

G20 AND BRICS UPDATE

Issue #22 - March 2015

E-NEWSLETTER

Will the New G20 Troika Advance "Sustainable Development"?

UN Conference on Financing for Development (FfD) Addis Abeba (July 14-16)

G20 Summit Antalya (Nov 15-16)

UN COP Paris (Nov 30-Dec 11)

UN Post-2015 Conference NY (Sept 25-27)



Infrastructure and SDGs

In "PPP(P)s in the new UN development agenda," **Roberto Bissio of Social Watch** identifies key questions that the UN and the G20 should address when defining modalities for financing development.

Civil 20

In "C20 Turkey- another step in institutionalising the civil society engagement in G20," **Meryem Aslan of Oxfam and the Turkish Civil 20 (C20)** describes the evolution of the C20 and how an inclusive Turkish C20 can make a difference.

Corruption

In "G20 anti-corruption wins – a fine line between ambition and action," **Maggie Murphy of Transparency International** describes key deliverables that should be expected from the G20.

Knowledge Box and Must Read

Turkey's G20 Presidency: What to Expect

Outcomes of the Australian G20 Summit:
Part 1: The G20 Adrift: Selected Outcomes of the 2014 Summit and
Part 2: The Emerging Multi-Polar World Order by **Nancy Alexander, Heinrich Boell Foundation-North America**

"What You Should Know About Megaprojects and Why: An Overview" by **Professor Bent Flyvbjerg, University of Oxford**

"Carbon Intensity and Energy Infrastructure" and "Assembly Lines for Project Development: The Role of Infrastructure Project Preparation Facilities (IPPFs)" by **Nora Rohde**

Introduction

Editorial: Odd Couple? The G20 and the UN

Nancy Alexander, Heinrich Böll Foundation - North America

On December 1, 2014, Turkey assumed the G20 presidency. Now, it leads the Troika with the past and future G20 presidents -- Australia and China, respectively.

Turkey has a "wild card" in its future -- namely, the election of 550 new members of its Grand National Assembly on June 7, 2015. Nevertheless, it has launched an ambitious agenda. (See: "Knowledge Box" on "Turkey's G20 Presidency: What to Expect" on p.3.)

Turkey also faces a unique challenge; its G20 Summit on November 15-16, 2015 in Antalya is scheduled between major UN events intended to chart a path for sustainable progress in this century.

Before the G20 Summit, the UN Financing for Development Conference (July, Addis Ababa) and the Post-2015 Development Summit (September, New York) will be held. The UNFCCC Climate Summit (December, Paris) is only two weeks after the G20 Summit. According to one Turkish official, the G20 views itself as a "steering committee" for these universal UN forums.

Yet, in order to relate to the UN's "Group of 193" member countries, the G20 must break the "sound barrier" between its promotion of growth and investment, on the one hand, and the climate and sustainable development goals of the UN system, on the other.

The G20's relevance depends on its capacity to address sustainable development, including inequality, universal social services, and global warming, without "trench warfare" breaking out among its members. Given that oil is trading 50% below its June 2014 peak, it would be a travesty if the G20 continues to subsidize fossil fuel exploration,

production or consumption or fails to expedite realistic carbon pricing. With principled leadership, such concerns of ordinary people can be addressed by the Summit process.

But, the overriding priority of the G20 is accelerating growth at a time when, [according to IMF chief, Christine Lagarde](#), "The global economy risks getting stuck in a 'new mediocre' -- a prolonged period of slow growth and feeble job creation." At the 2014 Australian G20 Summit, each G20 country submitted a [national growth strategy](#) but, for the most part, these contain little ambition to tackle inequality and environmental sustainability. (The November 2014 [World Bank Staff Assessment of "Growth Strategies: G20 Emerging Market Economies"](#) also lacks sustainable development content.)

To establish coherence between the G20 and the UN, the G20 does not need to expand its agenda, but rather ensure that sustainable development objectives are incorporated in all of its activities and outputs.

New to the G20?

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

[INTRODUCTION TO THE G20](#)

FEATURE ARTICLES

G20 growth strategies rely heavily on the expansion of infrastructure investment, particularly through Public-Private Partnerships (PPPs). To delve into this topic, **Roberto Bissio of Social Watch** contributes

an article "PPP(P)s in the new UN development agenda." He identifies key questions for the UN and the G20 to address when defining modalities for financing development or mobilizing investment. Bissio also questions whether there is sufficient evidence that PPPs meet economic, social or environmental/climate goals.

Despite the lack of evidence, we are witnessing not only a scaling up of PPPs (with PPP units in over 70 countries), but also the launch of a new infrastructure "asset class" which would attract long-term institutional investors (e.g., pension funds) into PPP portfolios. The G20, the World Bank, and the UN seem to view access to these investors, which control some \$84 trillion, as a "magic bullet" to boost financing for development and growth.

In "C20 Turkey- another step in institutionalising the civil society engagement in G20," **Meryem Aslan of Oxfam and the Turkish Civil 20 (C20)** describes the evolution of the C20 and how an inclusive Turkish C20 can make a difference. It is especially promising that the C20 administered a survey of civil society priorities in which over 1100 individuals participated. In response to the survey, the C20 has made a provisional decision that its four working groups will focus on: 1) gender equality, 2) inclusive growth (including employment and basic social services), 3) anti-corruption and taxation, and 4) sustainability (with focus on renewable energy, access to energy). (See box, below.)

Nancy Alexander recommends her articles on the outcomes of the Australian G20 Summit: Part 1: [The G20 Adrift: Selected Outcomes of the 2014 Summit](#) and Part 2: [The Emerging Multi-Polar World Order](#). (See "Must Reads," p.8.)

Perhaps one of the brightest outcomes is discussed by **Maggie Murphy of Transparency International** in her article, "G20 anti-corruption wins – a fine line between ambition and action," which describes key deliverables that should be expected from the G20.

"**Must Read**" publications on infrastructure include:

a) "What You Should Know About Megaprojects and Why: An Overview"

by **Bent Flyvbjerg at Oxford University** (p.12). In assessing his data base for mega- giga- and tera- (million, billion and trillion) dollar projects in the current investment boom, Flyvbjerg formulates the "iron law of megaprojects": "Over budget, over time, over and over again" and makes recommendations for overcoming the problem of the "survival of the unfittest" projects.

b) "Carbon Intensity and Energy Infrastructure" by **Nora Rohde**

describes the extent to which regional infrastructure master plans contribute to carbon intensity.

c) "Assembly Lines for Project Development: The Role of Infrastructure Project Preparation Facilities (IPPFs)" by **Nora Rohde** describes the promotion of IPPFs to fill the "pipelines of bankable projects" in each region and the lack of norms relating to sustainable development in project preparation. (See p.13.)

1 According to Matthew Goodman, China's new assertiveness represents the first serious challenge to the U.S.-led global economic order established at Bretton Woods 70 years ago. China stole some of the limelight from the November 2014 G20 Summit in Australia, which was immediately preceded by weighty China-led Asian Summits, the U.S.-China climate deal, the launch of the 21 nation, China-led Asian Infrastructure Investment Bank (AIIB) and the launch of a New Development Bank (NDB) lodged in Shanghai and led by Brazil, Russia, India, China and South Africa (BRICS). See "A pivotal year or the global economic order," CSIS, Global Economics Monthly, Volume III, Issue 12, December 2014.

2 So far, the G20's investment [guidelines](#) are largely devoid of sustainable development content. This is worrisome because Turkey is likely to ask all G20 members to deliver an Investment Strategy to its November Summit and it is imperative that such strategies deliver significant gains in sustainable development, including decarbonization.

Launch of Civil 20, Business 20, Think 20, and Labor 20 Activities

Civil 20. In response to its online survey results, the C20 has made the provisional decision to establish four working groups: 1) gender equality, 2) inclusive growth (including employment and basic social services), 3) anti-corruption and taxation, and 4) sustainability (with focus on renewable energy, access to energy). The C20 awaits recognition from the government.

Business 20 Kick-Off: February 9, 2015
The kick-off included Task Force meetings in the areas of trade, infrastructure and investment, financing growth, and anti-corruption. The B20 Chair, M. Rifat Hisarciklioğlu, is the **President of The Union of Chambers and Commodity Exchanges of Turkey (TOBB)**, which represents the country's 1.5 million companies in Turkey, covering 365 Chambers and Commodity Exchanges. He is [asking](#) for the B20 members to collaborate in regional consultations and joint taskforce meetings as well as in the International Business Advisory Council, a new advocacy body chaired by Coca-Cola CEO. Hisarciklioğlu is also the **President of TEPAV - The Economic Policy Research Foundation of Turkey**, a think-tank, which chairs the Think 20.

Think 20 Kick-Off, February 10-11, 2015
The T20 kick-off workshops featured more than 80 participants from 39 institutions in 20 countries;

dialogued with G20 Finance Ministers and launched research projects to be presented at the next G20 Sherpa meetings. The workshops were followed by a public conference on "Transforming Global Governance" at the Istanbul Chamber of Commerce (ITC), featuring a [speech](#) by Ali Babacan (Deputy Prime Minister of Turkey). The 2015 T20 agenda is set forth [here](#).

When asking "Why is the state involved [in public-private partnerships]?" the Turkish Deputy Prime Minister stated: "The state is involved to say, 'I promise I won't change regulations or introduce decisions that will harm your project or otherwise compensate your loss.' However, over the life of PPPs (some 15 to 40 years), the state also has regulatory responsibilities to its citizens which must be balanced with its interest in protecting investors. Otherwise, sustainable development cannot be achieved.

Labor 20. For the G20 Meeting of Finance Ministers and Central Bank Governors on 9-10 February 2015, the L20 recommendations called for "comprehensive measures to boost aggregate demand and reduce inequality." The L20 has an ambitious 2015 [Timeline](#) of Activities.

KNOWLEDGE BOX

TURKEY'S G20 PRESIDENCY: WHAT TO EXPECT

SUMMIT TIME AND PLACE: November 15-16, 2015 in Antalya, in Southwestern Turkey, on the Mediterranean coast.

INVITEES. In its G20 Troika, Turkey is joined by the past president, Australia, and future president, China. Turkey has invited six countries to participate in the 2015 G20 meetings: Spain (as usual), Azerbaijan, the 2015 Chair of ASEAN (Malaysia); the African Union (Benin); NEPAD (Senegal); and the Global Governance Group (3G) (Singapore).

MINISTERIAL GROUPS. In addition to convening the Finance Ministers and Central Bank Governors – Turkey will convene Foreign Ministers as well as Labor, Trade, and Tourism Ministers. In addition, the first meeting of Energy Ministers may initiate further work toward “energy for all” in Sub-Saharan Africa and a meeting of Agriculture Ministers will focus on issues, such as food safety.

THE THREE THEMES:

1) **inclusiveness**, including the permanent involvement of small- and medium-sized enterprises (SMEs) in G20 affairs. The International Chamber of Commerce is expected to launch a World SME Assembly or Alliance for this purpose. Inclusiveness also refers to the commitment by the Turkish Presidency to address the concerns of Low-Income Developing Countries (LIDC) – for instance, in relation to global value chains. According to the IMF, LIDCs include [60 countries](#).

2) **implementation** of a “short list” of the approximately 1,000 commitments to structural reform made by G20 countries.

3) **investment**, especially in infrastructure. Already, the G20 requires that member countries submit [national growth strategies](#) and [employment plans](#).

By the time of the November Summit, Turkey is likely to ask governments for national investment plans, too, to improve the business environment and facilitate financial intermediation, especially from non-traditional sources. Turkey's Deputy Prime Minister Babacan [emphasizes](#) that the G20 will advance PPP [public-private partnership] models, including “how to standardize them, how to securitize them; how to make the investors understand these models better, so that we will be able to provide more funding to PPPs.”

THE [THREE PRIORITIES AND 11 ISSUES](#):

- 1) **Strengthening the Global Recovery and Lifting the Potential**, including macroeconomic policy; investment and PPPs; trade; employment.
- 2) **Enhancing Resilience**, including financial regulation; international financial architecture; - international taxation; and anti-corruption.
- 3) **Buttressing Sustainability**, including development, energy sustainability, and climate change finance.

An [Introduction to the G20](#) describes the history of the G20 and its direction under Turkish leadership.

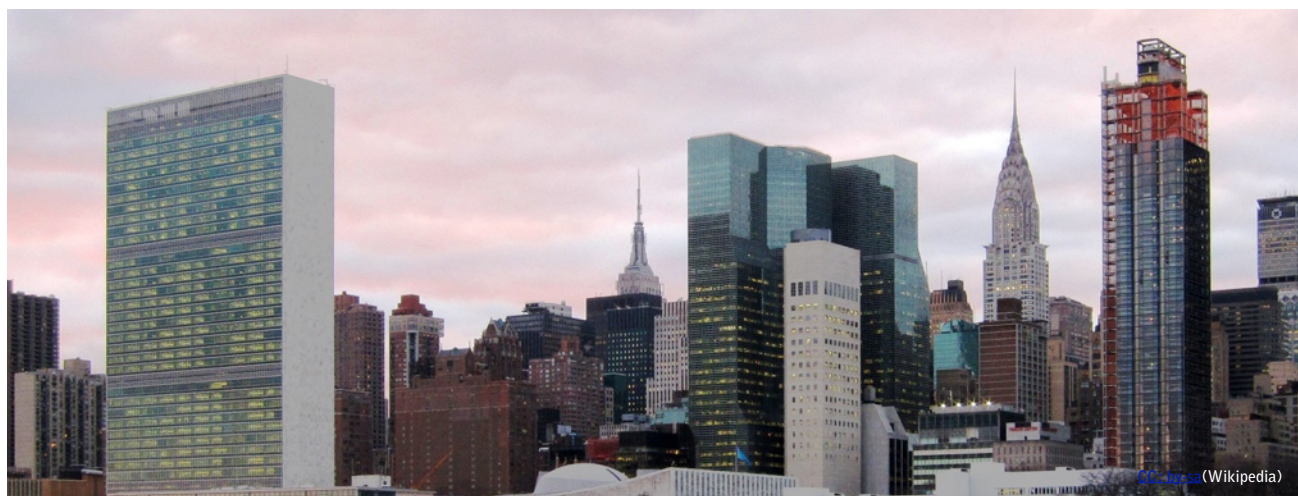


A [Commentary on Turkey's Growth Strategy](#) reflects on the extent to which the strategy provides an example for other countries.



PPP(P)s in the new UN development agenda

By Roberto Bissio, Coordinator of Social Watch, an international network monitoring governments' commitments on social justice and gender equity*



In July 2014, two years after the Rio +20 Summit on Sustainable Development, UN diplomats completed drafting a comprehensive and transformative set of Sustainable Development Goals (SDGs) as mandated by the Summit. This article introduces the SDGs and then focuses on one “means of implementation” of the SDGs: the public-private partnership (PPP). Both the G20 and the UN are embracing PPPs, but evidence casts doubt on the wisdom of widespread scaling up of this mechanism.

In the United States poverty has increased steadily in the last two decades and currently affects some 50 million people.

Introduction to SDGs

The 17 issue areas covered by the SDGs aim at completing the task initiated by the Millennium Development Goals, as evidenced by the very first target, which aims at “by 2030, eradicate extreme poverty for all people everywhere”. The MDGs had promised to halve

extreme poverty between 1990 and 2015.

But the SDGs go beyond the MDGs and propose an ambitious paradigm change in development, setting universal standards for social and environmental protection and relevant goals for developed countries. Here are a few examples of the many goals and targets that will require action by all countries, particularly the world’s richest:

Goal number 10 of the SDGs challenges governments to reduce inequality within and among countries.

- The second of the 169 agreed SDG targets commits governments to “by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions”. This target is a challenge for middle-income countries and also for some of the richest countries of the world, where poverty has been rising. In the United States poverty has increased steadily in the last

two decades and currently affects some 50 million people (using the official 2014 poverty threshold of \$24,250 per year for a family of four). In Germany, one in 75 children lived on welfare in 1965, a proportion that has grown to one in 6 in 2007.

- Goal number 10 of the SDGs challenges governments to reduce inequality within and among countries, including through the adoption of “fiscal, wage, and social protection policies” to “progressively achieve greater equality” (target 10.4).
- SDG 12 requires sustainable consumption and production patterns and challenges developed countries to take the lead in that transition.
- SDG 9 proposes to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.

Each of the goals lists some “means of implementation” (MoI) and the last one, Goal 17, is entirely devoted to MoI, but the related agreements are vague. On the infrastructure

* This article is based on his intervention at a panel debate on “Enabling and conducive governance, including global economic governance” at the United Nations, held on December 11, 2014.

goal, for example, the only agreed MoI specifies that “enhanced financial, technological and technical support” will be needed.

In September 2015, when world leaders will meet in New York to endorse the new development agenda, they are expected to launch a political declaration, a roadmap on how to implement the SDGs and a monitoring and review mechanism, all of which are currently being negotiated.

Secretary-General Ban Ki-moon argues that “urgent action is needed to mobilize, redirect, and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives”.

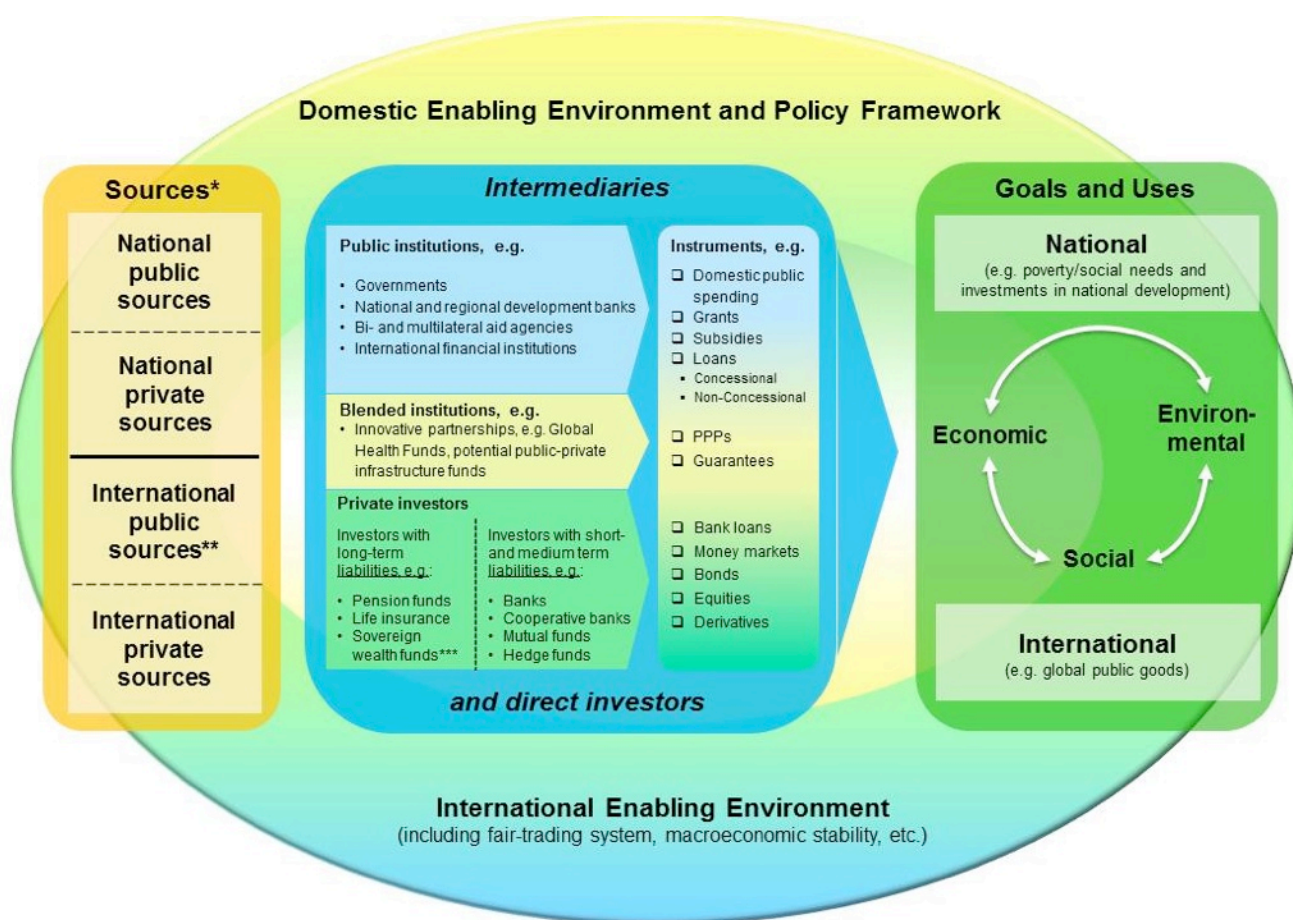
Long-term institutional investment for PPPs (or PPPPs)

In a report to the members of the United Nations, Secretary-General Ban Ki-moon argues that “urgent action is needed to mobilize, redirect, and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives”. Among “critical sectors” the report lists “energy, infrastructure and transport, as well as information and communications technologies”. This is also the proposal of the G20, which aims to mobilize some of the \$84 trillion in long-term institutional investment (e.g., pension funds), particularly for these infrastructure sectors. The SDGs would “provide a platform for aligning private action and public policies. [...] This means principled and responsible public-private-people partnerships”. This notion of PPPPs (or the role of people) is not elaborated.

The report offers a complex diagram (see below) of how the SDGs could be funded. The center of the diagram is occupied by PPPPs (the traditional three Ps), “blended institutions”, “potential public-private infrastructure funds” and “guarantees.”

In launching the G20 Global Infrastructure Hub, the Australian Prime Minister and G20 Chair declared that the new facility would mobilize “some two trillion dollars” for infrastructure by 2030. The “Hub” is a feature of the G20 Global Infrastructure Initiative, which is intended “to lower barriers to investment, increase the availability of investment-ready projects, help match potential investors with projects and improve policy delivery.”

Just prior to the G20 Summit, the World Bank announced a new partnership, the Global Infrastructure Facility (GIF) capitalized with only \$80 million and



Source: UN Secretary-General (December 2014) “[The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet](#)” p. 27.



What the initiatives of the G20 and the Development Finance Institutions, such as the World Bank, have in common is the attempt to create an “enabling environment” for private foreign investment in infrastructure of developing countries.

the Chinese government announced the creation of a new Asian Infrastructure Investment Bank (AIIB) with \$100 billion in authorized capital. According to Scott Morris, a senior associate at the Center for Global Development, “Right now it’s very difficult to see any division in responsibilities between the G20 and World Bank infrastructure projects. The striking difference between them and the AIIB is that the Chinese are offering actual capital for investment”.

What the initiatives of the G20 and the Development Finance Institutions, such as the World Bank, have in common is the attempt to create an “enabling environment” for private foreign investment in infrastructure of developing countries. Whether the UN will also endorse that line of advice is still being debated and in the preparation of the third Financing for Development (FfD) conference, the effectiveness of PPPs is being scrutinized. FfD3 will occur in July 2015 in Addis Ababa, just two months prior to the Post-2015 Development Summit in New York City.

The Performance of PPPs

The real performance of PPPs, particularly in infrastructure, is not particularly impressive. Portugal is the country with the highest volume of PPP investment (as a proportion of its domestic product) and therefore it is also a place where the PPP mechanism has been scrutinized.

Professor Ricardo Ferreira Reis, from OPPP (Observatory of PPPs, a center of the Portuguese Catholic University) argues that “the ‘off-budget temptation’ and not Value for Money was the main reason to choose PPPs instead of traditional procurement”.

The group concluded that, in Spain and Portugal, “the extensive use of PPPs led to over-investment in domestic infrastructure, contributing to the countries’ financial crises”.

Scholars have been warning about that “temptation” for quite a time. In 2004, the IMF argued the point that fiscal commitments are largely off-budget (i.e., contingent liabilities) and, therefore, gave governments the illusion of fiscal space. In 2007, another study explained that “since PPP projects are perceived by current public decision-makers as zero-cost projects, the selection of projects loses rationality, allowing for the

approval of projects presenting social benefits lower than total costs”. Furthermore, “PPPs, without proper control, provide an effective way for approval and launching of public investment projects without guaranteed sustainability” and therefore “PPPs allow for the transfer of cost from the current generation to future generations, and especially from the current government to future governments, because typically there are no payments in the first three or four years of the contract.”

This is not just the case in Portugal. The government of South Korea has learned this the hard way. In Germany, the official budget auditing institution recently found that four road PPPs cost €1,9 billion more than equivalent public projects.

Most traditional donors of official development assistance (ODA) have “views and approaches towards supporting private investment for developing country infrastructure” that are not based on their own experiences.

An expert group of the development directorate of the OECD (which specializes in investment) recently concluded that “donor countries that have domestic experience in private participation in infrastructure should take success and failures into account when promoting private participation in developing country infrastructure”. The group concluded that, in Spain and Portugal, “the extensive use of PPPs led to over-investment in domestic infrastructure, contributing to the countries’ financial crises”.

However, most traditional donors of official development assistance (ODA) have “views and approaches towards supporting private investment for developing country infrastructure” that are not based on

their own experiences. The experts conclude that “private participation in infrastructure can be complex, time-consuming and subject to frequent renegotiation and restructuring. If certain modalities are hugely unsuccessful in OECD countries, they are unlikely to succeed in less developed countries where cost recovery is more difficult.”

The report of the Intergovernmental Committee on Sustainable Development Financing suggested returns on PPPs of 20%-25%.

Since the 2008 financial and economic crisis, advanced economies are simultaneously having “historically low interest rates and greater appetite for risk”. As funds face interest rates near zero (negative in real terms) in AAA-rated bonds in Europe, Japan and the US, billions or even trillions of dollars are avidly searching for higher returns. Thus, in an interview with “Der Tagesspiegel” (October 10, 2014) Markus Faulhaber, head of the life insurance section of Allianz declared that “we would love to finance roads”. For that, the fund only requires a yearly return of five percent on its investment. “This is a hidden gigantic subsidy” commented the economist Norbert Häring, because the German government can borrow that same money from the public paying only 0.5 percent for ten-year bonds and probably slightly more for 30-year bonds.

In developing countries, the expected return rate would be much higher; the report of the Intergovernmental Committee on Sustainable Development Financing suggested returns on PPPs of 20%-25%. In practice, the new terminology and techniques of “blended finance” or “leveraging ODA” amounts to using public monies to reduce the risk of private investors. This is a moral hazard, as losses would be socialized, not just with donor countries’ taxes, but also

with recipient countries’ taxes, other fiscal incentives (e.g., guarantees), and high user fees.

Conclusion

The building of appropriate infrastructure is certainly an imperative for most developing countries and most of them lack the domestic resources required. But instead of indiscriminately promoting a mechanism with dubious benefits for development, alternatives should be identified. For instance, the G20 meetings and the upcoming Financing for Development summit of the United Nations (Addis Ababa, July 2015) should address the following questions:

- What kind of governance mechanisms should developing countries put in place to avoid the same mistakes encountered by developed countries which are implementing PPPs?
- How can mega-projects in carbon-intensive sectors – energy and transportation, for instance – support environmentally sustainable development consistent with pledges by countries to ensure that global warming does not exceed 2 degrees Celsius?
- With so much money looking for investment opportunities, what alternatives do developing countries have? Which alternatives prevent the excessive accumulation of debt and the transfer of excessive costs to taxpayers and users of the infrastructure for generations to come?
- Having already identified the need for international tax cooperation to avoid a “race to the bottom”, how can this lesson be applied when countries are competing to attract investment?

- 1 See the UN Open Working Group [proposal on the Sustainable Development Goals](#).
- 2 United Nations (2014), A/69/700, “The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet,” 4 December.
- 3 Australian Prime Minister, “[G20 Delivers Practical Outcomes on Infrastructure](#),” November 16, 2013. The G20 Global Infrastructure Initiative, available at https://g20.org/wp-content/uploads/2014/12/g20_note_global_infrastructure_initiative_hub.pdf.
- 4 “[G20 Seeks to Streamline Private Investment in Infrastructure](#)”, by Carey L. Biron, Inter Press Service.
- 5 Ricardo Ferreira Reis, “The impact of PPPs contracting on Portugal’s fiscal position and what can be done about it”, Presentation at the 4th Annual OECD Symposium on PPP. Working Party of Senior Budget Officials (SBO), 2011.
- 6 IMF, 2004, Public Private Partnerships. <https://www.imf.org/external/np/fad/2004/pipf/eng/031204.pdf>.
- 7 “PPP and Fiscal Risks: Experiences from Portugal”, by Rui S. Monteiro, Par’ublica, Portugal, March 7th, 2007.
- 8 Bericht an den Haushaltsausschuss des Deutschen Bundestages nach #88 Abs. 2 BHO über Öffentlich Private Partnerschaften (ÖPP) als Beschaffungsvariante im Bundesfernstrassenbau, Bundesrechnungshof, Berlin, June 2014
- 9 OECD-Development Cooperation Directorate, Advisory Group on Investment and Development, “Official Support for Private Investment in Developing Country Infrastructure,” DCD/WKP(2014)2/PROV, 10 March, 2014.
- 10 Yılmaz Akyüz, “Internationalization of finance and changing vulnerabilities in emerging and developing economies”, Research Papers, South Centre, Geneva, January 2015.
- 11 See his blog post: <http://norberthaering.de/index.php/de/newsblog2/27-german/news/207-allianz-trickst#1-weiterlesen>.
- 12 August 2014 [ICESDF report](#) to the General Assembly, para. 138.

MUST READ

OUTCOMES OF THE AUSTRALIAN G20 SUMMIT

Since the “devil is in the detail,” perhaps the most significant thing about the [G20 Leaders’ Summit Communique](#) are the extensive attachments. The Communique and its accompanying [Brisbane Action Plan](#) reference the [growth strategies](#) of each G20 member which, collectively, promise some 1,000 reform measures. Promises to oversee implementation of such an unwieldy agenda are a signal of the G20’s disarray. Moreover, the legacy of these strategies (and their [assessment by the World Bank’s staff](#)) will relate to their silence on inequality or the carbon intensity of approaches to growth.

Another signal of disarray relates to the unremarkable outcomes of G20 actions – except in the areas of anti-corruption and infrastructure. Details of the outcomes appear in a two-part series by Nancy Alexander of the Heinrich Boell Foundation-North America.

PART 1: [The G20 Adrift: Selected Outcomes of the G20 Summit](#)

The G20 adopted a 2015-2016 Anti-Corruption Action Plan with an implementation plan that gives precise deliverables (something that was lacking in the past).

The G20 agreed to reduce the gap between male and female labor force participation by 25% by 2025, but G20 growth and employment plans lack a path to that goal.

Seven years after the global financial crisis, most of the G20’s decisions on financial regulation are timid, tentative, and incomplete, e.g., reform of derivatives markets.

Even though the Summit was hosted by a climate denier, Australian Prime Minister Tony Abbott, the communiqué promised “strong and effective action to address climate change” and support for a legally binding deal in 2015.

But, remarkably, the G20 [Food Security and Nutrition Framework](#), the [“Growth for All:](#)

[Brisbane Development Update”](#) and G20 [“Principles on Energy Collaboration”](#) do not mention global warming.

In terms of global governance, the G20 communiqué gives an ultimatum to the IMF to become more representative. If the U.S. does not approve the IMF’s quota reform by June 30, 2015, the IMF will need to identify alternative governance arrangements.

PART 2: [“The Emerging Multi-Polar World: Its Unprecedented Consensus on a New Model for Financing Infrastructure Investment and Development](#)

With some national and regional variations, there is a global consensus on a new model of financing infrastructure and development, which scales up infrastructure public-private partnerships (PPPs), especially in energy, transportation, and water sectors, in order to promote economic integration and trade on a regional, continental and global scale.

Mega-, giga- and tera-dollar projects in trade facilitation fuel the competitive scramble for natural resources and markets.

The model would mobilize public money (e.g., taxes, pensions) to “de-risk” projects in order to attract investors, including long-term institutional investors (e.g., pension funds), which hold approximately \$85 trillion in assets. To Leaders, mobilizing investment on this scale represents a “magic bullet” that can promote global growth. To others, creating an infrastructure “asset class” is a “game changer” which would invite financial speculation in the infrastructure assets upon which people rely for their lives and livelihoods. The consensus on this model is not based on solid evidence that envisioned infrastructure master plans would reduce carbon intensity or that PPPs can perform acceptably, especially in certain sectors and countries.

C20 Turkey- another step in institutionalising the civil society engagement in G20

Meryem Aslan of Oxfam and the Turkish Civil 20



Introduction

The engagement of civil society organisations, including non-governmental organisations (NGOs), in global governance institutions is not new. The importance of their role was recognised very early on, and mentioned in article 71 of the founding Charter of the United Nations. Since then, relations between civil society and international institutions have been continuously evolving in parallel with changes in the definition, role and context in which civil society organisations are operating. This change process has seen an increase in the engagement of civil society with multilateral institutions, international conferences and intergovernmental bodies. In 1994, the surge in civic engagement in international processes prompted the then-UN Secretary General Boutros Boutros-Ghali to say “NGOs are a basic forum of popular participation in the present-day world. Their participation in international organisations is, in a way, a guarantee of (their) political legitimacy”.

Over time, international and regional institutions began to develop formal processes for civil society engagement and consultations. For

example in 2012, the African Development Bank published a framework for enhanced engagement with civil society organisations, and for many years the World Bank and IMF engaged with civil society during their annual meetings. The OECD has engaged with civil society since it was founded in 1961, with a gradual deepening of its understanding of the diverse civic organisations that make up civil society, and the establishment of annual civil society forums.

The Civil 20 offers a platform for these organizations to bring the concerns of ordinary women and men to the attention of policy makers at national and international levels and scale-up advocacy for broad-based and inclusive policy making in order to achieve a fairer distribution of policy impacts.

The increase in civil society organisations’ participation in global processes has not been a linear progression, and has never been easily or fully granted. It has included a constant negotiation and

renegotiation of the civil society space for influencing social, economic and political spheres. The reaction of governments and intergovernmental organisations to the claims of civil society for voice and influence has been diverse, and often in a state of flux, ranging from defensive resistance to collaborative innovation and proactive engagement, from suspicion, distrust and restriction to an acknowledgement of the need for dialog with different sections of society in decision making processes. Fluctuations in the reactions of governments and other institutions have been informed and influenced by the characteristics of national political systems and political cultures as much as by the global political landscape, as well as global and regional geopolitical and economic power shifts.

The G20 and Civil Society

Civil society organisations’ interest in the G20 is part of this historical evolution of civil society’s role and engagement with global governance institutions. G20 countries represent close to 90% of global GDP, 80% of international trade, and two-thirds of the world’s population. G20 members also hold sway in international financial institutions, as

they have the majority of the votes in these institutions. The power of the G20 is further expanded by the multiple collaborations it seeks with other international and regional institutions such as the OECD and the AU.

The impact of such a powerful body on the day to day lives of billions of women and men across the globe is immense. The economic and financial decisions taken here could determine the speed and shape of women's employment, the distribution of citizenship responsibilities (for example through tax) and benefits (such as through distribution of access to assets, jobs and financial resources). Non-engagement with the G20 is not a feasible option for civil society organisations which have been engaging with global governance institutions for decades. The Civil 20 offers a platform for these organizations to bring the concerns of ordinary women and men to the attention of policy makers at national and international levels and scale-up advocacy for broad-based and inclusive policy making in order to achieve a fairer distribution of policy impacts.

By the same token, the question of how best to engage with civil society and other stakeholders including business has been an ongoing issue for G20 meetings since the early days due to the imperfect and uneven approaches taken by G20 members towards the issue of participation and inclusion as well as the need to deepen meaningful civil society inclusion in processes of G20. Under the South Korean (2010) and French (2011) G20 presidencies, civil society engaged with the G20 in a relatively structured way. In 2012, the Mexican presidency saw an increased level of interaction with the civil society. However, it was not until the 2013 Russian presidency that civil society engagement was officially recognised by the G20. In 2013, the Civil 20 (C20), became an official G20 engagement group, on a par with other official engagement groups such as the Business 20 and Labour

20. This formalised recognition of and commitment to the role of civil society in international governance structures was passed on to Australian presidency in 2014.

However, it was not until the 2013 Russian presidency that civil society engagement was officially recognised by the G20.

The G20 presidency of Turkey in 2015 will be another important milestone, not only in the institutionalisation of civil society engagement in the G20, but also in the general approach taken by global governance institutions to the issue of participatory and inclusive policy making processes that embrace diverse and vibrant civil society institutions.

From the outset, the group of organisations that has been involved in organising the C20 Turkey has been committed to a comprehensive, inclusive, open and transparent process of outreach to, and consultation with, national and international civil society organisations.

A group of 15 civil society organisations in Turkey started working in March 2014 to explore the possibilities for a Turkish C20 in 2015. The group initiated its work by establishing close contacts with the organisers of the C20s in Russia and Australia, reviewing previous work, jointly extracting lessons learned to date and developing ideas for how the C20 might be organised in Turkey. Engagement and dialog with Australian and Turkish officials during Australia's G20 presidency constituted a vital part of the preparation phase for this group of organisations.

As in other places, the motivation of Turkish civil society organisations to organise a C20 Turkey at an early stage was driven, first and foremost, by the conviction that a robust C20

in 2015 will present multiple benefits to the G20, to civil society and to the Turkish government, as well as to the women and men impacted by G20 decisions all around the world. Turkish civil society's engagement with a relatively new intergovernmental institution, such as the G20, is also seen as one of the mechanisms by which a global policy environment and governance architecture that is more transparent, inclusive and balanced can be created. Such a change is vital to bridging the north-south divide, and producing mutually beneficial public goods within and between countries.

In addition, civil society organisations in Turkey recognised that an official C20 process provides an opportunity to others in Turkey and around the world to engage with G20 in a constructive manner. The organisation of the C20 Turkey has also been considered an important venue for increasing the engagement of Turkish civil society organisations on issues of international development.

From the outset, the group of organisations that has been involved in organising the C20 Turkey has been committed to a comprehensive, inclusive, open and transparent process of outreach to, and consultation with, national and international civil society organisations. C20 Turkey has demonstrated its determination to be guided by the concerns of the global community in its facilitation of engagement with G20 processes. To this end, the C20 Turkey undertook a comprehensive review of the priority policy recommendations made by national and international civil society organisations to the G20 between 2009 and 2014, compared these to the agenda of the Turkish G20 presidency for 2015, and utilised the results of this review to launch an open public survey to determine the C20's agenda for 2015.

So far the organisers of the C20 in Turkey have reached out to over 1,200 civil society organisations and

networks globally. A live, on-line survey, which concluded at the end of February, collected policy priorities from participants and updated the results in real time, as each new respondent took part. Over 1100 individuals responded to the survey in six languages. This is the first time that the C20 has used a tool of this nature to make the results of its policy consultation process publicly available in such an open and transparent manner. This means that anyone and everyone interested in the policy priorities of a broad spectrum of international civil society organisations can get a sense of them with just one click.

At press time in late February over 1100 individuals had responded to the survey in six languages.

Furthermore, everyone who takes part in the survey will receive regular updates on the process, including the opportunity to provide feedback and engage in further creative, constructive collaboration. In this way, participants in the C20 Turkey process are able to meaningfully participate in the development of multi-stakeholder solutions to issues of global concern, such as inequality, climate, transparency, and women's labour force participation.

Turkish civil society organisations engaged in C20 Turkey, as well as their counterparts in other G20 countries and beyond have consistently emphasised the importance of broad-based and inclusive processes for the G20 as well as for the C20 Turkey itself and its official engagement with the G20. Therefore, we were very encouraged by the Turkish government's December 2014 announcement of a relatively progressive G20 agenda.

Turkish civil society and its global counterparts welcomed the Turkish government's commitment to make the G20 more inclusive and to focus on implementation of previous policy

commitments. These organisations have been long-standing advocates of increased civic engagement in national and international decision making processes, as well as more open and accountable governance systems that level the playing field for stakeholder participation, especially for developing countries.

Moreover, many of the official priorities for the 2015 G20 have resonated powerfully with civil society nationally and internationally. These include: increasing the access of women and the poor to financial services as well as reducing the gender wage gap and increasing the minimum wage. These priorities have been tirelessly promoted by civil society organisations around the world for decades, as a means to achieve broad-based and inclusive development. These issues overlap with the current G20 presidency's emphasis given to development, financial inclusion and increasing women's labour force participation. The emphasis of the 2015 presidency on small and medium enterprises (SMEs) also resonates with the long-standing call of the civil society for rebalancing investment in agriculture to support sustainable small-scale farming as means of boosting employment and food security.

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The early results from C20 Turkey's online survey further reinforce this overlap, with polling indicating a strong interest in focusing on access to basic social services as a precondition for addressing inequalities, taxation for justice, transparency in policy making and

programme implementation, renewable energy, women's access to employment and social protection. With such an overlap in priorities, Turkey's G20 presidency has the potential to become a foundation for productive collaboration between civil society organisations and G20 governments for many years to come. However, this won't happen by itself. G20 governments, and most importantly the present G20 Presidency, must embrace the opportunity presented by such overlapping agendas and seek ways to collaborate in order to achieve common goals.

1 <http://www.un.org/en/documents/charter/chapter10.shtml>.

2 UN system and Civil Society, An inventory and Analysis of Practices ; Ecosoc HL Panel- Background paper by secretariat.doc , May 2003.

3 See paragraph 81-84 of Los Cabos Leaders Declaration.

4 Organisations that are engaged in this early initiative are: IKV (Foundation for Economic Development), KEDV (Foundation for women's labour), Habitat, Foundation for Protection of the Environment (or WWF-Turkey), Seffalik (Transparency-Turkey); OXFAM; TOG (Community Volunteers Foundation), TEGV (Educational Volunteers), KAGIDER (Women Entrepreneurs Association of Turkey), CEID (Association for Monitoring Gender Inequality), GIKAP (Women's Organisations Platform –Rainbow), TUSEV (Third Sector Foundation of Turkey), Türkiye Sakatlar Konfederasyonu (Turkish Confederation of Disabled), TEMA and ACEV. The engagement level of each organisation in the process varies, although all have expressed interest in close engagement in the process.

5 <http://c20turkey.org/poll-results/show/3>.

6 For the full breakdown of which issues are polling most strongly, please see here: <http://c20turkey.org/poll-results/show/3>.

7 <https://g20.org/wp-content/uploads/2014/12/2015-TURKEY-G-20-PRESIDENCY-FINAL.pdf>.

8 Please see the document "Civil society priorities and the 2015 Turkish G20 presidency" for a more detailed comparison of the official G20 agenda with the concerns of civil society here: http://c20turkey.org/pdf/bbp_en.pdf.

MUST READ

[What You Should Know About Megaprojects and Why: An Overview](#)

by Professor Bent Flyvbjerg, Chair of Major Programme Management at the University of Oxford, holds two (engineering and science) doctorates

In this article, Flyvbjerg describes the biggest investment boom in human history and the role of mega- giga- and tera (million, billion and trillion) dollar projects in this boom. While this article provides an overview of his findings, his [vast collaborative publications](#) include examination of topics such as "[Should We Build More Large Dams? The Actual Costs of Hydropower Megaproject Development](#)"; "[What Causes Cost Overrun in Transport Infrastructure Projects?](#)"; "[Double Whammy – How ICT Projects Are Fooled by Randomness and Screwed by Political Intent](#)"; and "[Delusion and Deception in Large Infrastructure Projects: Two Models for Explaining and Preventing Executive Disaster](#)".

According to Flyvbjerg's statistical data, mega-projects are a "magnet" for failure. He formulates the "iron law of megaprojects": "Over budget, over time, over and over again". Conversely, "success" is defined as a project delivered on time, within budget and with promised benefits. But, according to data, only one out of a thousand projects meets this definition of success and 90% do not meet the target budget. In cases such as the Eurotunnel, the project can be a technological success, but an economic failure.

Flyvbjerg describes "sublime" motivations for escalating the number and size of projects. For instance, the "political sublime" refers to the rapture politicians get from building monuments to themselves and for their causes; the "technological sublime" refers to the excitement of building the "longest, tallest, fastest" project; and the "economic sublime" refers to the money made at every stage of project execution.

These sublims contribute to untrustworthy project documentation (business plans, cost-benefit analyses, environmental and social impact assessments). For instance, for rail projects, there is an average cost overrun of 44.7% and an average demand shortfall of 51.4%; for roads, an average cost overrun of 20.4% combines with a 50-50 risk that demand is also incorrect by more than 20%. Preliminary data show that dams, which are estimated to take 10 years to execute, actually took 14.5 years on average. Moreover, some call megaprojects the "Vietnams" of policy and management: "easy to begin and difficult and expensive to stop". Such miscalculations result in a "break-fix model" of management in which

investors try to fix one disaster at a time.



The author describes how some theorists and project managers try to explain project calamities through positing the existence of a "hidden hand" and "creative error".

They argue that, if the real costs and delays of a project were known, it would never get built.

Flyvbjerg asserts that we see evidence of the "survival of the unfittest" projects because realistic project information cannot compete against information that is "cooked" in order to justify projects. At the same time, he states that this pattern is changing because of the economic consequences of project failures. To accelerate more rational decision-making, Flyvbjerg recommends thorough front-end planning to avoid these harmful projects as well as intensified research about successful megaprojects, such as the Guggenheim museum in Bilbao.

MUST READ

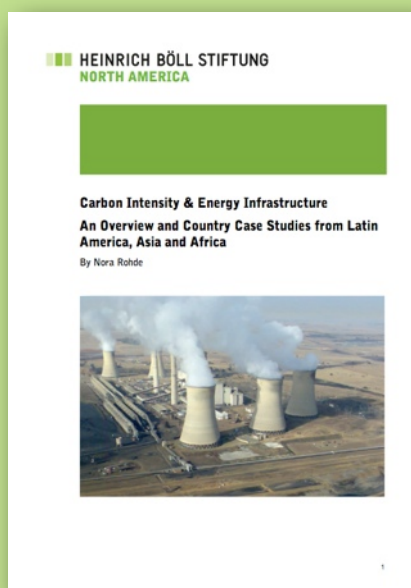
NEW PUBLICATIONS on INFRASTRUCTURE MASTER PLANS: CARBON INTENSITY AND PROJECT PREPARATION by Nora Rohde

[“Carbon Intensity and Energy Infrastructure: An Overview and Country Case Studies from Latin America, Asia and Africa”](#)

This paper analyzes the extent to which the priority energy projects of each geographical region contribute to an overall decarbonization strategy. In order to limit global warming to 2°C, it is imperative to transform the global energy sector and phase out fossil fuel power generation over the long term.

The analysis examines the energy master plans for Latin America, Africa and Asia and assesses their social and environmental impacts. Despite being blessed with great renewable energy potential, none of the geographical regions are adequately promoting this potential. Instead, they excessively rely on power generation through the burning of fossil fuels (Asia and Latin America) and/or develop large-scale hydropower facilities (Africa). Although the latter are considered renewable energy sources, the magnitude of these dams cause severe social and environmental problems, including emission of greenhouse gases.

Individual country case studies (Argentina, Ethiopia, and Indonesia) show that carbon intensity (CO₂-emissions per unit of GDP) as an indicator for a country's decarbonization efforts is a misleading measure. A decline in carbon intensity can be the result of GDP levels growing faster than the CO₂-emissions -- not necessarily more sustainable and cleaner power generation. Therefore, it is necessary to examine the particular fuel mixes of each country to get a distinct picture of its environmental footprint.



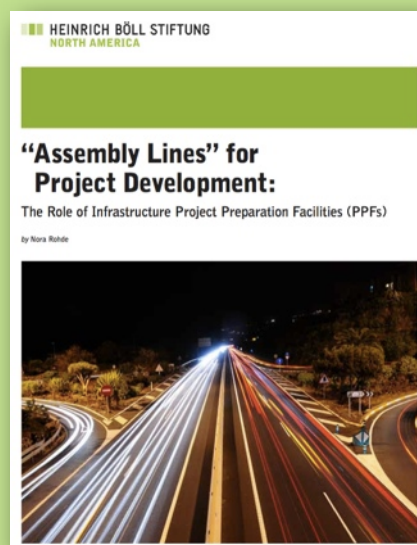
[“Assembly Lines’ for Project Development: The Role of Infrastructure Project Preparation Facilities”](#)

Infrastructure development is currently the “talk of the town”. The construction of mega-, giga-, and tera-dollar infrastructure projects -- highways, roads, energy and information & communications technology (ICT) -- is seen as a means to spur economic growth and create quality jobs. This paper examines the regional infrastructure initiatives in Latin America, Africa and Asia and identifies the preferred Project Preparation Facilities (PPFs) which are “assembly lines” for preparing

priority projects for each region.

It is currently claimed that the lack of “pipelines of bankable projects” in each region constrains the private sector from investing in infrastructure projects. Hence, many new and existing institutions are launching Project Preparation Facilities (PPFs), which are speeding up and standardizing project preparation (e.g., project concept and design, feasibility studies, environmental impact assessments, etc.) in order to provide investors with a range of attractive projects that combine low risks with high returns.

Acceleration of project preparation is likely to come at the cost of thorough social and environmental impact assessment as well as participatory decision-making processes. Therefore, the paper also looks at whether PPFs include safeguards that could help guarantee the selection of projects with the highest social benefit.



G20 anti-corruption wins – a fine line between ambition and action

By Maggie Murphy, Senior Programme Coordinator in the Global Advocacy and Policy team at Transparency International



The value of the G20 is the combination of its relative diversity and relative ambition. In the space of one year the G20 can bring into agreement countries as diverse as the US, Saudi Arabia, China, Mexico and South Africa. It may not be as representative as the UN, but it moves a lot faster. It may not be as ambitious as the G7, but agreements are harder won; after all, this is not a group of friends who are more or less on the same economic and political page.

The Business 20 itself stresses the point that if corruption were an industry it would be the world's third largest, amounting to 5% of global GDP each year.

On certain issues there is real value in attracting and maintaining the G20's attention. The G20 can advance its twin goals of economic growth and stability by ridding corruption from the ways the private sector and governments do business. The Business 20 itself [stresses the point](#) that if corruption were an industry it would be the world's third largest, amounting to 5% of global GDP each year. In addition, the cross-border nature of corruption requires international cooperation, including between countries that may

not always see eye to eye. Corrupt cash, especially of the highest magnitude, rarely stays inside a single country; instead, it flows through multiple jurisdictions before ending up in banks, luxury goods stores and in real estate far from its country of origin. The G20 is an ideal forum to increase international cooperation and, in so doing, raise collective standards.



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In line with their G20 commitments, India, Saudi Arabia and Germany have now ratified the UN Convention against Corruption. Japan is now the only G20 member to have broken its promise to do so.

In 2010, the G20 announced that tackling corruption would be a priority, opening up [advocacy space](#) for civil society actors such as Transparency International. The G20 established a G20 Anti-Corruption Working Group and adopted an Anti-Corruption Action Plan at the Seoul Summit in November 2010. A second plan was adopted in 2012. Gains over the years have included a collective G20 shuffle towards adopting higher anti-corruption standards on a national level. In line with their G20 commitments, India,

G20 accountability for corruption pledges has not been strong.

Saudi Arabia and Germany have now ratified the UN Convention against Corruption. Japan is now the only G20 member to have broken its promise to do so. China, India, Indonesia and Russia have begun to work with the OECD Working Group on Bribery – with Russia fully acceding to the OECD convention in April 2012. China amended its criminal code in 2011 to make the bribery of foreign officials an offence, and India has begun the process of passing such legislation. Several G20 countries have adopted or strengthened whistleblower legislation, including both India and China in 2014 alone.

Yet, there is no denying that efforts and achievements have been patchy and sometimes slow. G20 accountability for corruption pledges has not been strong. It has often consisted of a consolidated annual report showcasing progress but glossing over gaps, accompanied by a checkbox spreadsheet that poses more questions than it answers. In addition, Action Plan commitments have been vague or ambiguous in wording. It's not good enough that the second G20 Anti-Corruption Action Plan adopted in 2012 barely differs from the first Anti-Corruption Action Plan adopted in 2010.

We welcomed the adoption of G20 High Level Principles on Corruption and Growth that seeks to formally rationalise why tackling corruption is a "vital part of the growth agenda".

So would there be value in advocating for a renewed, post-2014 G20 Action Plan? This was the question Transparency International wrestled with at the start of the year. We set an internal advocacy ground rule; any new Action Plan had to be substantially more concrete and tangible than the previous ones with preference for issues that require cooperation between G20 countries. And if that meant reducing the number of corruption issues to be tackled then so be it. Luckily this approach chimed well with the Australian government's [early mantra for increased focus](#) during their presidency.

Overall the final results on anti-corruption adopted in Brisbane have been strong, with some interesting new developments. Here are our top five takeaways:

1. Placing corruption firmly on the G20's agenda

The G20 risks being ineffective by accumulating agenda items that seem far from its core topics of growth and stability. The G20 has

been warned of losing its relevance. Back in January 2013, the future head of Australia's Think 20, Mike Callaghan, [warned that](#) a number of issues on the agenda, including corruption could be a "distraction" for G20 leaders. It is precisely because of those concerns that we welcomed the adoption of [G20 High Level Principles on Corruption and Growth](#) that seeks to formally rationalise why tackling corruption is a "vital part of the growth agenda". This in combination with the newly adopted G20 [Anti-Corruption Action Plan 2015-2016](#) underscores its centrality to the core G20 agenda.

Customs, extractives, fisheries and forests and the construction sector will all come under additional scrutiny. The role of the financial sector and intermediaries (such as company or trust service providers) in preventing and detecting corrupt flows will also be explored in more depth.

2. Replacing lofty ambition with concrete action

At first glance, the new G20 [Anti-Corruption Action plan 2015-2016](#) disappoints. It begins with a bold statement that "G20 members commit to taking concrete, practical action in 2015-16" before listing an imprecise set of commitments with no explanation of how they will be fulfilled. However, this is because the G20 Anti-Corruption Working Group has - for the first time - published an accompanying eleven page [Implementation Plan \(docx\)](#) which includes a detailed set of itemised deliverables. These deliverables are concrete and achievable, such as developing toolkits on tricky areas, convening workshops with the financial sector, and requiring active participation in the OECD Working Group on Bribery for those countries which have not yet ratified the Convention.

3. Increasing transparency and accountability

Other G20 Working Groups should take note. The Anti-Corruption Working Group is now leading by example when it comes to transparency and accountability. In addition to the brand new Implementation Plan, each [G20 country's individual self-assessment questionnaires](#) are being published in full for the first time; these show exactly how each country is presenting its actions (or inaction) to the wider G20 group. This provides a great entry point for those on a national level. Previously, this information has been collated in a single [accountability report](#), with little disclosure of country-level detail.

For a set of countries as diverse in political and economic leaning as those in the G20, it is testament to the severity of the problem that all have signed up to G20 Beneficial Ownership Principles that require action on secret company ownership including greater cooperation and sharing of information between jurisdictions.

4. Focusing on international cooperation

Individual countries may tackle corruption as best they can within their own domestic framework, but their hands are often tied when the money exits the country. The G20 has real potential therefore to make a dent in the global armour that currently protects corrupt individuals who syphon money out of one jurisdiction and into another.

One protection that corrupt individuals enjoy is secrecy provided by laws that hide the identities of who ultimately owns, controls or benefits from shell companies and other legal entities. For a set of countries as diverse in political and economic leaning as those in the

G20, it is testament to the severity of the problem that all have signed up to [G20 Beneficial Ownership Principles](#) that require action on secret company ownership including greater cooperation and sharing of information between jurisdictions. Whilst the pledges are not as ambitious as [civil society groups such as Transparency International are calling for](#), we have seen a set of Principles formulated at G8 level scaled up, adapted and adopted by the G20 in just one year. This demonstrates that the voices of civil society are being heard.

There is another interesting G20 initiative that will not grab any headlines this year but which demonstrates the possibilities that open when G20 countries improve cooperation. That is the G20 Anti-Corruption Working Group's initiative to publish individual G20 country guides on how to recover stolen assets that have ended up on their shores from abroad.

We have G20 ownership of Beneficial Ownership Principles and a new two-year Action Plan. Some people may be disappointed by the lack of ambition, but on the positive side, they at least contain deliverables which are achievable.

5. Keeping up with the times - new focus areas

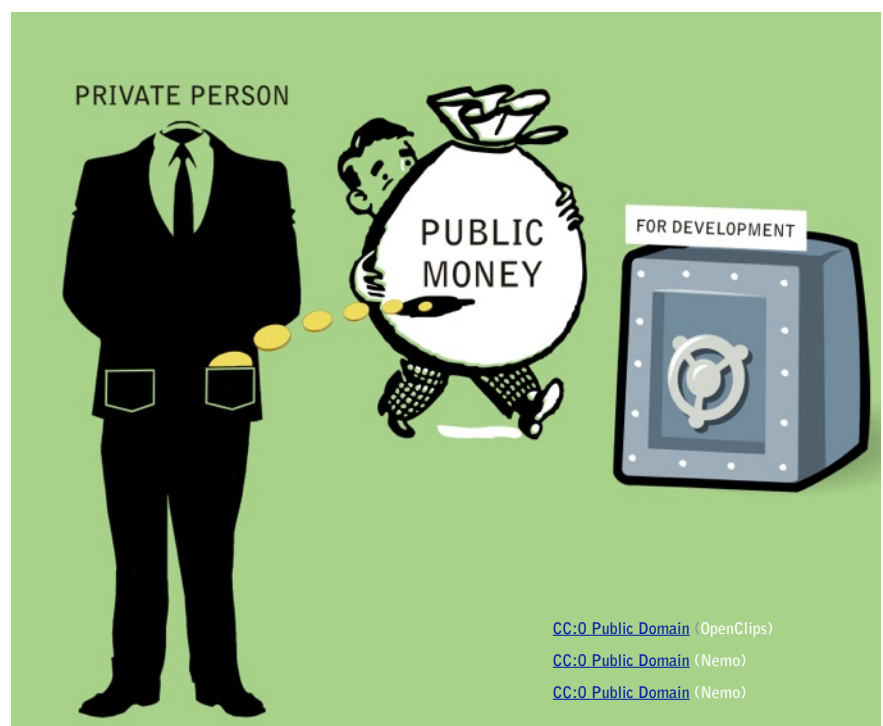
Of course, the corruption environment continues to change and develop, opening new areas that need attention. The G20 Anti-Corruption Working Group has begun to respond by adopting new commitments on exploring and promoting international open data standards and on moving towards enhanced budget and fiscal transparency. Customs, extractives, fisheries and forests and the construction sector will all come under additional scrutiny. The role of the financial sector and intermediaries (such as company or

trust service providers) in preventing and detecting corrupt flows will also be explored in more depth. The inclusion of new areas demonstrates the willingness to take on new issues as they emerge.

Still lagging behind – time to catch up

Aside from the new and positive developments outlined above, we would be remiss not to mention our frustration that several issues remain on the to-do list several years on. On some issues, such as foreign bribery, [implementation remains incredibly weak](#) and commitments similar to those in previous years are being trotted out again. On other issues, progress has been exaggerated. We understand that several countries were eager to tick-off work on whistleblower protection and move on to other issues. It was largely due to the [excellent research](#) coordinated by AJ Brown of Griffith University and Transparency International Australia that the issue has not yet been dropped. The research showed that, contrary to the rather rosy picture presented in previous accountability reports, implementation of commitments by G20 countries on whistleblower protection was patchy at best.

In summary, we have G20 ownership of Beneficial Ownership Principles and a new two-year Action Plan. Some people may be disappointed by the lack of ambition, but on the positive side, they at least contain deliverables which are achievable. Now, the big question is one of courage and political will. Corruption is clearly justified as central to the G20's economic agenda. There is [increasing awareness](#) of the huge cost of corruption and other illicit financial flows to domestic budgets in rich and poor countries each year. There is also increasing knowledge of how that money flows through shell companies, banks, businesses and via other enablers such as lawyers and accountants, most of whom sit in G20 countries. Only the collective collaboration and political will of many countries can chip away at this global phenomenon. In the last 12 months, China has taken some bold steps toward reining in corruption at the highest and lowest levels. [China has already sought help from G20 colleagues](#), including the US, Australia and Canada, to track down stolen funds and corrupt officials in exile. Perhaps it is time for China to put corruption front and centre of the G20 agenda when they host the Summit in 2016.



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