and Ministers in developing countries has been less prominent. Engagement at a technical level might ensure developing country perspectives in specific technical issues are taken into account, but lack of broader awareness can create challenges in securing political support for reform.

Although the level of awareness of the G20's development agenda was limited, responses to the survey and engagements with country officials highlighted a clear appetite to learn more about the G20, both in relation to its development agenda and more generally. Options for fostering a greater understanding are stated in Section 5.

Reinforcing the value of the DWG's move to promote greater policy coherence across the G20 agenda, feedback suggested that there was particular value in discussions on areas where the G20 had a role in influencing international standards and rules, such as those relating to international taxation and Anti Money-Laundering and Combating the Financing of Terrorism (AML/CFT) – especially where these had the potential to impact or were already having impacts on developing countries.

Whilst there was some level of 'pragmatism' around whether developing country perspectives would dramatically shift the agenda, the opportunity to provide these perspectives was valued in and of itself. One official stated:

*The outreach was a good forum for small island developing states (SIDS) to air their concerns and provide practical solutions from their perspective for the policymakers of developed countries to hear and comprehend. Whether the developed countries act on these solutions as prescribed by the developing countries, that will be another story, but what is important is the opportunity to present and share perspectives.*

However, another official cautioned that, whilst the priorities of developing countries are broadly

consistent from year to year, the priorities of each G20 Presidency are often diverse, which can make it difficult to achieve traction in the G20. The manner in which developing country perspectives can be considered to help shape the G20 agenda will also be an issue that merits consideration, given current efforts to integrate and streamline work across the development and finance tracks.

At the request of the ASC, the survey sought views on the effectiveness of DWG deliverables and action items. This is potentially valuable as it goes beyond simply indicating whether a particular action item has been completed and, instead, considers the extent to which it has been effective in supporting low income and developing countries. The survey did not provide an effective mechanism to gauge this, as respondents to the survey (generally located in Finance Ministries) were largely unaware of DWG outreach activities, given their targeted nature. We have, however, included below some reflections on how the effectiveness of deliverables (such as pilots and toolkits) could be gauged going forward.

Responses to the survey highlighted that the focus of the development agenda of the G20 was aligned somewhat with the development priorities of developing countries though not in all respects. Other areas identified by respondents included migration, rules around accessing concessionary finance, the role of innovation in sustainable development, a focus on education for development as well as a greater focus on renewable energy and cheaper access to such forms of energy. Of course, where the G20 is best placed to assist low income and developing countries is not just a question of their priorities, but also where the comparative advantage of the G20 lies.

Unsurprisingly, given the low level of awareness with regards to the G20's existing development agenda, there was strong support for the G20's proposal to support the implementation of the 2030 sustainable development agenda – an agenda that all countries are signed up to.

## 5. Commonwealth and La Francophonie reflections on accountability

Having regard to the above, the Commonwealth and La Francophonie offer the following

reflections on the accountability of the G20's development agenda going forward. These reflections are relevant not only to the DWG itself but also to the G20 more broadly and organisations, such as the Commonwealth and La Francophonie, that play an intermediary role.

**There is a need to build on existing engagement and, in the context of promoting greater policy coherence, there is a need to consider creative options for strengthening the voices of developing countries across the G20.** The DWG

recognises that engagement with developing countries is at the core of its development agenda. This is welcome, and forums that enable developing country officials to engage directly with G20 members should be strengthened.

This will involve strengthening and building on existing forums, such as the Commonwealth-Francophonie-G20 dialogue. Members' proposals for further engagement included additional high level outreach by the G20 and its DWG through existing high level meetings already convened by the Commonwealth and La Francophonie which would involve significant representation from developing countries. This could include, for example, Commonwealth Finance Minister's Meetings (CFMM) or the Francophonie and Commonwealth leaders' meetings. This would help to build political support for reform beyond the G20. The use of the G20 President's own diplomatic networks, to gauge developing country perspectives, was also suggested.

To assist the DWG in its role to take forward developing country perspectives across the work of the G20, developing country officials could attend and make a contribution to other G20 work streams. The Commonwealth and La Francophonie stand ready to work with the DWG to identify relevant officials. Based on our experiences at the annual dialogue, bringing the very real and direct developing country experience into a discussion can be very effective.

**Recognising that effective engagement necessitates a two-way dialogue, steps should be taken to enhance the awareness of the G20 and its development agenda amongst non-members.** This would not only enhance the

legitimacy of G20 actions but would also make any engagement with the DWG and the G20 constructive, by ensuring that it is built primarily on an informed understanding of the G20's priorities, its comparative advantages and the mechanisms

by which policy coherence is achieved across the Group's work streams.

The G20, with its two main tracks, multiple working groups and sub-groups, can be a difficult forum to comprehend, particularly for those outside of the G20. Increasing understanding of the G20 could be as simple as publishing a chart that highlights the various working groups of the G20, as well as a brief overview of the key issues being discussed.

Suggestions from survey respondents also indicated other ways of improving country awareness of the G20's development agenda, such as the continued use of the Information Exchange Facility – a website developed as a focal point for information on and generated by the DWG but which is no longer actively maintained.

Organisations like the Commonwealth and La Francophonie also have a role in working with their developing country members to enhance their awareness of the G20. Doing so on an ongoing basis could help to identify, for example, developing country officials that are well placed to present their views to relevant G20 work streams. As part of the development of a regularly published newsletter the Commonwealth is already considering a regular G20 report that could be of value to member countries.

**Gauging the effectiveness of G20 development actions in terms of their usefulness to developing countries, rather than just compliance with those actions, is best addressed as part of each deliverable.** As noted earlier, there were limitations on the ability of a general survey to gauge the views of developing countries on the usefulness of DWG deliverables. However, the DWG could ensure that such feedback formed an integral part of each action item by specifying appropriate mechanisms in the terms of reference. As the work would often be undertaken by international organisations (e.g. the development of toolkits) or by specific member countries (e.g. the conduct of pilots), the DWG could act as a knowledge sharing forum on best practices for outreach.

**There may be scope down the track for a more systematic approach to gauging developing country views on the G20 and its development agenda.** A number of organisations outside of the G20 seek to hold the G20 'to account' in many ways. The G20 Information Centre at the University of Toronto, for example, publishes

annual compliance reports indicating the level of compliance with certain leader commitments for each G20 country.

Another similar initiative has been the publication each year of the International Chamber of Commerce's Business Scorecard, which provides a rating system ranging from poor, inadequate, fair and good against G20 responses to recommendations made by global business. The ICC suggests that the scorecard could be used to inform G20 Governments on how the business community interprets G20 actions, assisting the G20 in interpreting its actions and helping the Group to establish priorities and gauge progress over time.

Consideration could be given to establishing a similar index or system which tracks developing country perspectives of the G20 and its development agenda, as well as the efficacy of the Group's outreach. One of the biggest challenges with such an initiative would be sourcing the necessary information to inform the scores or indices. As highlighted above, knowledge of the G20 and its development agenda is limited, and detailed knowledge is likely to be isolated to those countries and agencies that are directly involved in outreach activities. However, as further attempts are made to engage developing countries in the G20 agenda, this may change.

## Attachment A: Summary of key messages arising from the Annual Commonwealth-Francophonie-G20 Dialogue

### 2014 Dialogue (Washington)

The 2014 dialogue brought together:

- 51 representatives from 25 non-G20 Francophonie and Commonwealth developing countries from across Asia, Africa, the Caribbean and the Pacific. These countries ranged from both small island states (such as Samoa) to larger developing countries (such as Bangladesh) and the representatives includes Ministers, Ambassadors and other officials drawn from a range of Government agencies including central Finance Ministries, Foreign Ministries, tax administrations and development agencies;
- 25 representatives from 12 G20 countries;
- 21 representatives from 10 international organisations.

Issues Discussed	Key Messages
<b>Achieving Growth with Resilience</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Adopt appropriate monetary and fiscal policies and strengthened international action to ensure job-rich growth over the longer term;</li> <li>• Support efforts to address specific challenges related to the poorest, smallest and most vulnerable members, such as openness to global financial and trade markets; limited diversification; vulnerability to natural disasters; environmental fragility; limited access to external markets; limited capacity; poverty; and income volatility; and</li> <li>• Improve resilience through appropriate policies to prevent future financial crises, address climate change and avoid, where possible, natural and environmental disasters.</li> </ul>
<b>Role of the informal sector in promoting growth, jobs and sustainable development</b>	<p>G20 should support a research agenda and action plan to investigate and implement policies that assist small informal firms to improve productivity through innovation and targeted support services, while enforcing appropriate fiscal and regulatory obligations for large informal sectors</p>
<b>International Financial Centres (IFCs): Meeting the Requirements for International Tax Transparency and Continuing to Generate Jobs and Growth</b>	<p>G20 should recognise the particular challenges that small states that host IFCs face in implementing tax transparency standards:</p> <ul style="list-style-type: none"> <li>• Reducing the costs of compliance;</li> <li>• Strengthening institutional capacities and legal frameworks;</li> <li>• The need for adequate training and human resource development and often the need to establish new institutions to achieve compliance;</li> <li>• Maintaining sufficient accounting records; and</li> <li>• The need for additional mechanisms which provide for effective exchange of information and network agreements</li> </ul> <p>G20 should adopt:</p> <ul style="list-style-type: none"> <li>• A more graduated approach to implementation for small states and developing countries;</li> <li>• A more inclusive and consultative process with domestic institutions;</li> <li>• Differentiated measures and timelines to countries not posing a systemic risk;</li> <li>• A more streamlined approach to monitoring and assessment;</li> <li>• An enhanced dialogue at both the political level and among IFC and non-IFC developing countries; and</li> <li>• Mechanisms which help reduce exchange of information costs and provide greater technical support in meeting these requirements.</li> </ul>
<b>Trade, Growth and Jobs: Opportunities through Value Chains</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Address intra-regional barriers to trade;</li> <li>• Overcome challenges posed by the proliferation of regional trade agreements (RTAs);</li> <li>• Improve trade facilitation measures;</li> <li>• Strengthen trade-related infrastructure and policy support to develop trade capacity;</li> <li>• Develop more effective regional trade policy mechanisms to promote RSCs;</li> <li>• Achieve improved market access for LDCs, SSA and small states; and</li> <li>• Strengthen international recognition of the particular challenges experienced by small states.</li> </ul>

Issues Discussed	Key Messages
	<p>The poorest and smallest CF developing countries considered the following ways in which the G20 can strengthen support to these countries:</p> <ul style="list-style-type: none"> <li>• Building support for a more coherent and accountable international trade support mechanism; strengthening the availability of Aid for Trade support;</li> <li>• Helping achieve an improved global trade facilitation regime by pressing for effective implementation of the recently concluded WTO-sponsored Bali agreement;</li> <li>• Pressing for the removal of tariff and non-tariff barriers to trade;</li> <li>• By supporting the gainful integration of poor and vulnerable countries in RSCs.</li> </ul>

### 2015 Dialogue (Washington)

The 2015 dialogue brought together:

- 31 representatives from 20 non-G20 Francophonie and Commonwealth developing countries from across Asia, Africa, the Caribbean and the Pacific. Again, these countries ranged from both small island states (such as Grenada) to larger developing countries (such as Ghana)

and the representatives includes Ministers, Ambassadors and other officials drawn from a range of Government agencies including central banks, Finance Ministries, Foreign Ministries, tax administrations and development agencies;

- 22 representatives from 11 G20 countries; and
- 22 representatives from 11 international organisations.

Issues Discussed	Key Messages
<p><b>Remittances and the Challenges posed by Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) Regulation</b></p>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Engage with banks to dissuade them from de-risking;</li> <li>• Promote awareness of the FATF Guidance of February 2013;</li> <li>• Consider setting up a specialist pool of expertise to support countries with AML/CFT regulation implementation;</li> <li>• Support a move away from a one-size-fits-all approach to national risk assessment;</li> <li>• Review costs associated with compliance; and</li> <li>• Consider a more differentiated approach to address potential negative impacts on remittance flows and costs.</li> </ul>
<p><b>The Debt Sustainability Challenge of Small and Vulnerable States</b></p>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Provide international support and action for fiscal consolidation and reform at the domestic level to address the debt overhang;</li> <li>• Consider debt relief for highly indebted Caribbean countries, and discussing SIDS debt in an international task force, designed to examine options for the way forward and consideration of innovative mechanisms such as debt-for-nature SWAPs;</li> <li>• Consider vulnerability and resilience building in the development of policy responses at the national and international level;</li> <li>• Assist domestic revenue mobilisation efforts, through the adoption of fair international tax rules; and</li> <li>• Consider setting up a working group on options to address the debt challenge.</li> <li>• Help to develop capacity and frameworks for PPPs.</li> </ul>

Issues Discussed	Key Messages
<b>Global Value Chains (GVCs)</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Recognise structural challenges that developing countries face in their integration into global value chains (GVCs), and respond through policies that enable the targeted and appropriate delivery of Aid for Trade and which consider effective governance arrangements concerning the distribution of gains in GVCs and mitigating any adverse implications arising from the mega trading blocs that are currently being negotiated;</li> <li>• Better target Aid for Trade, taking into consideration the unique challenges faced by small states; and</li> <li>• Recommend policy options to make GVCs more inclusive and beneficial to capacity-constrained countries</li> </ul>
<b>Domestic Resource Mobilisation and BEPS</b>	<p>G20 should help to:</p> <ul style="list-style-type: none"> <li>• Address existing challenges related to international tax relief conventions and contracts with investors and existing charges and management fees;</li> <li>• Strengthen audit capacities and legislative systems;</li> <li>• Boost enforcement and information availability; and</li> <li>• Build staff capacity and cooperation on BEPS issues</li> </ul>

## 2016 Dialogue (New York)

The 2016 dialogue brought together 69 representatives from:

- 29 non-G20 Francophonie and Commonwealth developing countries from across Asia, Africa, the Caribbean and the Pacific. Given the location of the event, participants were largely drawn from the permanent missions to the United Nations.
- 8 G20 countries, including the Chinese Presidency.
- 8 international organisations.

Issues Discussed	Key Messages
<b>G20 Contribution to the Implementation of the UN 2030 Agenda for Sustainable Development and Commonwealth and Francophonie Perspectives</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Work closely with the Commonwealth and La Francophonie to strengthen the dialogue between G20 and non-G20 member countries; and</li> <li>• Consider the role of the Commonwealth and La Francophonie as intermediaries in assisting member states to better understand the G20, its development agenda, and the means through which developing country perspectives could be effectively conveyed into the G20.</li> </ul>
<b>Enhancing Coordination and Policy Coherence between G20 Development and Finance Work Streams</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Ensure that future discussions in the DWG will be directly transmitted to other G20 working groups, through the ad hoc participation of a limited number of CF countries in these groups and discussion of specific issues of concern – this is particularly important in the context of international taxation reform; and</li> <li>• Continue to invite the Commonwealth and La Francophonie Secretariats to participate in DWG meetings</li> </ul>

Issues Discussed	Key Messages
<b>Inclusive Industrialisation in Africa and LDCs</b>	<p>G20 should:</p> <ul style="list-style-type: none"> <li>• Promote economic transformation through industrialisation in the global development agenda, with greater recognition for policy space, as well as through increased assistance and trade support measures;</li> <li>• Address the excessive trade costs of landlocked economies and island states;</li> <li>• Provide adequate support for improved trade facilitation measures; and</li> <li>• Remove of all protectionist measures to boost export-led industrialisation efforts in LDCs.</li> </ul>

## Attachment B: Copy of Survey G20 Accountability Survey

### Background to the G20

The G20 was founded in 1999, as a platform for finance ministers and central bank governors from the world's twenty leading economies to agree a way forward on international macroeconomic policy coordination and financial stability matters. The Group accounts for 85 percent of global GDP, just under 80 percent of global trade, and two thirds of the world's population, including half of the world's poor.

After the 2008 financial crisis, the Group's agenda was refocused to prioritise efforts in support of global economic recovery. In addition, several new thematic areas were introduced: financial regulation and oversight; reform of the international financial architecture; trade and investment; economic development, corruption; infrastructure investment, food security, green growth, and climate finance. The Group also undertook major structural reforms. Most significantly, the G20 ceased to be a Finance Ministers forum, with G20 Leaders electing to meet instead, on an annual basis, at the G20 Leaders' Summit. Each year, one G20 country is chosen to hold chairmanship of the Group. Recent presidencies include Australia (2014) and Turkey (2015). This year, the President of the G20 is China.

### G20 Leader's Commitments

Whilst significant work is undertaken by the various working groups of the G20, it is the annual Leader's summit where this work culminates and where Leaders make commitments to promote economic growth, not only in G20 countries but globally. Examples of these commitments during

2014 and 2015, highlighting the breadth of G20 engagement, include: the implementation of sound macroeconomic policies to encourage global economic growth; addressing global investment and infrastructure shortfalls such as through the creation of a Global Infrastructure Hub to act as a knowledge sharing platform; reasserting commitments to roll back trade protectionist measures and to support other trade liberalisation initiatives such as the commitment to streamline goods through borders worldwide (the "Bali package"); supporting efforts to address climate change, including support for mobilising finance for adaptation; and commitments to improve global financial regulation, such as the implementation of measures to address international tax avoidance and tax evasion. G20 Leaders have also responded to emerging international issues, supporting efforts to address the outbreak of Ebola (2014) and to coordinate a response to the refugee crisis (2015).

### Development and the G20

Recognising that the Group's core objective of achieving robust, sustainable and balanced growth is dependent on narrowing the development gap, G20 Leaders declared the need for economic development to be incorporated into the G20 agenda. In 2010, the G20 Development Working Group (DWG) was established at the Toronto Summit, with the mandate of agreeing the G20's development program. In the last two years, the DWG has focussed its work in a number of areas including infrastructure, food security and nutrition, human resource development, financial inclusion and remittances, trade, domestic resource mobilisation and inclusive green growth. Further information on the specific actions committed to under the DWG can be found here

(2014) and here (2015). The DWG's outreach with developing countries encompasses a number of initiatives, including pilot projects; workshops; toolkits; and seminars. A summary of these can be found in the table below, entitled Examples of DWG Engagement (2014–15).

Recognising that the Group's core objective of achieving robust, sustainable and balanced growth is dependent on narrowing the development gap, G20 Leaders declared the need for economic development to be incorporated into the G20 agenda. In 2010, the G20 Development Working Group (DWG) was established at the Toronto Summit, with the mandate of agreeing the G20's development program. In the last two years, the DWG has focussed its work in a number of areas including infrastructure, food security and nutrition, human resource development, financial inclusion and remittances, trade, domestic resource mobilisation and inclusive green growth. The DWG's outreach with developing countries encompasses a number of initiatives, including pilot projects; workshops; toolkits; and seminars. A summary of these can be found in the table below, entitled Examples of DWG Engagement (2014–15).

#### **Commonwealth and La Francophonie outreach with the G20**

As the primary decision-making structure on global economic governance, engagement with the G20 is critical to both raise awareness of developing country perspectives and priorities and ensure that these are considered when decisions impacting all countries are taken. Recognising this, the Commonwealth and La Francophonie have worked with the DWG to build an effective platform for developing country outreach. It has been six years since this platform – the Commonwealth-Francophonie-G20 Dialogue – was established. The Dialogue, which takes place through technical and political channels, represents a vital forum for a large majority of the world's poorest, smallest and most vulnerable countries, which do not formally participate in G20 discussions, to put forward their priority development challenges to G20 members.

#### **Commonwealth and La Francophonie input into the G20 Accountability process**

The work of the G20's DWG includes a focus on accountability which is intended to improve the effectiveness of its actions, improve the transparency of the G20's work and strengthen the

credibility of the G20's work among non-member countries. For this accountability to be meaningful, however, non-member country perspectives (in particular those of developing countries) are critical in terms of their awareness of the G20's actions and those of its DWG, the effectiveness of any engagement and support and the appropriateness of its focus having regard to the development priorities of development countries and the comparative advantage of the G20.

Under DWG Accountability Framework, the DWG is tasked with producing a Comprehensive G20 Accountability Report every three years. The second Comprehensive G20 Accountability Report is now in development, under the leadership of the Chinese G20 Presidency. The Commonwealth and La Francophonie have been asked to contribute to this process. This survey provides a pivotal opportunity for non-G20 countries to voice their perspectives and influence the Group's work, as the G20 considers how to reposition itself to support the implementation of the UN's Sustainable Development Goals (SDGs).

### **Accountability Survey**

#### **Knowledge about the G20 and its Development Working Group (DWG)**

1. Are you aware of the Group of Twenty (G20)? *[option box: Yes/No]*
2. In your opinion, what is the G20's main function? *[comment box for country feedback]*
3. How aware are you of the development mandate of the G20, led by the Development Working Group (DWG)? *[option box: Very aware/Somewhat aware/Not aware]*
4. Do you feel that it would be beneficial to know more about the operations of the G20 and its DWG? *[option box: Yes/No]*
5. How do you think communication of the G20 and the DWG's work can be enhanced? *[comment box for country feedback]*
6. Do you think there is a role for international organisations like the Commonwealth and La Francophonie to help disseminate information about the G20 and the DWG? *[option box: Yes/No]*
  - a. If so, how could the Commonwealth and La Francophonie most effectively contribute in this regard? *[comment box for country feedback]*

### Effectiveness of engagement

*The G20 DWG's outreach with developing countries encompasses a number of initiatives, including pilot projects; workshops; toolkits; and seminars.*

7. To what extent has your country been involved with the outreach activities of the DWG over the past three years? [*option box: High involvement/Some involvement/No involvement*]
  - a. Please specify how your country has been involved in DWG outreach over the past three years [*comment box for country feedback*]
8. How useful has your country found the DWG's outreach activities so far? [*option box: Very useful/Quite useful/Not very useful*]
9. Has your country used the products produced by the DWG (policy papers, toolkits etc.)? [*option box: Yes – a lot/Yes – a little/No – Not at all*]

*As the premier decision-making structure on international economic governance, the G20's actions have a global influence. In recent years, the G20's key commitment areas have included: Macroeconomic Policy; Development; Health; Infrastructure; and Employment and Labour.*

10. To what extent have the G20's actions in these areas, affected your country? [*option box: Large impact/Small impact/No impact*]
11. Where relevant, do you consider that your country was given the opportunity to contribute to those decisions? [*option box: Yes/No*]
  - a. If so, in which way(s) was your country able to contribute? [*comment box for country feedback*]

*Over the last three years, the G20 Development Working Group (DWG) has focused on several priority development pillars, including: infrastructure,*

*human resource development, food security, financial inclusion and remittances, domestic resource mobilization, inclusive business.*

12. Do these priorities address your domestic development challenges? [*option box: Yes – very much/Yes – a little/No – not at all*]
13. In your view, how effective has the DWG been in responding to feedback provided during previous outreach initiatives? [*option box: Highly effective/Somewhat effective/Not at all effective*]

### National development priorities, the UN 2030 Agenda, and reorienting the work of the DWG

14. What are the five most pressing development priorities in your country? [*comment box for country feedback*]

*The UN's 2030 Agenda for Sustainable Development and its means of implementation were both finalised last year.*

15. How could the DWG and other G20 work streams better support the 2030 Agenda, including means of implementation? [*comment box for country feedback*]
16. What kind of role should the DWG play and which particular areas of the 2030 Agenda, including the means of implementation, do you think the G20/DWG could focus on, given the nature of the G20 and its membership? [*comment box for country feedback*]

### Further engagement

17. Would you, or another officer in your Government, be willing to speak in greater detail with the Commonwealth or La Francophonie to discuss the work of the G20, your engagement in its work to date, and how its development mandate could be better refocused to support your development priorities? [*comment box for country feedback*]