

Adrift in a Brisbane fog: the G20's development agenda

by Robin Davies

12 December 2014



What has the G20 done for low-income countries lately? Qua collective, awkwardly little.

From a global development perspective, the G20's Brisbane summit was notable for two main things. First, it drew **praise** for adding some momentum to the multilateral climate change negotiations, thanks in large part to announcements by the United States and China, even if this outcome was unexpected and unwanted by the summit's host government. Second, although the summit's various outputs are replete with ritual references to "inclusive growth", it **disappointed** civil society groups by trumpeting growth targeting while eschewing equity targeting.

The first of the above outcomes might prove positive for low-income countries, if momentum does in fact build over the year leading to the watershed Paris climate conference in December 2015. (Post-summit **developments** are encouraging.) The second might prove negative, if one thinks that equity targeting inside the G20 would have influenced policy outside it—perhaps by giving a benediction to something like the inequality reduction goal **proposed** [pdf] by the UN's Open Working Group on Sustainable Development Goals. But what outcomes were delivered for low-income countries in the areas in which outcomes had actually been promised?

The G20 has been running a '**development agenda**' [pdf] for four years now, supported by a **Development Working Group** of senior officials. This agenda aims, as leaders **said** at their Pittsburgh summit, to 'reduce the development gap' between G20 members and low-income countries. Framed initially by the **Seoul Development Consensus** (2010) and subsequently by the **Saint Petersburg Development Outlook** [pdf] (2013), the agenda has changed shape over time. For example, social protection, a founding priority, was dropped in 2013. The development

agenda currently involves various ‘actions’ in five topic areas: food security, financial inclusion (including migrants’ remittances), infrastructure, human resource development and domestic resource mobilisation.

Under Australia’s presidency, priority was **accorded** [pdf] to three of the five topics above, namely infrastructure, domestic resource mobilisation and financial inclusion. (In practice, the line was, ‘we have three priorities, and two other priorities’.) These three topics were preferred on the basis that the G20 wanted to be in a position to ‘integrate’ development considerations into its wider concerns. Those wider concerns include inadequate long-term financing for infrastructure and tax-base erosion but not in fact, for a majority of members, access to financial services for their own poorer citizens. The latter topic was simply difficult to downgrade in priority.

So, in Brisbane, what happened in these three ‘mainstream’ areas?

First, the world will now be equipped with an ‘**infrastructure hub**’, which **reportedly** will operate in Sydney for a fixed period of four years with US\$10?15 million in annual funding provided mostly by Australia. This mechanism essentially **aims** [pdf] to link investors with projects, including by centralising information on project pipelines. While not pitched as an international development facility, it looks likely to operate as one. The need for it appears to have been entirely undemonstrated, no matter that it was politely **welcomed** by the international financial institutions who are already quite busy in this field.

Second, the G20 made a general **commitment** [pdf] to help low-income countries participate in and benefit from its efforts to address tax-base erosion within the G20 area—while also noting advice from the OECD that one of the biggest revenue-killers for low-income countries, not actually prevalent within the G20, is the practice of granting **tax holidays** willy-nilly to foreign firms. The G20’s actions in support of this commitment tend to the dull, comprising studies, the preparation of policy ‘toolkits’ and the provision of technical assistance in tax administration.

And third, the G20 **re-affirmed** [pdf] its 2010 target of reducing the global average cost of sending remittances to five per cent, but with no deadline specified. The deadline had previously been 2014. This target is still a stretch: the global average was 10 per cent in 2009 and is now at about **eight per cent**, meaning that around US\$35 billion will line the pockets of money-sending agents this year. But at the same time it’s less ambitious than the target now proposed by the UN’s Open Working Group: a reduction to three per cent across the board with a maximum of five per cent for individual remittance corridors.

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D (2013). Enhancing national capacities on skills to meet labour market needs. Work with relevant IOs to assist interested developing countries assess skills development needs and build national capacity on quality training for all stakeholders	<ul style="list-style-type: none"> The International Labour Organization (ILO) and OECD have developed a survey to learn what methods countries use to anticipate skills needs. The findings will inform the development of new tools and the survey results expected in early 2015. The Korea-ILO project on National Capacity for Skills for Employment and Productivity in LICs was agreed with the Ministry of Foreign Affairs in mid-2014. The ILO and Skolkovo (Moscow School of Management) piloted a new forecasting tool to anticipate skills needs for technological sectors and the distance training models for technical and vocational education and training (TVET) managers. The forecasting tool was piloted in two sectors in Armenia. A second pilot will commence in Vietnam in September 2014.
E (2013). Developing regional and international cooperation for training: Explore ways to develop south-south and triangular cooperation programs involving G20 members, focused on provision of training and knowledge-sharing to developing country nationals	<ul style="list-style-type: none"> UNESCO and the ILO are working to promote South-South knowledge sharing, and building case studies on inter-ministerial cooperation and institutional frameworks in developing countries. Work continues on the development of a new distance learning tool for TVET managers. Regional and global knowledge-sharing workshops and promotion of the Global Knowledge Sharing Platform (KSP) are being accelerated through partnerships with G20 countries, in particular Russia and Korea. Case studies will continue throughout 2014 and a joint UNESCO-ILO report will be made available on the Global KSP, the agencies' own websites, and used in respective training courses for policy makers.
30 (2010). Create internationally comparable skills indicators. Assist LICs to better match training to employers' needs and future labour market opportunities in developing countries	<ul style="list-style-type: none"> A report on internationally comparable skills indicators will be completed by December 2014 by the OECD, with inputs from the ILO, UNESCO and the World Bank. A first version of the database on skills indicators will be made available in early 2015. The DWG and G20 Taskforce on Employment are working closely with IOs to ensure coherence on skills-related deliverables.
32 (2010). Knowledge sharing platform: Skills for employment	<ul style="list-style-type: none"> The Global KSP was launched in three languages in 2013. The DWG agreed in May 2014 that this action will be complete, with the final report to be presented during the Turkish presidency.

What of the two other priorities, namely food security and human resource development? The outcomes in connection with these 'sidestream' elements of the development agenda were particularly modest. The food security outcome was effectively that food security was **not removed** from G20 consideration. This followed an elaborate **review** [pdf] process and the development

of a food security and nutrition '**framework**' [pdf] that involves little more than keeping an eye on the previously-established **Agricultural Market Information System** (AMIS) and continuing annual meetings of **G20 agricultural chief scientists**. The outcomes on human resource development (under no circumstances should anybody read the verbiage reproduced above) were painfully process-oriented. It has never been clear what development business the G20 has in this area, and the results suggest none.

Nor was the G20's pre-Brisbane form on development especially strong. The most concrete results for low-income countries had mainly been achieved in the area of food security. The G20 did set up AMIS. It had a go at piloting a **regional emergency food reserve** pilot in West Africa, though this fizzled. It lent general support to the **AgResults** initiative, a results-based financing pilot funded by a few of its members. It **promised** not to impose taxes or limitations on food aid exports. Beyond food security, it brought about the establishment of a '**social protection inter-agency cooperation board**' for the multilateral system, span off the **Global Partnership for Financial Inclusion** and, as above, took over a remittance cost reduction target **adopted** by the G8 in 2009. In short, it provided a grab-bag of slightly random results which, in most cases, could and probably would have been achieved in a G20-less world.

Should we conclude that the creation of the G20's development agenda was a misconceived and ultimately self-defeating bid for institutional legitimacy? There is some truth in that proposition, and the Lowy Institute's Mike Callaghan has **argued** that it was a mistake to create a separate development work-stream. On this view, development in low-income countries, while an important concern for the G20, should have been, and should now be, mainstreamed in its agenda. Indeed, this was a view that the Australian presidency took on board in a half-hearted way with its '3+2' approach to priority-setting.

To mainstream a development agenda in the G20's work would be to confine it to G20-internal policy concerns, asking in each case, 'By the way, what's the

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development angle?’ That will in many cases be an important question to answer in the interests of both G20 and low-income countries. But the G20 should not confine itself to questions conforming to this narrow template. **Part 2** of this post, next Monday, will argue that there was a case for creating, and that there is one for maintaining, a distinct development agenda for the G20—with certain characteristics and priorities.

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