The G20: Playing Outside the Big Tent
Implications for Rio +20

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Implications for Rio +20

By Nancy Alexander and Peter Riggs
ABOVE THE AUTHORS

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<th>Full Form</th>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AMIS</td>
<td>Agricultural Market Information System</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>B20</td>
<td>Business 20 (Summit)</td>
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<td>BASIC</td>
<td>Brazil-South Africa-India-China Group</td>
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<tr>
<td>BRIC</td>
<td>Brazil-Russia-India-China Group</td>
</tr>
<tr>
<td>CFS</td>
<td>Committee for Food Security (UN)</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee (of the OECD)</td>
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<td>DAP</td>
<td>Development Action Plan (of the G20)</td>
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<td>DSF</td>
<td>Debt Sustainability Framework</td>
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<td>FAO</td>
<td>Food and Agricultural Organization</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FSB</td>
<td>Financial Stability Board</td>
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<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HLP</td>
<td>High Level Panel (on Infrastructure)</td>
</tr>
<tr>
<td>IAASSD</td>
<td>International Assessment of Agricultural Science and Technology for Development</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation (private sector arm of the World Bank)</td>
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<tr>
<td>ILO</td>
<td>International Labor Organization</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
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<tr>
<td>LDC</td>
<td>Least Developed Country</td>
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<td>LIC</td>
<td>Low-Income Country</td>
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<tr>
<td>MDB</td>
<td>Multilateral Development Bank</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SME</td>
<td>Small and Medium-Sized Enterprises</td>
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<tr>
<td>TNC</td>
<td>Transnational Corporation</td>
</tr>
<tr>
<td>UNCED</td>
<td>UN Conference on Environment and Development (or “1992 Earth Summit”)</td>
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<tr>
<td>UNCSD</td>
<td>UN Conference on Sustainable Development (“2012 Earth Summit”)</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>UN Conference on Trade and Development</td>
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<td>UN Development Program</td>
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<td>UNEP</td>
<td>UN Environment Program</td>
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<td>UNFCCC</td>
<td>UN Framework Convention on Climate Change</td>
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<td>UNICEF</td>
<td>UN Children’s Fund</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<tr>
<td>WESS</td>
<td>(UN) World Economic and Social Situation (publication)</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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The co-occurrence of two separate ‘heads of state’ events this month (June 2012) allows for direct comparison of the agendas of two different global bodies in their approach to securing future economic development. The “Rio+20” Conference of all UN member states will be an opportunity both to reflect on progress made over the last twenty years in achieving sustainable development and (more controversially) to repackage these ideas into the market-friendly concept of building a ‘Green Economy.’ The other major global event this month is the G20 Summit—a closed gathering of the world’s nineteen largest economies, plus the European Union—which will concern itself with managing the eurozone crisis, governance and financial reform, unemployment, and international development, including a massive infrastructure initiative. This paper asks how the outputs from these two global processes might be mutually reinforcing, building off the comparative advantage of each. How might the G20 Summit affect the outcomes from the Rio+20 Earth Summit?

After providing a brief history of the G20, we then introduce its two major initiatives: (1) the Development Action Plan (DAP), primarily intended for 80 low-income countries; and (2) the policy commitments made by the G20 countries themselves in their “Framework for Strong, Sustainable and Balanced Growth”. In the main, these initiatives do not advance an agenda for “green growth” or sustainable development; they are votes for a “status quo” vision of development with a new twist.

The latter sections of the paper describes the new “twist”—the shifts that have occurred between the 1992 Earth Summit and the present day: on the one hand, the strengthening of international laws to protect investors; on the other, the proliferation of voluntary standards or codes of conduct to protect people and the environment. These lead us away from the types of binding commitments that structured and informed the products of the 1992 Earth Summit—in particular, the UN Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity. Importantly, this shift diminishes the power of global governance structures to hold public and private actors accountable for providing “global goods” or for protecting human rights. The G20 is accelerating this shift by relying on public resources to leverage massive amounts of private finance, and the ramping up of ‘public-private partnerships’; this is the G20’s preferred pathway to “green growth.” These dynamics present profound new challenges for global civil society.

Ultimately, this vision for economic development rests on two trends, which are evident in the agendas of the G20 and Rio+20: the move away from the kinds of binding commitments made at the original 1992 ‘Earth Summit,’ and toward a brave new “pledge and review” world dominated by transnational corporations; and the deepening and expansion of ‘market mechanisms,’ expanding the commodification and ‘financialization’ of natural resources. The conclusions describe government and civil society responses to the new challenges to global governance and sustainable development in a multi-polar world where the power of the financial sector remains ascendant.
I. What’s at Stake – Rio +20, the G20, and the Future of Multilateralism

In June 2012, the co-occurrence of two important global meetings – the Group of 20 (G20) and the UN’s Rio+20 – provides an important occasion to take stock of the current state of the multilateral system and its future prospects. In its original rendering, “the multilateral system” meant the United Nations and the “Bretton Woods” Institutions (the World Bank and the International Monetary Fund (IMF)). For many years, the key players in the Bretton Woods Institutions were the Group of Seven (G7) countries, whose capital resources and ideological consensus enabled them to impose a particular vision for global economic development. Their hegemony was based on the governance model of the Bretton Woods Institutions, which assigns a voting share to each member country based on its financial contributions, a.k.a. “one dollar one vote.” This contrasts with the “one country one vote” system of the United Nations.

In the last decade, however, another group of countries – often called the “Rising Nine” – have pushed back against the imposition of the G7’s ideological consensus, with tremendously important implications for how power is wielded in the international system. The global role of the Rising Nine has only accelerated since the onset of the U.S.-triggered financial crisis in 2007. Largely as a consequence of this power shift, the power and relevance of the G7 as an agenda-setting body has been eclipsed by a larger body, one that encompasses both the G7 member countries and the Rising Nine. This new body is called the G20.

The G20, which is the self-appointed “premier forum for global economic cooperation,” will meet in Mexico on June 18–19. The Rio+20 Conference is convening twenty years after the original Earth Summit, again in Rio de Janeiro. There, 193 UN Member States will gather there to hammer out something resembling a blueprint for a new global “Green Economy,” ideally based on the principles and practices of sustainable development. This paper asks questions about the integration, or lack thereof, between these two global processes – between proposed Rio+20 outcomes and the program for the Mexican G20 Summit. Both authors have participated extensively in activities related to G20 Summits as well as taking part in “the Road to Rio.” In these processes, we have been surprised and worried about the absence of discussion of how the G20’s agenda might affect Rio+20 outcomes.

Whatever the level of ambition in the 2012 Earth Summit outcome documents (and to be sure, there hasn’t been a great deal of enthusiasm for the ambition reflected in the latest iterations of the Rio 20 “Zero Draft” document, which sets the context for the negotiations that will take place at Rio), we remain acutely aware of the fact that the decisions undertaken in the “one nation one vote” setting of a United Nations conference are subject to a de facto veto from the G20. -

The decisions undertaken in the “one nation one vote” setting of a United Nations conference are subject to a de facto veto from the G20.
The relative shift in economic power from the G7 to the Rising Nine has been accompanied by an absolute increase in the power of global capital markets, including the volume of trading associated with financial products, which now dwarf the size of the “real” economy in which tangible goods and services are exchanged. The tremendous increase in trading volume and the increasing speed at which transactions occur have given rise to the term “financialization”, which refers broadly to processes of massive market expansion. The expansion occurs in three dimensions: new players, new markets, and new financial products. New players (e.g., pension funds, bank holding companies) engage in the development of new market assets (e.g., water, carbon, or ecosystem services) using ever-more esoteric financial products (e.g., derivatives) for trading across borders.

Thus the shift from the G7 to the Rising Nine is only one piece of the story; equally important is the power shift within countries and across regions, away from nation-states and toward financial markets. This power shift was exemplified most recently by the fact that bond markets essentially unseated several European governments in the last year.

This broad question of how to deal with financialization – and specifically, the question of how “investment for sustainable development” is packaged, and by whom – is truly the shadow agenda of Rio+20, as the body grapples with the concept of the “Green Economy”.

Financialization is not the shadow agenda for the G20 Leaders’ meeting; rather, the market deepening efforts noted above are absolutely at the core of the G20 agenda. The Mexican government, as host of the 2012 G20 Summit, put “green growth” on the agenda; still, the G20’s vision of “green growth” and its top-down approach to development stand in considerable contrast to the vision pursued and development pathways envisioned by the 2012 Earth Summit.

The G20’s top-down approach is especially evident in the “Green Growth Alliance” and other new high-level partnerships that the G20 and the Business 20 (B20) are likely to launch at the Mexican G20 Summit in order to leverage private investment for green growth. Specifically, the B20 Green Growth Task Force asks G20 Leaders to support a group of national and multilateral development banks (i.e., the International Development Finance Club [IDFC]) that will use public resources to increase private investment in close collaboration with the G20.

In looking at the role of the G20, its relation to the goals of the 2012 Earth Summit, and what the shift in global governance’s center of gravity portends for the future of sustainable development, we ask how the G20 development agenda might better dovetail with the agenda for the 2012 Earth Summit – namely, to promote the “Green Economy” and to strengthen the institutional environment for the realization of sustainable development. We do not intend to set the G20 up as a straw man to be knocked down as a way of arguing obliquely for the superiority of United Nations processes and procedures. On the contrary, we believe there is an urgent need for the G20 to translate its rhetorical commitments to green growth and sustainable development into action and practice, and we suggest how that might happen. (Discussion of the reform of UN processes remains an important topic, but is outside the scope of this paper.)

The G20’s agenda—particularly the distance between its rhetorical commitments to sustainable development and the types of programs the G20 is aggressively pushing—casts a long shadow over the 2012 Earth Summit. Acknowledging
at the outset that the G20 does, in fact, enjoy a clear comparative advantage (vis-a-vis the UN system) in its ability to raise finance and direct investment capital, we ask how the G20’s statements on sustainable development might be translated into much greater levels of ambition in mitigating climate change, combating desertification, ending the new global land grabs; as well as creating new sources of funding for global public goods, such as financial transaction taxes.

And yet, such an ambitious agenda is unlikely to come about without expanded participation in G20 processes by civil society as well as the 173 countries currently excluded from the G20. It is not clear that G20 Leaders understand this. At the French G20 Summit, G20 Leaders declared that the body “must remain efficient, transparent and accountable” (emphasis added). In truth, the G20 has a long way to go to transform itself from the exclusive and secretive body it is today. For fulfillment of any part of the G20’s ambitious plans, it would need to honor principles of stakeholder engagement and informed consent, which are basic to functioning democracies as well as current development practice. To date, rigorous outreach by successive G20 Presidencies has not borne much fruit. This is because the G20 is not open and transparent; it does not put policy options on the table for excluded constituencies to review. As a result participation is not adequately informed. In addition, excluded constituencies lack clout – particularly in comparison with the B20 (discussed below).

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**Box 1  The 1992 Earth Summit: Source of Enduring Principles**

The foundations of the 1992 Earth Summit were laid by the 1972 United Nations Conference on the Human Environment in Stockholm, the first time the UN addressed environmental issues through a major international conference. In 1987, a seminal publication by the United Nations’ World Commission on Environment and Development (WCED), *Our Common Future* (also known as the *Brundtland Report*), provided a compelling definition of sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”, which is reiterated in Principle 3 of the Rio Declaration as the basis for the “right to development”. This is a “group” right to economic, social, cultural, and political progress and well-being.

Coming together in the post-Cold War euphoria, countries at the 1992 Earth Summit launched the Agenda 21 blueprint for sustainable development and internationally binding treaties on climate change and biodiversity. These achievements were codified in a visionary Rio Declaration which gave shape to the much-discussed notion of a “peace dividend” allowing expanded investment in equitable and environmentally-friendly growth.

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- **Principles 4 and 5 set forth the interdependence of the environmental, economic, and poverty-reduction dimensions of sustainable development.** Principle 4 stresses that environmental protection cannot be considered in isolation from the development process. Principle 5 states that “All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world.” A considerable amount of wrangling between nation-states in the context of the climate and biodiversity treaties can be read as an attempt to find the appropriate balance between economic, environmental, and social pillars.
– Principle 7: the “common but differentiated responsibilities” of nations. This principle was a cornerstone of the Earth Summit and UNFCCC insofar as there was universal acknowledgement that while all nations share certain common responsibilities for sustainable development, “advanced” countries should help developing countries bear responsibility for development and environmental costs (climate mitigation and adaptation) by providing new and additional aid and technology transfer. This is justified on the basis that these countries have used more than their fair share of resources and atmospheric space while at the same time the preponderance of global warming’s effects, including the decline in agricultural productivity, will be suffered by developing countries.11

– Principle 8: sustainable consumption and production. This principle states that “To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies.” Tools to achieve this goal include: the “polluter pays” principle, Principle 16 of the Rio Declaration; mechanisms to control depletion of non-renewable resources; enhancement of eco-efficiency; utilization of life cycle analysis; and indicators (other than GDP) to measure national and subnational progress in positive ways.

– Principle 10 on participation by citizens states: “Environmental issues are best handled with participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided.” This Principle appears very broad, almost hortatory, but Rio has since become the basis for a powerful transparency and accountability movement, as discussed below.

– Principle 15, the “precautionary principle”, states: “In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.” Application of this principle has helped to promote the social and environment assessment of new technologies, among other things. The principle has found its way into national legislation and has become the basis for regulatory policies pertaining to the market introduction of new chemical compounds in Europe, for example.

– Principle 20 states: “Women have a vital role in environmental management and development. Their full participation is therefore essential to achieve sustainable development.” This oft-heard rhetoric encounters numerous barriers when attempting to translate it into meaningful action. Hence, when applying another principle, such as Principle 10 on participation, engagement by women should be emphasized.
II. The G20 and its Two Main Growth Frameworks

The G20 was born in 1999 as a jittery response to the series of boom-and-bust crises that shook the global economy during the 1990s. In the wake of economic meltdowns in Mexico, East Asia and Russia, U.S. Treasury Secretary Larry Summers, his then-deputy Timothy Geithner, and Canadian Finance Minister (and later Prime Minister) Paul Martin hand-picked Finance Ministers from 19 strategic countries (plus the EU) with the purpose of coordinating responses to these wild and destructive gyrations in the global economy.

As time went on, this informal clutch of elite economists settled into a consistent group representing most of the largest nations on the planet, which command 85% of the world’s output and world trade and claim two-thirds of the world’s population. When the G20 began meeting at the “heads of state” level during the 2008 global financial crisis, this upstart body declared itself the “premier forum for international economic cooperation”.

Yet, as we approach the seventh G20 Summit (see table, below), the growth frameworks advanced by the world’s “premier forum for our international economic development” show little integration of the Rio Principles, and, perhaps most alarmingly, little awareness that national economies must now operate within a carbon-emission-constrained world. At the same time, the G20 stipulates that the development finance system should mobilize immense financial resources to implement its “brown” carbon-intensive growth frameworks.

It is now clear that the center of gravity in the overall system of global governance and economic cooperation has shifted away from the UN and towards the G20, which didn’t exist at the time of the original Rio conference (and politically would have been barely plausible in 1992). The two systems reflect different conceptions of power and its exercise in the global system. The lack of a coordinated agenda for the two summits occurring in June 2012 is an example of the difficulties facing the UN and the G20 in partnering. It may also signal a shift in relative power with respect to who sets the global agenda for development. If its orientation and growth frameworks are not revamped, the G20 could work at cross-purposes with the 2012 Earth Summit by increasing, rather than helping close, the wide gap be-

Table 1  G20 Summits 2008-2012*

<table>
<thead>
<tr>
<th>Year</th>
<th>#</th>
<th>Dates</th>
<th>Location</th>
<th>Host Leader</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1st</td>
<td>Nov 14-15</td>
<td>Washington, DC, USA</td>
<td>George W Bush</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2nd</td>
<td>Apr 2</td>
<td>London, UK</td>
<td>Gordon Brown</td>
<td>londonsummit.gov.uk</td>
</tr>
<tr>
<td>2009</td>
<td>3rd</td>
<td>Sep 24-25</td>
<td>Pittsburgh, PA, USA</td>
<td>Barack Obama</td>
<td>pittsburghsummit.gov</td>
</tr>
<tr>
<td>2010</td>
<td>5th</td>
<td>Nov 11-12</td>
<td>Seoul, South Korea</td>
<td>Lee Myung-bak</td>
<td>seoulsummit.kr</td>
</tr>
<tr>
<td>2011</td>
<td>6th</td>
<td>Nov 3-4</td>
<td>Cannes, France</td>
<td>Nicholas Sarkozy</td>
<td>g20-g8.com</td>
</tr>
<tr>
<td>2012</td>
<td>7th</td>
<td>Jun 18-19</td>
<td>Los Cabos, Mexico</td>
<td>Felipe Calderón</td>
<td><a href="http://www.g20.org/en">http://www.g20.org/en</a></td>
</tr>
</tbody>
</table>

*Summits in 2013, 2014, and 2015 will be held in Russia, Australia, and Turkey, respectively.
tween the aspirations and commitments to sustainable development and the implementation performance of nations and institutions.

The public image of the G20 consists of coordinated photo ops for national leaders intercut with pictures of “sherpas” (primarily presidential and foreign ministry aides) furiously working to stave off economic crisis. And so while the G20 is visible in its role of grappling with successive financial debacles, few people know about the ways in which the G20 has arrogated to itself a core role in global development. The expansion of the G20’s agenda – its “mission creep”, if you will – occurred at the June and November 2010 Summits, particularly when the G20 launched its Seoul Consensus (see Box 2) and its brownish plan for growth known as the “Development Action Plan” (DAP).

Box 2 Features of the Seoul Development Consensus (Summary)

1. **Economic growth** that is resilient, economically sustainable, and inclusive.
2. **Global development partnerships** between the G20 and low-income countries (LICs) relying on each LIC’s own development policy.
3. **Global or regional systemic issues**, such as regional integration, where the G20 can help to catalyze action by drawing attention to key challenges, fostering South-South cooperation, and calling on international institutions, such as multilateral development banks (MDBs), to respond.
4. **Private sector participation** by means such as stimulating and leveraging the flows of private capital for development, including by reducing risks and improving the investment climate and market size.
5. **Complementarity with existing development efforts**, avoiding duplication, and strategically focusing on areas where the G20 can add value given its core mandate as the “premier forum for international economic cooperation.”
6. **Outcome Orientation**. Take concrete measures to remove blockages to improving growth prospects for developing countries and producing tangible outcomes.

The following sections outline the G20s proposed contributions to economic development as well as its response to the ongoing global crisis. It then evaluates those contributions in the context of the 2012 Earth Summit’s two themes: the “Green Economy” and institution-building for sustainable development. The gap between the lower level of ambition for sustainable development at the G20 Summit and the relatively higher level at the Rio+20 Conference can be bridged; there are many ways in which the G20 could integrate the 2012 Earth Summit’s goals into its two main growth frameworks, described below.

**A. The G20’s DAP**

Through the DAP, the G20 is positioning itself as the *maestro* of development finance. The DAP is intended to promote economic growth, mainly but not exclusively in 80 LICs. Taking up this role, the G20 orchestrates the work of about 25 global institutions.

As launched at the Korean G20 Summit in 2010, the DAP has nine pillars
of activity (see Table 3). Not all pillars carry equal weight. In 2011, French President Sarkozy proclaimed the G20’s infrastructure pillar as the “jewel in the crown” of the DAP followed, as a second priority, by agriculture and food security.

In 2012, the Mexican G20 Presidency has simplified the DAP by emphasizing three development-related priorities: infrastructure, food security, and “inclusive green growth”. Work on the other pillars of the DAP (especially financial inclusion and social protection) is still proceeding, however.

There is a profound divergence between the rhetoric of “inclusive green growth” and the actual content of the DAP, including its infrastructure development plans. Simply put, the DAP is not designed or managed in an inclusive way—nor are its ‘green’ features readily apparent. The DAP is managed by a 35-member Development Working Group (DWG) which, in 2012, had only two official representatives from LICs – Benin (for the African Union) and Cambodia (for the Association of Southeast Asian Nations [ASEAN]). Over time, the G20 DWG has worked more and more closely with the business community, via the B20, and at this point, a main thrust of the DAP is the creation of new mechanisms for mobilizing public resources to leverage private investment in infrastructure and agriculture, particularly in the context of trade integration. A new Green Growth Alliance will facilitate this process.

Box 3 The DAP: Pillars, Lead Agencies and Countries

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Lead Agencies</th>
<th>Lead G20 Countries</th>
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</thead>
<tbody>
<tr>
<td>1. Infrastructure</td>
<td>WB, RDBs; High-Level Panel</td>
<td>France, South Korea, Turkey, USA</td>
</tr>
<tr>
<td>2. Food Security</td>
<td>CFS, AFSI, FAO, OECD, IFAD, IMF, UNCTAD, WFP, WB, WTO, HLTF</td>
<td>Brazil, Canada, France, Japan</td>
</tr>
<tr>
<td>3. Trade</td>
<td>WTO, MDB, OECD, AfDB</td>
<td>Argentina, EU, U.K.</td>
</tr>
<tr>
<td>4. Private Investment and Job Creation</td>
<td>UNCTAD, OECD, WBG/IFC, UNDP, ILO, MDB</td>
<td>Germany, Saudi Arabia</td>
</tr>
<tr>
<td>5. Human Resources</td>
<td>ILO, WB, OECD, UNESCO</td>
<td>Argentina, Korea, Russia</td>
</tr>
<tr>
<td>6. Resilient Growth (social protection/remittances)</td>
<td>UNDP, ILO, OECD, WHO, MDB, GRWG</td>
<td>Australia, Indonesia, Italy</td>
</tr>
<tr>
<td>7. Financial Inclusion</td>
<td>GPFI</td>
<td>[Finance Deputies’ Process]</td>
</tr>
<tr>
<td>9. Knowledge Sharing</td>
<td>TTSSC, UNDP, OECD, WB</td>
<td>South Korea, Mexico</td>
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</table>

The challenge for the Mexican Presidency is how it will integrate ecological and equity principles into its approach to the development paradigm and, in particular, the priority DAP pillars. For instance, what types of infrastructure and agriculture will be promoted? Two players have an inordinate amount of power in determining the answer to that question: the World Economic Forum (WEF) and McKinsey and Company. These institutions have worked with the major transnational corporations in the B20 in order to define the “ideal” public-private partnerships (PPPs) model in the agriculture, energy, and natural resource sectors, among others. The G20 and the B20 are helping to replicate the models worldwide.
With regard to agriculture, the DAP is focused on expanding PPPs in order to boost the productivity of industrial agriculture — a major contributor to global warming — rather than phasing in agroecological approaches. These approaches are neither “pro-poor” nor green. Most ominously, they inexorably lock in the growth of greenhouse gas emissions that will result in the climate chaos implied in all plausible scenarios of a “plus-three degrees” world.

The concern is that the DAP inadvertently militates against success in these areas by diverting public investment into support for massive PPPs in infrastructure and agro-industrial development, potentially sacrificing other budget priorities in the process. In this scenario, safety nets for the poor are particularly at risk at two levels — the general downgrading of international safeguards for public finance, and the failure to implement the social protections built into the stated priorities of the DAP.

Given its top-down approach, the key question is the extent to which the Mexican Presidency can provide the leadership and vision to promote sustainable development across G20 agendas in the face of different conceptions of, and lesser commitments to, sustainable development amongst G20 countries.

Next we analyze the two “pillars” of the DAP that have received the most attention: infrastructure, and agriculture and food security.

B. The G20 Infrastructure Initiative

At the French G20 Summit, Leaders declared that investing in infrastructure will “unlock new sources of growth, contribute to the achievement of the Millennium Development Goals and sustainable development.” Is this claim valid? Based on the following analysis, we suggest that it is not.

The G20 deputized a 17-member High-Level Panel (HLP) on Infrastructure, which identified key elements of the G20’s infrastructure plan including:

- A global network of local PPP units, which may report to a central, “apex” PPP institution which would expedite the design, project preparation, and construction of large-scale, cross-border infrastructure operations.
- A G20 Fellowship Program which would mobilize private firms from G20 countries (such as financiers, concessionaires, contractors, and operators) to help build the human capital, or the skill base, for local PPP units, often on a pro bono basis. Progress toward objectives would be monitored by the WEF.
- Efforts to build enabling environments to attract investment (e.g., enhancing capacity for building national legal and institutional frameworks, as well as help with project preparation).
- Platforms for project sponsors to obtain financing — a sort of “match.com” operation.

Regional political bodies would usher the projects from conception to completion. One example of this is the Program for Infrastructure Development in Africa, which engaged the January 2012 Summit of African Heads of State and Government of the African Union in Addis Ababa, Ethiopia, in defining infrastructure priorities to implement by the year 2020.

The G20 will help mobilize public financing from numerous sources (e.g., domestic resources, sovereign wealth funds, official development aid) to leverage private financing (e.g., investment companies, hedge funds, banks, insurance and
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reinsurance firms) for PPPs through new and existing public institutions:
• Export credit agencies, export-import banks, and purveyors of insurance and
financial risk-management products, such as the World Bank’s private sector
arms (the International Finance Corporation and the Multilateral Investment
Guarantee Agency). The International Finance Corporation (IFC) established
an Asset Management Corporation and an Infrastructure Equity Fund to invest
alongside IFC in infrastructure, natural resources and telecoms companies and
projects in emerging markets.¹⁷
• The International Development Finance Club (IDFC) was launched to coordi-
nate investments by national and multilateral development banks. These insti-
tutions have been boosting support for infrastructure development since 2002,
markedly increasing loans and guarantees to and equity investments in private
firms in developing countries.¹⁸
• Public resources would also be mobilized through the mechanisms identified by
the influential Gates Report (see Box 4).

Box 4 Highlights of the Gates Report to the French G20 Summit – November 2011

At the invitation of President Sarkozy, Bill Gates held an extended discussion at the French G20
The report recommends “triangular partnerships” (i.e., among emerging market countries, ad-
vanced countries, and poor countries), which The Bill and Melinda Gates Foundation would cata-
yze.
Gates remains deeply involved with the successive G20 Summit processes, although the final
Declaration of the French G20 Summit is noncommittal about the following new and innovative
sources of financing which he proposed:
Taxes. Three taxes levied on tobacco, financial transactions, and bunker fuels. Regarding the
financial transactions tax (FTT), the Gates report described very modest FTTs that could raise
amounts ranging from US$48 billion (on a G20-wide basis) to US$100 billion to US$250 billion,
especially if derivatives were included.
The report stated that taxes could yield US$37 billion and US$27 billion for shipping and avia-
tion fuels, respectively, which could be used for purposes such as climate adaptation.
Other. The Gates report also:
– Proposed a G20 infrastructure fund (with backing from sovereign wealth funds) which could
generate$100 billion or more over this decade.
– Encouraged an expansion of aid commitments from traditional, and especially new, donor
countries.
– Emphasized the need for developing countries to raise more tax revenue for their own devel-
 opment priorities.
– Urged G20 countries to help poor countries raise revenue by passing legally binding transpar-
ency requirements for mining and oil companies listed on their stock exchanges, to ensure that
natural resources are well-managed.
– Called for mobilizing Advanced Market Commitments to finance research and development of
new products (as was done for the pneumonia vaccine).
The coordination of investment by these financial bodies raises a concern regarding the extent to which the G20 will use public financial resources to offset the normal investment risks faced by private-sector actors.

According to some sources, internal rates of return for infrastructure investors may be in the range of 30%. How is this possible? What sort of trade-offs and sacrifices might that imply for national governments? And what does it say about the intended uses of infrastructure in places such as Africa, where (in 2005) 73% of the continent’s population lived on less than US$2 per day? According to The Least Developed Countries Report 2010 of the UN Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) is generally concentrated in agriculture and extractive industries. It has contributed little to building a diversified production base or the financing of infrastructure. Moreover, the actual facts about financial flows suggest something different than the blithe assurances of growth made by the DAP: namely, that in the least developed countries, profit remittances (outflow/repatriation of investor profits) have exceeded inflows of FDI since 2005. This means that net transfers of FDI in the poorest countries, as a whole, have been negative for the last six years. This fact should be borne in mind whenever we hear the words “mobilization of financial resources for broad-based growth”. It is critical to ask how the new thrust to mobilize domestic resources for infrastructure expansion and regional integration will affect priority-setting in national budgets, and in particular the impacts on social safety nets and national anti-poverty programs.

Exemplary Projects. At the November G20 2011 Summit, when the HLP and six MDBs presented Leaders with eleven “exemplary” infrastructure projects, the Leaders declared that these have potential for “a transformational regional impact by leading to increased integration and access to global markets, with due consideration to environmental sustainability.” None of the documents outlining the new approach to infrastructure and identifying these projects address the imperative of building a “Green Economy”. In defining “exemplary projects”, the HLP used six criteria: 1) assistance with regional integration; 2) political support; 3) the stage of project preparation; 4) institutional capacity; 5) attractiveness to the private sector; and 6) transformational impact in terms of a) impact on growth, b) affect on a large number of people, c) sustainability. So, “sustainability” is just a sub-criterion.

These “exemplary” projects reveal the G20’s shallow commitment to sustainable development, with scary implications for global agenda-setting. And if these projects are considered “exemplary”, then what do we make of the fact that there was little consultation with target-country governments, and almost none with parliaments and affected communities in those countries?

By our measure, just two of the eleven projects noted in Box 5 meet basic...
criteria in the area of sustainability – the biomass and solar energy projects – although the latter will contribute to the “access for all” goal only to the extent that electricity will be transmitted from North Africa to Europe.

Box 5  **Eleven Infrastructure Operations Submitted to G20 Leaders**

**Africa**
- West Africa Power Pool: a 1,400-kilometer transmission line inter-connecting four countries: Cote d’Ivoire, Liberia, Sierra Leone, and Guinea.
- East Africa Power Pool connecting the power systems of Ethiopia and Kenya;
- Inga Hydropower and Transmission in the Democratic Republic of Congo (DRC). The dam could have double the capacity of the world’s largest hydropower project (Three Gorges Dam) and facilitate the integration of the regional power pools in Africa. Construction of associated transmission lines would allow power to reach 16 countries in the Central and Southern Africa Power Pools;
- North-South Corridor of roads, rail, and ports runs 4,000 kilometers in East and Southern Africa (from Zambia and Southeastern DRC to Durban, South Africa with other eastward spurs to Dar Es Salaam, Tanzania and Nacala in northern Mozambique). The Corridor would integrate the three Regional Economic Communities including 26 countries negotiating terms for a new Tripartite Free Trade Area.
- Railways between Isaka, Tanzania and Kigali, Rwanda would extend an existing Tanzanian railway line in order to reach Kigali and, potentially, Musongati, Burundi, as well.

**Middle East/ North Africa**
- Jordan Railway project, including freight links with Syria, Saudi Arabia and Iraq;
- Scaling up Solar Energy in the Middle-East/North Africa for Export to European Markets (Desertec). One concentrated solar power plant in under construction in Morocco; others are envisioned in Algeria, Egypt, Jordan, Morocco, and Tunisia.

**Asia**
- Turkmenistan-Afghanistan-Pakistan and India Natural Gas Pipeline will connect the natural gas supplies in Turkmenistan with the energy markets in Afghanistan, Pakistan, and India.
- ASEAN Infrastructure Fund. The Association of Southeast Asian Nations, the ASEAN countries and the Asian Development Bank will establish an Asian Infrastructure Fund to lend up to US$4 billion through 2020 for long-tenor, sovereign/sovereign-guaranteed infrastructure projects.
- Scaling-Up Clean Biomass Energy in the Greater Mekong Subregion (GMS). This project will use biomass technologies (biogas and biochar) within the GMS countries and establish an Asian Rural Biogas Fund for private sector participation. The project is intended to help the rural poor in Cambodia, Lao PDR, and Viet Nam become participants in production of clean bioenergy, carbon sequestration, and food security enhancement.

**Latin America**
- Pacific Corridor, a 3,244-kilometer road network between Mexico and Panama.
Additional considerations regarding the “exemplary projects“:

- **Centralized solutions are over-emphasized.** The G20 chose large-scale infrastructure projects over decentralized, appropriate-scale operations. A “bigger is better” approach does not imply sustainability. To reduce poverty, small-scale infrastructure becomes a priority – whether this means small-scale hydro or feeder roads that enable small-scale farmers to get their product to markets. If the DAP had emphasized bottom-up-driven, community- and municipality-scaled interventions, one has to wonder how the tenor of discussion on financing might change. For instance, it might be easier to mobilize domestic resources, if the overall costs were lower and the benefits were local.

- **The Sustainable Cities workstream** in Rio+20 planning represents an extremely fruitful arena of ideas for how investment capital, mapped to very different sets of criteria for infrastructure project selections, has helped revitalize neighborhoods and industrial corridors and increase transport efficiencies.

- **The projects have enormous carbon footprints.** From a climate-change mitigation perspective, many of the projects in Box 5 may represent an improvement over current energy-use mixes in targeted countries. However, the overall emphasis on regional integration could imply an enormous emissions “shadow” through land-based emissions caused by deforestation and agro-industrial plantation development; and in the power sector, through the lock-in of high CO₂ emissions from power pools dependent on carbon-intensive technologies. The Program for Infrastructure Development in Africa effort mentioned earlier is envisioned as lasting until 2040. The G20 plan should promote leapfrogging to renewable technologies, rather than scaling up “brown” technology or approaching green technology as a niche business.

- **Over-emphasis on PPPs.** The DAP has not fully considered the potential impact of large-scale PPP operations on the societies, budgets, and ecosystems of developing countries.

Given the scale of the operations envisioned, it would be an extremely useful exercise if the ecological implications of these projects could be teased out and presented both in Mexico and again in Rio as a contribution to the debate on implementing sustainable development. More attention might also be paid to United Nations’ initiatives that are less centralized, more climate-sensitive, and more balanced with respect to sector representation. For example, the G20 might examine how DAP proposals could be aligned with the goals of the UN Secretary-General’s Sustainable Energy for All Initiative.²⁴

The UN Secretary-General launched this Initiative together with a range of stakeholders, including business (via the UN Global Compact), to achieve three goals by 2030: 1) ensuring universal access to modern energy services; 2) doubling the rate of improvement in energy efficiency; 3) doubling the share of renewable energy in the global energy mix. At the French G20 Summit, Leaders welcomed this initiative and further assessment of countries’ status in developing and deploying “clean energy and energy efficiency” technologies.²⁶ Two other initiatives with tremendous potential for promoting community-based initiatives for sustainable development should also be mentioned: the International Energy Agency (IEA) initiative Financing Energy Access, and Norway’s Energy Plus initiative.

To conclude: the G20’s vision rests on deepening the processes of globalization, with regional integration as the central concern; and this prioritization is
reflected in its list of “exemplary” projects identified by the HLP on Infrastructure, which includes only two projects (for biomass production and solar energy) that suggest different notions of, and assumptions about, the “Green Economy”.  

By contrast, the UN “Road to Rio” has featured a much broader-ranging conversation on notions of the “Green Economy”, concern for indigenous and community resource rights, notions of corporate accountability and government transparency via Rio Principle 10, the rights of women as guaranteed by Principle 20, and so on. So while the two events pertaining to the future of global development are not directly comparable in terms of outcome and orientation, at a minimum they suggest very different notions of, and assumptions about, the “Green Economy”.

A look at another key pillar of the G20’s work provides a more directly comparable experience between policy recommendations for global public goods conceived in one multilateral setting as compared to another. We now turn our attention to agriculture.

C. The Agriculture and Food Security Pillar of the DAP

This section compares the approaches of the G20 and the UN Committee on World Food Security (CFS) in two areas: excessive speculation in commodity markets and biofuel production. It then assesses G20 approaches to agriculture production.

Excessive Speculation in Commodity Markets. The United Nation’s Committee on World Food Security (CFS) is a United Nations platform that brings together governments, agricultural research institutions, and civil society organizations to analyze and propose policies related to food security. With great urgency, the CFS has focused on excessive commodity speculation. In recent remarks to the General Assembly during their debate on “Excessive Price Volatility in Food and Related Commodity Markets”, UN Secretary-General Ban Ki-moon’s stated that “food and nutritional security are the foundations of a decent life. Action to curb food price volatility is essential.”

The G20 commissioned two reports prior to its Cannes summit pertaining to the topic of commodity market speculation and price volatility. One, Price Volatility in Food and Agricultural Markets: Policy Responses, was collaboratively written by ten international institutions; the other, Principles for the Regulation and Supervision of Commodity Derivatives Markets, was authored by the International Organization of Securities Commissions (IOSCO). In terms of policy recommendations, there was convergence across institutions. Both G20-commissioned reports supported CFS findings of a clear correlation between the entry of large index funds (vehicles for institutional investors such as pension funds) into food commodity markets, starting around 2003, and subsequent increases in price volatility for key food and fiber staples.

The study on price volatility lays out several options for regulatory reforms that could help control the impact of commodity speculation, including the adoption of position limits, limits on daily price fluctuations, and specific rules restricting high-volume trades (sometimes called “noise trading”). The IOSCO report stated that “The Market Authority should have the ability to aggregate positions owned by, or beneficially controlled on behalf of, a common owner” – in other words, it supports “position limits”. The Leaders supported this stance at the French Sum-
mit, albeit with an “as appropriate” qualification. All of this is very useful. The Mexican Finance Minister has commissioned yet another study of this issue, which may be a signal that it will be taken seriously at the upcoming Summit. Whether countries will ensure that regulators have adequate resources and legislative authority to perform surveillance of position data and enforcement against rule violations, and how Mexico, with its history of financial deregulation, can meaningfully push this enforcement agenda in the G20, remains to be seen. Without question, better global and national oversight is needed to regulate excessive speculation in the food commodity markets. Curbing excess speculation is definitely on the G20 agenda and bold pronouncements have been made about combating this financial scourge; but at the end of the day, here is another arena in which the rhetorical commitments of the G20 are not being matched yet by strong actions.

Biofuels. Biofuels present a more challenging example for the G20. Its study on price volatility concluded that “the diversion of food crops for use as fuel represents a permanent re-structuring of the food economy, which will exert continuing pressure on food prices in ways that will adversely affect vulnerable consumers.” The report further called for the elimination of government mandates and subsidies that have spurred the production and consumption of biofuels. These findings were completely in line with the findings of the HLP of Experts on Food Security and Nutrition, convened under UN auspices. This stance clashes with the positions of several G20 countries, however, including the U.S. and Brazil; and ultimately, this research was not allowed to inform policy at the G20.

In June 2011, the G20 Agriculture Ministers Action Plan on Food Price Volatility and Agriculture and the accompanying meeting communiqué rejected the call for the elimination of government mandates on and subsidies for biofuels, and passed the hot-potato questions of overall price volatility in these commodity markets to the G20 Finance Ministers, since rules affecting volatility are applied to all commodity derivatives.

Did this June communiqué and the articulation of a different Action Plan have a “chilling” effect on the willingness of the CFS to adopt aggressive policies related to biofuels and commodity price volatility during its October 2011 negotiations in Rome? It’s certainly worrisome that at these CFS negotiations, several government representatives asserted that they could not contradict the decision of G20 Agriculture Ministers on biofuels, and they did not weigh in on commodity price volatility issues, which were still under negotiation by Finance Ministers. Civil society representatives, frustrated at their inability to get any traction in these discussions, walked out of the final round of negotiations at the Roundtable on Food Price Volatility. A joint CSO statement issued at that time explicitly questioned whether the negotiations were serving only to reinforce the G20 DAP: “the wealthiest countries in the world will need to move beyond business as usual to secure the right to food for the most vulnerable people.”

G20 Approaches to Agricultural Production. Overall, the DAP relies on industrial agriculture – not agroecology approaches. Here, too, is an example of where the G20 has failed to keep up with cutting-edge development thinking, such as that represented by the IAASTD (International Assessment of Agricultural Knowledge, Science and Technology for Development), a global stock-taking effort of the future of agriculture involving literally hundreds of scientists, whose summary for decision makers was approved by more than 50 governments. The IAASTD-
TD concluded that business-as-usual policies would not prevent global hunger or continued ecological degradation, and outlined the kinds of actions needed to shift away from industrial food systems to more sustainable agricultural practices.35

The current status quo thinking of G20 Leaders is reflected in the policy ideas advanced at the 2011 Summit:

• Boosting agricultural productivity. Leaders recognized the challenge of feeding a world population expected to reach more than 9 billion people by 2050 and estimates that agricultural production must increase by 70% over that period. To respond, the Leaders tasked MDBs with finalizing a “joint action plan” on water, food, and agriculture for review by the Mexican Summit.36

• Improving information and transparency in agriculture markets. At the French Summit, leaders launched a mechanism – the Agricultural Market Information System (AMIS) – to gather information on food stocks and prices. They directed AMIS to work under the auspices of the Food and Agriculture Organization of the UN on four major crops: wheat, maize, rice, and soybeans. It is unclear, however, whether this mechanism can get agribusinesses and state-owned enterprises to cooperate, given that they treat information on stocks as confidential. (Indeed, some investment groups that control significant grain supply also work on the “demand side” with forward contracts and the like – in many operations their hedging activities are as profitable as or more profitable than their ability to sell grains, flour, and oils to food companies – and in the past they have been none too eager to allow scrutiny of their actions working both sides of the food-trade equation.)

• Expanding risk management tools for governments, firms and farmers. The G20 has appointed the World Bank’s IFC to test and expand financial products to offset risks faced by farmers. Other ways of addressing risks were considered – e.g., the use of buffer stocks to modulate prices and address humanitarian emergencies – but these plans were eventually scrapped in the face of resistance from key grain-exporting member nations.

No question, these are all extremely useful interventions. But here too we see a different development conception, one hewing closer to current market orthodoxies as a solution to ongoing problems of food insecurity. It seeks to enhance the transparency of agriculture markets, expand programs that enable farmers to hedge their risks, and boost productivity. Insufficient emphasis is put on the persistent, difficult question of how the state can reach smallholder farmers not served or underserved by markets. Nation-states and regions could also use buffer stocks, thereby curbing speculation in agricultural markets and preventing hunger during times of drought or natural disaster; but within the G20, the U.S. took a “market-fundamentalist” line against a discussion of buffer stocks, and thus far, at the international level, the idea has gone nowhere.

Because the G20 does focus, as part of its overall work plan, on the social, economic, and political risks caused by high and volatile prices for food, fuels, and other raw materials, the outputs of the DAP should be evaluated in light of the recommendations of both the CFS as well as the proposed Rio+20 outputs. The timing is such that, ideally, outputs from both processes could be coordinated, and agriculture would receive a powerful “force multiplier” at Rio+20. At a minimum, it is
important to ask about UN participation in the design of the G20 action plan, its coordination with the UN Secretary-General to expand support for international instruments and national regulations curbing excessive and unproductive speculation in food commodity markets. More generally, it is worth asking about the extent to which the IAASTD and other more inclusive approaches to science and technology for agricultural development have a place under the G20’s agriculture pillar.

D. Poverty and Social Equity in the DAP

The DAP aims to increase equity through financial inclusion, social protection, job creation, and job training. Through such means, the DAP is intended to help achieve the MDGs, goals oriented toward the eradication of poverty and of gender inequities. Overall, the G20 has acknowledged the importance of the MDGs in its public statements, but it is difficult to see in what ways its work programs are designed to help achieve them.

**MDGs & SDGs.** Looking beyond 2015 (when the MDGs “expire”, ideally by having been met!), we see a potential convergence between the strong poverty-alleviation focus of the MDGs with the “Green Economy” thrust of the 2012 Earth Summit. It now seems clear that the “international governance of sustainable development” workstream at Rio+20 may launch a process to develop “sustainable development goals” (SDGs). Both the G20 and 2012 Earth Summit outcomes should look to strengthen the MDGs and begin the process of placing them in this broader framework of SDGs, geared most likely toward a 2020 or 2025 delivery date. Since the Mexican Presidency of the G20 has embraced the goal of sustainable development – which is also a Rio+20 goal – there is an opportunity to promote robust SDGs, reinforcing the same message at two different global fora. At the same time, the SDGs should incorporate the concept of “common but differentiated responsibilities” in achieving the goals.

The proposed SDGs will need to measure progress by means other than GDP and acknowledge the needs for coherence among a range of policies: economic, employment, empowerment, equity, and environment. The Social Watch submission to the 2012 Earth Summit describes a framework for SDGs that could combine the realization of rights (as related to the MDGs) with the establishment of limits (e.g., carbon emissions, ozone-depleting gases, and whaling). Strengthened SDGs should emphasize the human rights of marginalized groups and women, particularly as they relate to access to assets and secure natural resource tenure. Gender equity and participation (Principle 20 of the Rio Declaration) is a critical ingredient in achieving sustainable human development and a green economy.

**Social Protection.** To date, the G20 has evinced a weak approach to equity as a component of sustainable development. The G20 rejected the outright adoption of a universal social protection floor, as promoted by an initiative of the UN System Chief Executives Board as one of nine Global Initiatives to respond to the most recent financial crisis. The Cannes Declaration instead offers weak encouragement, stating: “We recognize the importance of investing in nationally determined social protection floors in each of our countries, such as access to health care, income security for the elderly and persons with disabilities, child benefits and income security for the unemployed and assistance for the working poor. They will foster growth resilience, social justice and cohesion. In this respect, we note
the report of the Social Protection Floor Advisory Group, chaired by Ms. Michelle Bachelet9 – thus explicitly referencing the UN process, and raising the possibility of a real dialogue in future around social protection in the articulation of SDGs.

The International Labor Organization (ILO) has provided much of the thinking and work around the idea of a universal social protection “floor”. There is some concern that the G20, and the MDBs, have sidelined key groups in policy developments regarding social protection. To what extent are the MDBs and the G20 sherpas taking the leadership and recommendations of the ILO seriously? What should we make of the fact that the World Bank excluded trade unions and civil society organizations from its advisory group engaged in formulating a new social protection strategy? At the French G20 Summit, ILO Secretary General Juan Somavia welcomed the partial shift by G20 Leaders back towards more focus on jobs and social protection. (He pointedly noted the contribution of the Occupy and Indignados movements in pushing the global focus back onto these concerns.) Meanwhile, the Trade Union Advisory Committee to the OeCD is still urging the G20 to fulfill its Pittsburgh commitment to put “quality jobs at the heart of the recovery” by establishing jobs targets for each G20 country. Achieving this goal would require public investment in green jobs, shifting taxation from employment to environmental “bads”, increasing tax revenues from the wealthy, increases in cash transfers to low-income households and access to finance for small and medium-sized businesses.

“Social protection” characterizes the G20’s approach to equity, but in UN debates, social protection is more often viewed as one facet of a rights-based approach to development. Here too we can see the procedural argument for making the G20 more accountable: at a minimum, the G20 and the multilateral development banks should draw on the “best practices” of organizations such as the ILO, consult with trade unions and CSOs, be cognizant of debates regarding the implementation of rights-based approaches to development, and, in general, formulate policies in more inclusive ways.

E. G20 Contributions to Global Financial and Economic Stability

Zig-zag from Stimulus to Austerity. Ironically, the U.S.-triggered global financial meltdown upgraded the status of the G20 from a body for finance ministers and central bank governors into an annual Heads of State Summit. G20 Presidents and Prime Ministers overcame the many latent tensions in this body to formulate a coordinated response to the economic crisis. Wall Street’s meltdown created the urgency for the Pittsburgh Summit in 2008, where G20 nations were able to thrash out and launch a global stimulus plan designed to kickstart financial recovery as well as launch job creation and social protection programs.

In 2009, with considerable cajoling from newly elected U.S. President Barack Obama, the G20 launched a Framework for Strong, Sustainable and Balanced Growth40 (the “Growth Framework”). In the context of the Growth Framework, each G20 member country committed itself to domestic policies intended to contribute to the recovery and rebalancing of the global economy.41

In 2010, however, the purpose of the G20’s Growth Framework shifted from a coordinated global stimulus response to coordinated fiscal consolidation. That year, meeting in Toronto, Leaders of advanced economies agreed to halve
fiscal deficits by 2013 and to stabilize or reduce public debt by 2016. At their September 22, 2011, meeting, G20 Finance Ministers again paid their obeisance to commitments intended primarily to salvage the health of global financial institutions. And then the Leaders were simply preoccupied with other matters at their November 2011 Summit. News from Cannes focused mostly on the spat between Sarkozy, as G20 chair, and the Greek Prime Minister, derailing much of the French President’s agenda for the Summit. Overall, the Summit did little to resolve the European financial and sovereign debt crisis, which still threatens to pull the world back into recession.

This zig-zag policy path between stimulus and austerity since 2008 can partly be explained by the pace of events, the rolling threat of national economic meltdowns, and the near-hysterical fear of inflation that preoccupies central bankers in much of the eurozone. It also reflects both the tensions inherent in coordinating the policy responses of nineteen different nations, plus the EU, and in coordinating amongst the multiplicity of goals that the G20 is trying to address.

Whatever the case, the G20 has been unable to find a middle ground that would create desperately needed job and social protection programs in fiscally responsible ways. Instead, the G20 is perceived as perpetuating a cycle of privatizing gains and socializing losses of corporations, particularly financial institutions.\(^42\) The power of the financial service lobbies in virtually all G20 capitals and the political allies they have nurtured or bought seems to have blunted both the willingness and the capacity of the state to provide for even basic regulation of exotic financial products (e.g., derivatives). The cost of this has primarily been borne by taxpayers, vulnerable homeowners, and pensioners. The imbalanced response to the crisis is indeed one major animator of the Occupy Wall Street movement.

**Reviving the IMF.** The Mexican G20 Summit will also wrestle with the eurozone crisis and continue the process of further empowering a global financial institution: the IMF. During the global crisis, the G20 nearly tripled the resources of the IMF and, during the eurozone crisis, the Rising Nine have mobilized even more resources for the institution. Ironically, most of these nine countries had resented IMF tutelage and policies (e.g., the shedding of national labor and social protections, a hammering of local government budgets, and high interest rates) and had exited from active IMF programs before the global crisis. Now, the nine are IMF benefactors, but even so, their frustration is growing, as they have been unable to achieve much reform in the allocation of votes in the institution’s governance structures.\(^43\)

**Broadening the Agenda.** The G20 has been largely ineffective in its primary mission of economic coordination. For instance, its member countries have foundered in carrying out their commitments to the Growth Framework. The G20 nevertheless expanded their mission by launching the DAP at the South Korean Summit in 2010.

**F. Energy in the Growth Framework**

**Fossil fuel subsidies.** In total, 135 countries are now on record supporting fossil fuel subsidy phase-out. The U.S. G8 Summit in May 2012 continued the drumbeat in support of this phase-out. The G20 first went on record in favor of the policy at its 2009 Pittsburgh Summit and continues to reiterate it. For instance, at the French
G20 Summit, Leaders expressed their “commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest.”

Can the G20 implement a phase-out of subsidies, which would reduce the growth rate of primary energy use globally and boost the use of renewables? This is one important test of the G20’s coordinating ability — and of its commitment to aligning with the goals of the Rio Conventions (climate and biodiversity). Price and production subsidies for fossil fuels collectively exceeded US$650 billion in 2008, according to UNEP. Such a cut in subsidies, along with the provision of a consistent market price for carbon emissions and/or the use of carbon taxes, could facilitate a much more rapid transition to renewable energy technology use. A high level of ambition will be needed to transform the power-generating sector; the UNFCCC calls for cutting worldwide use of fossil fuels by 80%, with the ambition of making the power and transport sectors more or less carbon-neutral by mid-century.

Although the G20’s Growth Framework provides a vehicle for coordinating policy actions, such as a phase-out of fuel subsidies, the level of ambition found in the policy commitments of G20 member countries, as they appear in the Growth Framework, are completely inadequate to the task. Indeed, most countries do not even address the issue and the G20 as a body is apparently unwilling to bring adequate pressure to bear.

In fact, the G20 is still struggling with basic definitional issues, and progress toward the goal has been slow. The discussion creates tensions and distrust: some countries cling to production subsidies in order to shore up domestic industries while others have used consumption subsidies to tamp down potential social unrest over energy prices. Meanwhile, energy consumption in the G20 soared by more than 5% in 2010 as compared to the previous year — with most of the increase coming from China and India. The G20 may be demonstrating its limits to coordinate policies, given the vastly different economic profiles and stages of development in which the different member states find themselves.

In response to increasing worldwide attention to fossil fuel subsidies, Oil Change International, in collaboration with 75 other NGOs around the world, has released a joint statement outlining four key steps governments should take in phasing out these wasteful subsidies by 2015. The NGOs’ key steps are:

- Define plans to phase out Fossil Fuel Subsidies by 2015;
- Increase transparency and consistency in reporting of subsidies;
- Incorporate assistance and safeguards to developing countries, as well as poor and vulnerable groups;
- Establish or identify an international body to facilitate and support Fossil Fuel Subsidy Reform.

These recommendations dovetail closely with those of the B20. Therefore, if the G20 cannot implement the phase-out of subsidies, confidence in the body’s capacity to help avoid runaway climate change will dwindle.

We thus find ourselves here on the horns of a familiar dilemma related to global governance. Should there be a replay of the too-common tendency by nations to agree to aggressive and ambitious reform targets that, for successful implementation, are mostly a matter of national political will and that frequently are not met? Or, should the global community acquiesce to low but achievable targets that
fail to put us on the path towards sustainable development, let alone towards the stabilization of global temperatures? The “business as usual” approach is dangerous because it takes decades to shift from carbon-intensive to renewable technologies. But setting and then repeatedly missing reform targets is also dangerous, insofar as it leads to public cynicism about the capacity of global governance institutions, and a retreat from support for the coordinated financing necessary for securing global public goods, such as a non-lethal atmosphere.

According to the IEA, the capital required to meet projected energy demand through 2030 in a de-carbonized manner will be US$1.1 trillion per year, on average. The Growth Framework of the G20 member nations barely begins to tackle the problem in either financial terms or in terms of the types of projects and approaches to energy development to which they might commit.

Nonetheless, we suggest that, even while the UNFCCC sets the universal framework for de-carbonization, the G20 countries – as the biggest economies and as the major emitters – must show leadership for any framework to succeed. The G20 is certainly one appropriate setting in which to work on coordinating and spurring investment into de-carbonizing the global power sector, for example. Addressing global climate change through aggressive responses in the power and transport sectors should be an urgent, top-line strategy in both the DAP and the Growth Framework. At present, it is not. The Mexican G20 Presidency, by expanding the G20 agenda to add “promoting sustainable development, green growth, and the fight against climate change”, has an opportunity to address this lack of urgency and bring these frameworks into line with the rhetorical commitments made by the G20 Leaders with respect to energy, climate, and biodiversity.47

It will therefore be interesting to see how the Mexican G20 Presidency pursues its stated interest in “green growth”. Strong political leadership is required to carry out a paradigmatic shift to a green economy, which unquestionably will create serious disruptions, as well as new winners and new losers. (Nor is the “Green Economy” concept itself without controversy; see Box 7.)

The timing of the 2012 G20 Summit opens up the potential for informed dialogue with United Nations bodies – including UNDP, UNEP, and the UNFCCC – each of which have made important contributions to thinking about energy access, climate-change mitigation, and de-carbonization pathways. While the individual G20 countries vary in their approaches (and intensity of commitment) to sustainable development, it appears that, collectively, they have back-burnered the many key innovations of national “Green Economy” sectors in the lowest-common-denominator setting of the G20.
There is no one definition of what an approach to the “Green Economy” or “green growth” means in practice, and states are encouraged to forge their unique definitions from the bottom up. This leads to circular discussions of the meaning of and motivation for employing the term. A new publication by the UN Environment Program, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication* (November 2011) challenges the myth that there is a trade-off between the economy and the environment. With the right policy mix, it asserts, humanity’s ecological footprint will remain within the planet’s carrying capacity, while generating economic development and growth.

**Positive, but incomplete, approaches to green growth.** Although some European approaches to green growth lack a robust social equity dimension, they take the need to cut greenhouse gases seriously. For instance, the EU “Roadmap for moving to a low-carbon economy in 2050” (Roadmap 2050) strives for reducing CO2 emissions in the energy sector by 93% to 99% by 2050 as well as adopting measures for energy efficiency and transport.

**Negative approaches to green growth.** From the grassroots to the ministerial level, however, one finds the view that the “Green Economy” is a “sinister plot” that will result in “green protectionism”, job losses, poverty, and abuses of human rights. According to Martin Khor, head of an intergovernmental organization, the South Centre, a “Green Economy” should not:

1. Fragment the sustainable development concept. Rather it must integrate poverty, development, equity, and environmental dimensions.
2. Undermine national sustainable development objectives. In particular, a “one size fits all” approach (which treats all countries in the same manner, irrespective of levels and stages of development) should be avoided;
3. Justify trade protectionism, including a) unilateral measures against the products of developing countries (e.g., the carbon tariff or “border adjustment tax” on goods produced through higher-emission production processes than the products of importing countries) and b) adoption of environmental standards for products. In both cases, countries without the financial means or technology of the importing countries would be penalized; and
4. Serve as a pretext for new conditions for aid, loans, debt rescheduling, or debt relief which, in turn, could lead to adoption of environmental policies by developing countries without appropriately taking development and equity goals into account.

The controversy regarding “Green Economy” concepts is most intense with respect to the use of so-called market measures – e.g., emissions trading, environmental taxes, cuts in ecologically harmful subsidies, and compensation for preservation of ecosystems. This is particularly the case when those market measures sanction the use of complex financial instruments, such as certain derivatives pertaining to carbon or commodity futures.

The 2012 Earth Summit should forge SDGs (drawing upon lessons from the MDGs) to and a roadmap to achieve them. Defining the meaning of sustainable development through goal-setting can help cut through the disputes about what a “Green Economy” means. To different degrees, all of the “green” concepts downplay the importance of poverty reduction and social equity – a bias requiring correction in the goal-setting process.
G. Conclusion

One observer has referred to the current geopolitical order as a shift from a consistent stalemate between two superpowers into a new set of ‘minority shareholder’ coalitions around global governance, each coalition with its own resource security goals. Seen this way, then G20’s Growth Frameworks (and the DAP infrastructure and agriculture/food security pillars in particular) provides polite cover for an accentuation of the multipolar, 21st-century ‘Great Game’ of natural resource plunder. So far, the G20 has intensified the ‘game’ by pairing with existing institutions—and the development paradigms with which they are associated—and turning up the heat to the highest setting. As an example, at the G20’s direction, the World Bank revised and submitted its infrastructure strategy to the French G20 Summit in November 2011. The leaked document posits a staggering US$1.1 trillion annually of infrastructure expenditures in developing countries (6.6% of developing world GDP) through 2015. It’s not the same US$1.1 trillion in spending envisioned by the IEA as necessary to meet projected energy demand through 2030 in a decarbonized manner (see Box 8): but the potential for dialogue is there.

Our main objection to the DAP is that, like a one-eyed monster, the G20 focuses on economic growth, with only weak attention to equity and sustainable development and almost none to climate change. Although the Mexican G20 Presidency adopted “inclusive green growth” (IGG) as a policy goal of the Summit, it is not retooling the Growth Framework and the DAP to reflect the goals of sustainable development. Instead, it is facilitating the development of “IGG Policy Toolkits”—policy menus that countries can choose from to foster green growth. Similarly, the Mexican G20 Summit will launch a Green Growth Alliance. Among other things, it will launch Public-Private Partnerships (PPPs), whose potential to create sustainable development depends on the types of infrastructure and agricultural projects financed, and the extent and nature of risk sharing between public and private sectors.

Three final points should be raised in this review. First is a concern that the world’s self-described ‘premier forum for international economic cooperation’ is subordinating the existing mandates of the key multilateral institutions to the goals of its own Development Action Plan. How does this change the accountability of the MDBs? What nations – and what sectors – are not “in the room” for the discussion of these outcomes? If the content of the G20’s growth mandates shifted to support more explicitly the Rio+20 agenda, the prospects for sustainable development would greatly improve. But cross-collaboration between the G20 and that “other” locus of global cooperation – UN institutions and the binding international treaties that UN bodies have nurtured – is currently at a low level. When it occurs, it is usually mediated through PPPs. More will be said on this in the next section.

Our second point builds further from the observation that the G20’s narrow scope of process—the lack of consultation with affected sectors, and the ignoring or suppressing of viewpoints that conflict with the growth- and infrastructure-led focus of this body—has also blinded it to any deep consideration of the green economy, or even really of ‘green growth.’ Critically, growth or development patterns must keep the global temperature increases to within 2 degrees Celsius while meeting challenges such as increasing access to energy while tripling decarbonization of the atmosphere and feeding 9.3 billion people by 2050. To date, however,
the G20 has used the rhetoric of sustainable development, while jettisoning any consideration of the deep structural changes that would be required to implement truly green and pro-poor growth whenever that conflicts with the financialization or infrastructure mandates that are at the core of the G20’s approach to development.

Again, we are dealing with the tensions inherent in the body: the original mission of the G20 Summits involved rebalancing a global economy in which Asia had become the land of surpluses, while the West was plagued with deficits. Rebalancing was intended to boost production for domestic consumption in Asia and to cut spending while increasing the level of savings in and exports by the West. Since the primary thrust of this “rebalancing effort” is an effort to ramp up consumption in developing countries – at a time when the biosphere is already showing signs of severe stress – then this is a prescription for short-term stability, but longer-term climate chaos.

**Box 8 The Climate Crisis: Another Perspective**

In November 2011, the press release of the International Energy Agency’s World Energy Outlook warned that “The World is Locking Itself into an Unsustainable Energy Future Which Would Have Far-Reaching Consequences...”. According to the IEA, the capital required to meet projected energy demand through 2030 in a de-carbonized manner will be US$1.1 trillion per year, on average, Looking at a broader agenda, the World Economic and Social Situation (WESS) 2011 estimates that “incremental green investment of about 3% of world gross product (about US$1.9 trillion in 2010) would be required to overcome poverty, increase food production to eradicate hunger without degrading land and water resources, and avert climate change catastrophe.” It further emphasizes that half of the investments would have to be realized in developing countries and that, globally, investment would need to be scaled up dramatically to avert catastrophe.

At the 2010 negotiations on climate change in Copenhagen, world leaders pledged to mobilize much less – US$100 billion a year by 2020 – to support the efforts of developing countries for both adaptation and mitigation. Subsequently, the UN General-Secretary appointed a high-level advisory group (AGF) to advise him on how to mobilize these resources. In their April 2011 Communiqué, however, the G20 Finance Ministers turned to the World Bank (instead of the UN) to lead a process of analyzing how to mobilize new and existing resources to fight climate change, saying: *We tasked the World Bank, working with Regional Development Banks, and the IMF, in coordination with other relevant organizations, to conduct the analysis on mobilizing sources of climate change financing, including public and private bilateral and multilateral as well as innovative sources, drawing inter alia on the High-level Advisory Group on Climate Change Financing (AGF) report consistent with the objective, provisions and principles of the UN Framework Convention on Climate Change. We support the work of the transitional committee established for the design of the Green Climate Fund.*

The final report, *Mobilizing Climate Finance*, shows a focus on carbon-linked fiscal instruments and potential contributions from removal of subsidies on international transport and fossil fuel. It over-emphasizes market-based instruments to offset risk and fails to consider the full gamut of public sources of climate finance, such as budget contributions, the FTT, and Special Drawing Rights, a quasi-currency of the IMF.
Unless cycles of production and consumption are low-carbon, the medicine being prescribed has the long-term impact of weakening the overall planetary immune system. It is quite remarkable that at this point in global history, where it is entirely clear that we are confronting a planetary emergency with respect to ecosystem function, we cannot get off the hamster-wheel of policies that are designed to spur growth but are at the same time uncoupled from an understanding of what undergirds a healthy and real economy.

Our third point is that, as analysts of the G20, we frequently hear that we simply expect too much of the institution, that there’s no actual leadership, “no ‘there’ there.” (For this reason, some call the G20 the “G-Zero.”) From this strategic perspective, political reform work should focus on the individual G20 nations, which can then bring more enlightened ideas into this elite multilateral negotiating setting. Another viewpoint is that the advocacy for institutional reform should be directed at the multilateral development banks and their major shareholders – that is, reform should be pursued with the G20s’ partner institutions – since these institutions may actually be in the driver’s seat.

There is much truth in these perspectives. The G20 was essentially birthed in order to react to crises, and has the hallmarks of an institution tooled more for that purpose than for the development of longer-term growth plans. Of course, the Growth Framework and the DAP both represent exactly that kind of long-range ambition, and in that regard, those products are consistent with what we know of the development concepts and approaches currently embraced by the MDBs. The G20 seeks to use the MDBs to advance those visions of global development held most firmly by Finance Ministries and the finance sector. In the aftermath of the global financial crisis, our experience should give us pause with respect to any project that transfers global rule-writing power to national Finance Ministries – or allows these Ministries to arrogate such power to themselves. As such, it is of course important to understand these interconnections – between the G20, the MDBs, and the national Finance Ministries from which their personnel is primarily drawn – so that we understand G20 as a body, as a set of plans and as an expression of development ideology.

### III. Approaches to Accountability

**Safeguards, PPPs, and civil society participation in standard-setting**

A plethora of new trade and investment agreements have strengthened the rights of investors without a concomitant strengthening of human rights and procedural safeguards for those impacted by such investments. New rights for investors should be tempered by new or revived forms of accountability. We discuss three such mechanisms here.

**Safeguards.** The struggle to develop useful accountability mechanisms at the World Bank and the other MDBs is one of global civil society’s major accomplishments over the past twenty years. The World Bank has its Inspection Panel mechanism, and clear procedural guarantees are encoded into the institution’s mandatory Operational Policies, including ten environmental and social safeguards. At the same time, a major focus of the HLP on Infrastructure, and of the World
Bank’s recent infrastructure strategy, is removing bottlenecks to implementing large projects. Removing some of those obstacles – such as corruption, slow and opaque permitting processes, unclear division of authority between national and local governments – is essential. The removal of other bottlenecks, however – such as the sideling of operational safeguards, and reduced transparency and accountability in project preparation processes – would represent a marked departure from the kinds of development practices that have been most important for ensuring equity with growth, and for the prevention of resource plunder, over the past two decades. From conception to execution, infrastructure operations should be implemented with a high degree of transparency as well as social and environmental safeguards.

But in our new world of multiple public and private capital sources, there is legitimate concern that the institutions that have embraced formal accountability mechanisms (e.g., the World Bank’s Inspection Panel) will “lose investment market share” to those entities willing to bankroll projects without asking too many tough questions about procurement transparency, involuntary resettlement, or labor policies.

The G20 could be an appropriate place for the ensuring “upward harmonization” of safeguards and consistency and mutual recognition of approaches to safeguards. In a report to the G20 subsequent to the French Summit last year, the World Bank noted that the Multilateral Financial Institutions Working Group on Environment (MFI/WGE), formed over 30 years ago, provides a platform for coordination on safeguard policies and procedures among MDBs, and requested that the G20 facilitate ongoing coordinated approaches to safeguards.54 This is important. Comparing the safeguard approaches of different institutions, be they bilateral or multilateral, would be a very useful first step. However, coordination and harmonization can either improve or diminish the safeguards and the protections they provide for the environment and communities – depending on the direction of that harmonization. The World Bank, the acknowledged leader amongst the MDBs, has now embarked on an extensive review of its safeguards. The G20 needs to support action by the World Bank that ensures the upward harmonization of standards to prevent a race to the bottom in terms of human rights, labor, and environmental standards, intensifying the “Great Game” of natural resource plunder.

With respect to accountability mechanisms, the G20 itself has emphasized the development of norms for the financial system. The G20 Agriculture Ministers and G20 Leaders encouraged or endorsed the following:

• Norms and standards related to investment in value chains.55 Specifically, the G20 has designed a work program to: “identify, enhance as needed, and promote the best existing standards (developmental, social and environmental) for responsible investment in value chains and voluntary investor compliance with these standards.” Leaders at the French G20 Summit also welcomed the design of a set of indicators to measure the job creation and economic value-add of private investment. They called for testing the indicators in at least six countries on a voluntary basis.56
• Harmonization of procurement standards, particularly in the context of the G20 infrastructure initiative. The Declaration stated, “We call on MDBs to harmonize their procurement rules and practices and we support move towards mutual recognition of procedures and eligibility rules.”
• The Principles of Responsible Agricultural Investment (PRAI)\textsuperscript{57} to ensure sustained investment in agriculture and to prevent land grabbing.
• “Increasing transparency in the relationship between private sector and government, including voluntary participation in the Extractive Industries Transparency Initiative (EITI). We also acknowledge the steps taken by some of us to request companies in the extractive industry to publish what they pay in countries of operation and to support the Construction Sector Transparency Initiative (CoST)”\textsuperscript{58} (emphasis added).
• The “Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” in the CFS.
• Creation of the Global Climate Fund and providing it with adequate and reliable funding sources.

This multitude of initiatives emphasizes codes of conduct and voluntary guidelines, which are dependent on pledges and voluntary contributions. The list exemplifies the shift today away from “binding safeguards“, formal legal requirements, and clear lines of accountability and towards softer compliance mechanisms. Improved collaboration between governments and the private sector can, of course, facilitate positive development outcomes in poor countries by raising revenues, promoting technology transfer and skill-building for domestic firms, and helping to achieve national development priorities. At the same time, sustainable development imposes requirements on public and private actors – namely, that they conduct themselves in transparent, participatory, and accountable ways. This is clearly seen in Rio Principle 10 regarding access to information. It has also surfaced in Rio+20 negotiations regarding the call for all corporations to report sustainability and resource-use data. The proposed Rio+20 outcome creating a “global policy framework requiring all listed and large private companies to consider sustainability issues and to integrate sustainability information within the reporting cycle” could be a first step towards agreement on the use of global reporting frameworks for corporations, regardless of where domiciled.

**Box 9 Compulsory vs. Voluntary Rules**

**Compulsory/binding rules.** Civil society organizations and many nations are seeking to negotiate “fair, ambitious, and legally-binding” rules for climate treaties, such as the Kyoto Protocol of the UN Framework Convention on Climate Change. It is widely believed that such rules are humanity's “best bet” for sharply reducing emissions of greenhouse gases and ensuring a survivable world.

**“Pledge and review” approaches.** In 2009, at the 15th Conference of Parties (COP) to the UNFCCC, the Copenhagen Accord was announced. The disappointment was that this Accord was reached outside the formal negotiation process of the COP/UNFCCC and that it replaces a system of legally binding emission reduction commitments with a “pledge and review” system for emissions reductions by signatory nations that reduce overall accountability.

On the one hand, one could argue that the embrace of “pledge and review” reflects a welcome realism, one predicated on the frustrating incrementalism of progress in binding treaty settings. This approach recognizes as important the need for progress on measuring, reporting, and verification (MRV) of emission reduction pledges. Others have viewed this more critically as a full-on “duck and cover” by Annex I parties who found the binding commitments they made in the Kyoto Protocol to the UNFCCC to be inconvenient and difficult to achieve.
To summarize: the good news is that, among a variety of institutions and sectors, we see a proliferation of non-binding (voluntary) global norms related to transparency and accountability intended to strengthen development outcomes in ways that are environmentally sustainable and respect human rights. The bad news is that some standards are being formulated in non-transparent, non-participatory ways; standards which are legally binding on states and firms (through treaties or contracts) are being weakened; and the mechanisms and capacity to monitor and enforce compliance with binding or voluntary norms are nowhere close to what is needed for genuine accountability in this “pledge and review” world.

With more ambition, the G20 member states and the MDBs could initiate something like a global Administrative Procedures Act aimed at preventing countries and project developers from forum shopping for ways to limit their formal accountability. It would be feasible to explore this opportunity as part of the MDGs review process likely to start at Rio+20 and continue through 2015. Indeed, the development of agreed systems of accountability could be one of the most important components of any future set of SDGs, and would be reflected in national commitments based on Rio Principles 10 and 20.

Using an overly simple analogy – but one deployed to illustrate a general point: if the 1992 Earth Summit constituted a historical moment in which nation-states were willing to bind their fates together through the hard-targeting of global treaty mechanisms, then the 24 March 2011 release by the United Nations of its “Guiding Principles for the Implementation of the UN Protect, Respect and Remedy Framework” on business & human rights represents the full maturation of “pledge and review” soft-target standards.

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**Box 10  Existing Norms and Standards, Binding and Non-Binding**

**A. Binding on Governments and Private Firms**

*Treaties:* Covenants to the UN Declaration on Human Rights, 500 Multilateral Environmental Agreements (e.g., Kyoto Protocol of the UN Framework Convention on Climate Change), international labor standards (e.g., core labor standards), preferential trade agreements

*Contracts:* Social and environmental standards of the World Bank, regional development banks, Export-Import Banks, Overseas Private Investment Corporation

*Private Firms:* N/A

*Contracts:* Standards of the International Finance Corporation (World Bank Group), Export-Import Banks

**B. Certification Schemes – Examples**

*Kimberley Process:* Requires governments to certify the origin of shipments of rough diamonds to ensure they are not from conflict zones where parties to a conflict could use revenues to purchase arms

*Forest Stewardship Council:* Bases certification (adjusted to regional conditions) on 10 principles and occurs in about 45 countries

**C. Non-Binding on Governments, Firms, Organizations**

*UN Global Compact:* Promotes 10 principles in the areas of human rights, labor, environment, and anti-corruption
OECD Guidelines on Multinational Enterprises: Promotes principles/standards re: employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation

Equator Principles: Promotes principles analogous to the IFC performance standards applicable to 72 banks and financial institutions

Extractive Industries Transparency Initiative (EITI): Requires firms to disclose payments to governments and governments to disclose revenue from firms

International Standards Organization (ISO) 26000: Calls for social responsibility standards. Some national standards-setting bodies use for certification purposes (which can by-pass existing bargaining processes)

Rules for PPPs. The 2002 World Summit for Sustainable Development (WSSD), convened in Johannesburg ten years after Rio, took stock of progress toward the pledges made at the 1992 Earth Summit, including to Agenda 21. Noting serious shortcomings in reaching those pledges after a decade of implementation, the WSSD produced a “Johannesburg Plan of Implementation” which prominently featured the role of PPPs in achieving sustainable development. Overall, the WSSD helped spawn about 280 informal partners (e.g., PPPs, multi-stakeholder processes, and global public policy networks). The emphasis on private-sector inclusion, new partnerships, and shared accountability led to a surge in PPPs in infrastructure in the 1990s and early 2000s.

The experience left both public and private partners somewhat disillusioned. In 2006, the World Bank wrote an assessment of its 20 years of experience in financing infrastructure and found that “The difficulty in making private participation in infrastructure work in practice is not a proof that it cannot work or that the Bank was mistaken to try to shift from its traditional reliance on public enterprises. However, it does impose a duty on the Bank to learn from the past 10–15 years how to improve the prospects for private participation.”

Currently, the B20 announces that the Mexican G20 Summit will launch a new partnership among companies, banks, international financial institutions, private investors, and the IDFC. Its purpose is to increase dramatically the pools of public funding available to leverage private investment to address green growth. The IDFC would map support (and the extent of leveraging) from development finance institutions for green infrastructure. The B20 recommends that the performance of national and multilateral banks be judged by the success of their strategies to leverage private financing—a very different measure of success than that proposed by the institutions themselves, who continually claim poverty alleviation as core to their mission.

Citizens should question whether taxpayer dollars will just be shoveled into corporate welfare or whether the leveraging intent of the PPP will help achieve a “triple bottom line” win— including environmental and social as well as economic benefits—one that can be verified by third parties.

Transparency. It is difficult to get detailed information about G20-related initiatives, for instances those on PPPs and policy standards or safeguards, including those for supply chains. Many developing-country governments needed assistance in negotiating PPP contracts, and as the comment from the World Bank above indicates, such partnerships are not easy for either the public or private
party. Certainly there is reluctance on the part of nation-states to include provisions for public hearings into the contracts, and private parties are not eager to see expanded public disclosure of contract contents. Contracts should recognize factors such as: 1) private companies face higher rates of interest than governments, so the up-front costs of the investment may be higher; 2) mechanisms for holding private firms accountable for their obligations are still nascent; 3) government or taxpayer obligations (direct or contingent) are equivalent to debt and, as such, must be transparent, manageable, and monitored on an on-going basis; and 4) private firms should be obliged to respect labor contracts and provide adequate protections for workers in host countries.

Some information is not in the public domain, and some information about projects is only made available only after final decisions have been made, and in the absence of public consultation. This needs to change. People in developing countries have a right to know how their budget resources are being deployed and the trade-offs required between investing in infrastructure versus other priorities.

Guidelines and Standards. The G20, for the most part, does not use the language of ‘safeguards,’ some of which can result in claims subject to judicial review. Rather, in promoting PPPs, the G20 is identifying extra-legal “standards and guidelines” to which the public and private sectors should adhere. To date, this standard-setting process has not been open or participatory. The standards for model PPPs and the negotiation of individual PPPs needs to be open and transparent, so that the terms of engagement – who is the senior or junior partner – are explicitly defined. To be made consistent with, and embedded within, the larger frame of sustainable development, the Earth Summit 2012 should call for PPPs to be embedded within a context of democratically-defined rules that can sustain the planet’s natural resource base, reward decent work, and protect the most vulnerable.

Some codes of conduct require that project investors obtain “free, prior, and informed consent” (FPIC) from affected communities; when projects are under implementation, however, it is frequently too late to seek consent. The implications of regional or other major infrastructure development plans for national budgeting and social spending priorities suggest the need for an upstream, investment-oriented notion of FPIC. The approach to FPIC implied by citizens participating in the setting of state budget priorities started at the subnational level in Brazil, and such approaches to participatory budgeting have now spread globally. Rio+20 provides a useful signpost to explore the status of this important frontier for economic democracy, as well as the status of safeguards: the necessity of upward harmonization of standards, the targeted use of safeguards for social protection, and the degree to which formal rights can be articulated through mutually agreed safeguards.

At the World Bank, there is a consultative process for revising environmental and social safeguards that engages governments, firms, and civil society. As noted above, the MFI/WGe is engaged in a parallel process of harmonizing the safeguards of the World Bank and the regional development banks. It is crucial that the inside game at the MFI/WGe not trump the external consultation process.

Conclusion. Civil society should not relent from pressuring governments to enforce the provisions of international agreements to which they are signatories or to enact and enforce regulations to protect the environment and human rights. At the same time, however, civil society should play a more active part in setting vol-
Box 11 Standards at the World Bank Group

The World Bank Group already administers a significant level of climate investment funds and is positioning itself to handle more. In part, it justifies a major role for itself based upon its demonstrated experience in implementing standards.\textsuperscript{67} However, the World Bank is implementing a financing instrument (the Program for Results, P4R) that would not require the application of the institution's suite of environmental and social safeguards except for high-risk projects. Use of this instrument removes most environmental and social protections – even for projects with substantial risk. Whether protections actually remain in place for high-risk projects is an open question that is being examined by the G20’s HLP on Infrastructure.

The IFC, a private sector arm of the World Bank, revised its standards in 2011.\textsuperscript{68} This is a good news/bad news story in the sense that, in some ways, the standards have been strengthened, however, the institutions is shifting significant responsibility for monitoring and enforcement of standards from its own staff to its private clients, themselves. By doing so, the IFC is taking a “pledge and review” approach to standards.

In other words, private firms pledge to abide by certain standards and, then, they review their own conduct. The IFC and/or the state may provide some level of implementation supervision and auditing of performance. Client firms are asked to focus on outcomes and then given flexibility for determining how to achieve them. Some environmental and social standards are more loosely defined and clients are assuming a greater role in determining what these standards mean in practice and how they can be met.

Reportedly, the World Bank will consider using IFC performance standards in the PPPs which it supports, so weaknesses in these standards need to be urgently addressed.

Voluntary standards and pressuring governments to conduct due diligence and use or create grievance mechanisms to adjudicate claims. Without question, strong transparency and accountability mechanisms are needed to make “pledge and review” work. They are essential, and the Rio+20 process can establish the framework for taking an inventory of these “pledge and review” efforts, and elucidate what steps are required to improve the frameworks and ensure their enforceability. The overall agenda would address monitoring, information gathering, assessment, and disclosure of state and business conduct. Civil society would seek to strengthen existing networks, and to create new ones, that inform people of their rights and that allow access to grievance mechanisms. In her work in evaluating grievance mechanisms, Rees describes the kinds of resource hubs that need to be linked into networks that can reach grassroots groups in societies.\textsuperscript{69} This might be done via international NGOs with national chapters, via national human rights institutions, and ombudspersons. The effectiveness of these arrangements relies heavily on access to and independence of such remedies. However, civil society cannot focus exclusively on transparency and accountability mechanisms without making a similar commitment to advocacy around the ultimate necessity of binding targets and enforceable norms. We need to be smarter about living in the ‘pledge and review’ world; but at the same time, civil society must push continually for such pledges to be translated into binding, judiciable commitments.
IV. Financing for Sustainable Development During an Economic Downturn

The challenges regarding resource mobilization are very different today than they were at the time of the 1992 Earth Summit. We see a decline in official development assistance (ODA) from most traditional donors, the emergence of not only new government donors and private foundations, but also new constellations of public and private actors. (See Box 12).

Today, there are few expectations that traditional and new donor governments will pony up higher levels of ODA. (It should be noted that throughout the past twenty years, donor countries have struggled to implement pledges made at the Earth Summit pertaining to financial assistance and technology transfer.) Indeed, in the face of dire deficit and debt situations, many advanced countries cannot consider maintaining, much less increasing, their foreign aid budgets. Therefore, there is an increased reliance on public-private partnerships backed by relatively soft notions of partner accountability in many development settings. Indeed, the Mexican Summit will announce new and unprecedented efforts to use public resources for leveraging private investment to meet the challenges of sustainable development and “green growth.”

There is a strong belief that it is impossible to mobilize public resources at a sufficient scale to advance development and fight climate change. This is false. There is a host of ways in which innovative financing mechanisms could mobilize public resources. In addition, the G20 has promised developing countries that it would raise revenues from multinational corporations which currently evade their responsibilities to pay taxes. The G20 needs to follow through on that promise.

Box 12 A Changing Economic Order

As signs of their rapid ascension in power and influence, developing and emerging countries already held two-thirds of the world’s US$9 trillion of official foreign exchange reserves as of late 2010, compared to only 37% at the end of 2000.

According to the Brookings Institution, “In per capita terms, emerging market economies are growing more than twice as fast as the advanced countries. In Asia, emerging market economies are growing 3 to 3½ times faster than the advanced economies”; with an average savings rates of 38% versus 20% in the latter group. In the decade 1990–2000, the top five contributors to global growth were the U.S., China, Japan, Germany, and the U.K.. However, from 2000–2009, the top five contributors were China, the U.S., India, South Korea, and Brazil. (See Table 2.)

In addition to resource constraints, there are other bottlenecks to progress toward financing public goods:

- **Common but Differentiated Responsibilities (CBDR).** In recent multilateral negotiating settings, including around the Rio+20 outcome documents, we have seen a retreat from use of the Rio language of “common but differentiated responsibilities.” The concept of CBDR, and its reflection in binding international treaties, may be one of the original Rio Summit’s most important legacies.
• **Top-down policy-setting.** How can citizens work with governments in a bottom-up way to develop consensus on a compelling agenda and roadmap for sustainable development at Rio+20 when the G20 is increasingly setting policy priorities? What will be the role of PPPs under these circumstances and how can the very real challenge to realization of human rights be addressed?

• **The lack of consensus around the “Green Economy” concept** – particularly through the Green Climate Fund. At Rio+20, the Brazilian government, the national development bank BNDES, and Brazilian corporate philanthropists will together heavily promote a version of the “Green Economy” concept that entails much greater involvement of transnational corporations in the implementation of sustainable development than was envisioned in 1992. Others, including many Brazilian social movements, are radically opposed to this notion of the “Green Economy”, and instead have revived and are now using the People’s Assembly and indigenous movement (Karioca+20, etc.) platforms of 1992. Sandwiched in between are several Rio+20 workstreams focusing on positive notions of the “Green Economy”: a just and sustainable cities workstream, with a great deal of involvement from municipalities in Brazil and the United States; and, as noted above, a focus on developing a binding agreement for sustainability reporting for all transnational corporations.

In addition, resource mobilization campaigns to develop new sources of public funds for addressing global public goods problems will likely get a boost from Rio+20. The most prominent campaign is the idea of a very small financial transaction tax (FTT) on movements of speculative financial capital globally. Such an instrument also has the salubrious impact of dampening the velocity of speculative capital movement – a source of destabilizing volatility in the international system. This modest tax instrument has also been suggested as a “new and additional source” of climate finance, and it was formally studied in the AGF, convened after the UNFCCC climate summit in Copenhagen (December 2009). While the recommendation to create such a transfer of resources via miniscule levies on speculative capital movements has thus far been blocked, primarily by the United States, momentum toward adopting this mechanism continues. At the French G20 Summit a smallish coalition emerged, with Argentina, Brazil, and South Africa joining the European countries in support of the FTT. (Argentina conditioned their support on a crackdown on tax havens, Brazil conditioned it on support for social protection

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Contribution (%)</th>
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<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>25.5%</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>21.5%</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>6.1%</td>
</tr>
<tr>
<td>4</td>
<td>South Korea</td>
<td>3.2%</td>
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<tr>
<td>5</td>
<td>Brazil</td>
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<td>6</td>
<td>UK</td>
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<td>7</td>
<td>Japan</td>
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<tr>
<td>8</td>
<td>France</td>
<td>2.1%</td>
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<tr>
<td>9</td>
<td>Russian Federation</td>
<td>2.0%</td>
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<tr>
<td>10</td>
<td>Spain</td>
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<tr>
<td>11</td>
<td>Australia</td>
<td>1.9%</td>
</tr>
<tr>
<td>12</td>
<td>Canada</td>
<td>1.8%</td>
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<tr>
<td>13</td>
<td>Argentina</td>
<td>1.7%</td>
</tr>
<tr>
<td>14</td>
<td>Germany</td>
<td>1.4%</td>
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<tr>
<td>15</td>
<td>Indonesia</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Table 2 Contribution to total World GDP Growth 2000–09, by top 15 countries

In addition, resource mobilization campaigns to develop new sources of public funds for addressing global public goods problems will likely get a boost from Rio+20. The most prominent campaign is the idea of a very small financial transaction tax (FTT) on movements of speculative financial capital globally. Such an instrument also has the salubrious impact of dampening the velocity of speculative capital movement – a source of destabilizing volatility in the international system. This modest tax instrument has also been suggested as a “new and additional source” of climate finance, and it was formally studied in the AGF, convened after the UNFCCC climate summit in Copenhagen (December 2009). While the recommendation to create such a transfer of resources via miniscule levies on speculative capital movements has thus far been blocked, primarily by the United States, momentum toward adopting this mechanism continues. At the French G20 Summit a smallish coalition emerged, with Argentina, Brazil, and South Africa joining the European countries in support of the FTT. (Argentina conditioned their support on a crackdown on tax havens, Brazil conditioned it on support for social protection
programs, and South Africa mentioned a link to climate finance.) On other hand, it was disappointing that India did not join the coalition and that the opposition of some countries, especially the U.K., hardened. Civil society continues to promote the FTT in Europe, at the climate negotiations in South Africa, in the U.S., and at the 2012 Earth Summit. It would be a boost for the climate negotiations, and the multilateral system generally, if, when the financial spigots needed for operation of the Green Climate Fund are turned on, one of the sources of finance could be a FTT dedicated to climate change adaptation and mitigation.

Mexico has promised to highlight this issue in June as part of its Presidency of the G20 Summit; in addition, the global FTT may be mentioned in Rio+20 outcome documents. The creation of a modest global tax on speculative capital movements is currently the best idea for developing the urgent additional resources to combat global climate change and finance necessary adaptation measures.

Resource transfer mechanisms, such as the FTT, are important, but they don’t go far enough. On the one hand, parties and civil society movements coming to Rio+20 should be prepared to make the case that the shift toward a “Green Economy” in manufacturing spheres also entails a more fundamental shift in how we think about financing for development, with a renewed focus on funding for sustainable development and for changing incentives so as to deal with some of the more significant problems of tax avoidance, trade mispricing, corruption, and subsidization of fossil fuels. There is much more to be done in each of these areas, and making progress in each area would completely demolish the now-prevalent but mistaken assumption that public resources are not available to address the resource-depletion and job creation challenges we face.

The DAP’s Domestic Resource Mobilization pillar (pillar 9) moves some way in the direction of addressing illegality, by committing to work on:

• Tax evasion and illicit financial flows. The G20 is working to address the adverse impacts of tax evasion and to counter the erosion of developing countries’ tax bases. At the Summit in France last year it declared, “We underline in particular the importance of comprehensive tax information exchange and encourage competent authorities to continue their work in the Global Forum to assess and better define the means to improve it.” To accomplish this, the G20 should support automatic exchange of tax information between jurisdictions on a multilateral basis and transparency of beneficial ownership and control of companies, trusts and foundations. The Cannes G20 Summit fell short by only encouraging member states to “explore voluntary standards”, thus averting a stronger collective commitment on country-by-country reporting of natural resource payments, such as exists in the EITI. Global Financial Integrity (GFI), a research and advocacy organization working to curtail illicit financial flows, estimates that every year developing countries lose approximately US$1 trillion in illicit financial flows – the proceeds of crime, corruption, and tax evasion. That’s enough money alone to put a huge dent in the task of de-carbonizing the global energy sector.72

• Trade mispricing. DAP pillar 9 recognizes issues related to transfer pricing and the necessity of developing better country systems for taxing multinational enterprises. Vigorous implementation of these two parts of the DAP work plan could have a huge impact on the availability of development finance. Estimates of the annual tax revenue lost to developing countries due to trade mispricing-
ing by multinational corporations amount to about US$100 billion per year – nearly as much as annual ODA – and enough to finance the proposed Global Climate Fund.

The G20 Anti-Corruption Working Group has been working on these issues and other ways of cracking down on corruption and lost revenue.\(^7\) To date, its agenda, particularly in the area of enforcement, has not been very ambitious. The positive potential for G20 work is described by seventy-six different CSOs that appealed to the G20, and in particular a group co-chaired by France and Indonesia, to take actions action against corruption in 11 areas.\(^7\)

V. Conclusion and Recommendations

The G20’s top-down, tightly focused power to set the development finance agenda contrasts sharply with the diffuse focus on the “Green Economy” that different actors in the more democratic Rio+20 Conference process has brought to the table. Civil society, irrespective of their positioning on the “Green Economy”, should be expected to interrogate and influence the proposed outputs of the G20 Summit and the Rio+20 Conference with respect to parameters such as private-sector engagement, employment, respect for human and earth rights (e.g., safeguards), and new public sources of finance. The 173 countries excluded from the G20 should engage in this process as well.

Future G20 Presidencies (Russia in 2013; Australia in 2014; Turkey in 2015) should ensure coherency between the two primary G20 programs – the Growth Framework for G20 countries, themselves, and the DAP, which is primarily for low-income countries. Indeed, the powerful G20 countries should be held to higher standards for advancing sustainable development (in all its dimensions) than the low-income countries.

In terms of policy coherence among governance institutions, at a minimum there is a clear need for the G20 to work with other global governance bodies, including the United Nations, and in particular UNEP, UNDP, the UNFCCC, and UN WOMEN to promote an agenda that integrates the three indispensable elements of sustainable development relating to the natural environment, the economy, and poverty reduction. Integrating these three elements of sustainable development into the G20’s agenda would require:

G20 Accountability and Transparency

• **G20 as an advisory body on development.** Rather than issuing policy mandates and research work for international trade, finance, and development institutions, as is its practice currently, the G20 should issue recommendations for consideration by the governance bodies of these institutions.

• **Participation and Consultation.** The G20 excludes 173 UN member countries. Therefore, it should:
  1. Establish consultative mechanisms to enhance its accountability to the UN;
  2. Appoint the UN Secretary-General as a full member of (rather than an observer to) the G20;
3. Allow for rotating participation of country representatives from Africa, LDCs, and SIDS as participants in G20 fora and summits, and allow for the participation of several more countries from these groups as observers;
4. Create mechanisms that enable it to relate to civil society in ways that are analogous to the G20’s outreach mechanisms for consulting with transnational corporations. While the Presidencies of successive G20 Summits have increased the body’s outreach, overall there has been a conspicuous lack of informed participation by civil society in G20 proceedings. Specifically, civil society has lacked knowledge of the policy options under consideration by the G20 and the clout to make a difference. Instead, the B20 – working with McKinsey & Company and the World Economic Forum, among others – has prevailed in shaping the Summit agenda and defining “Green Economy” and “green growth” as market-dominated processes.

- **Transparency.** With regard to Summits, Ministerials, as well as its working and expert groups, the G20 should disclose membership agendas, draft and final versions of commissioned papers, as well as minutes of meetings. It should make such information available in a timely and proactive manner on publicly accessible websites.

- **Accountability Scorecards.** The G20 should implement accountability scorecards to map progress (or lack thereof) with regard to promises it has made (e.g., removal of fossil fuel subsidies; ending transfer pricing of multinational corporations; and other practices that deprive developing countries of revenues that are rightfully theirs).

- **CBDR.** Relying on an approach that respects the “common but differentiated responsibilities” of nations, civil society must work with global, regional, and national governance bodies not only to press for hard commitments at Rio +20, but also to create robust “Monitoring, Reporting, and Verification” (MRV) systems. The language of MRV comes out of hard UNFCCC commitments and is now to be applied in the post-Durban “pledge and review” setting. MRV systems would at least allow citizens to hold states and firms accountable for delivering emission reductions, providing adequate aid for adaptation to climate change, as well as for protecting community and individual rights to assets, including water, food and land. These MRV systems should be backed by strong independent grievance mechanisms and other adjudicatory processes with enforcement teeth that ensure that there are consequences for violations.

- **Principle 10 of the Rio Declaration.** This Principle, signed at the first Earth Summit in 1992, asserts that access to information, public participation and access to justice (referred to as “environmental access rights”) are critical for sustainable development. The G20 must recognize the rights of access to information and the right to consultation regarding development decisions. This should be reflected in the G20’s processes and in both of its growth frameworks.

- **Principle 20 of the Rio Declaration.** The G20 has not evinced a particular concern for equality and human rights. It should acknowledge that the full and effective participation of women, indigenous peoples, and marginalized groups in all aspects of sustainable development is essential for inclusive economic growth and for broad political empowerment.
Regarding finance, the G20 and the UN should ensure that

- **Subsidiarity.** To the extent that new sources of finance are generated at the international level, their disposition should be determined by development finance institutions and their shareholders, in line with country-led and designed programs and priorities developed in a fully participatory process involving all relevant stakeholders, particularly citizens’ groups. Analogously, at the local and national level, the disposition of resources should also be determined by elected bodies with the participation and involvement of all relevant stakeholders, particularly citizens’ groups, wherever pluralistic and open processes exist. Process implicates product: the closed nature of the G20 has circumvented any consideration of sustainable development in its DAP.

- **Expansion of public finance.** The G20 should support a significant expansion of public finance to support sustainable development, including climate finance, as called for in the UNFCCC and the UNFCCC Cancun Agreement. The UN and its UNFCCC should work with other institutions, including the G20, to identify particularly innovative public sources of finance for mitigation and adaptation purposes and to design transparent, participatory and accountable mechanisms (e.g., the Global Climate Fund) through which to deliver the financing in ways that further environmental, social and gender co-benefits and respect and uphold environmental, social, and gender safeguards.

- **Financialization.** Many of the draft proposals for G20 and Rio+20 (e.g., the Green Growth Alliance) could expand investor rights without insisting on appropriate national, regional, or global regulatory frameworks for similarly ensuring enhanced investor accountability. Global rules should preclude financial markets from using speculative instruments to bet on the prices and availability of eco-services (e.g., biodiversity, land, carbon). Moreover, strong social and environmental regulation should be the precondition for democratic consideration of PPPs or other market mechanisms that would, ostensibly, foster the “Green Economy”.

- **Triple Bottom Line.** The Mexican G20 Summit will accelerate the use of mechanisms that use public resources to leverage private investment. Through consultative processes, such mechanisms should develop methodologies for measuring the “triple bottom line” – economic, social, and environmental outcomes of PPP investments. The methodologies should specifically highlight the social and environmental outcomes that would not be possible without the contribution of public funds.

### Regarding a Re-focus of the G20’s Development Action Plan

- **Infrastructure.**
  a) Infrastructure and industrial priorities should dovetail in ways that promote sustainable development;
  b) Trade agreements should not handicap the role of the state in national and regional development;
  c) The methods by which risk is allocated between public and private sectors should be set forth in PPP contracts which are disclosed to the public and which honor public obligations under existing international human and environmental rights conventions. These contracts should support sustainable management of natural resources and serve community interests over the course of generations;

In most areas where GE crops have been introduced, pesticide usage has increased.
d) Low-income consumers should receive protections against price increases arising from the removal of subsidies for fossil fuels, or end-products such as food that depend upon such fuels;
e) To help meet the MDGs and end energy poverty by 2030, the UN and the G20 should work with African partners to facilitate investments in energy technologies that prioritize energy access for the poor by focusing on affordable and reliable electricity (with a particular focus on off-grid solutions) and cooking energy.

• **Agriculture.**
  a) Small-scale, agroecological forms of food production should be expanded;
  b) The role that women in developing countries play in securing local food production should be recognized, while regulating and supporting the transformation from industrial and other forms of unsustainable agriculture to agroecology;
  c) Land-tenure laws and economic incentives for production should support the roles of women and men equally, and give preference to the role of smallholders;
  d) Mandates and subsidies for industrial biofuels production should be withdrawn.

• **Expansion of Social Protection Models.**
  a) Governments should maintain a strong role in the provision of such services;
  b) Social protection floors should not be considered ceilings;
  c) Models should aim for universal rather than piecemeal coverage of needs;
  d) Models of social protection should be designed in a participatory way by the countries and beneficiaries for whom they are intended, taking into account the particular role women play currently in the delivery of unpaid social services;
  e) Models should rely on existing standard-setting institutions for social protection, such as those of the ILO, rather than dilute the authority and mandate of such institutions.

**Regarding Normative Principles Governing Private and Public Sector Actors**
While also working to strengthen legal frameworks for securing private and public-sector obligations, the UN and the G20 should prepare an inventory of voluntary normative systems and launch a joint work plan (among the UN, the MDBs, civil society, and the private sector) to assess the strengths and weaknesses of such systems in terms of conducting social, gender, and environmental due diligence; guiding and disciplining the conduct of public and private actors; and ensuring access to justice by affected peoples. The work plan should seek full implementation of Rio Principles 10 and 20. Both the inventory and the work plan should be announced in the Earth Summit 2012 Outcome Document and the 2012 G20 Summit Communiqué.
REFERENCES

1. Canada, France, Germany, Italy, Japan, the U.K., and the U.S.
2. The Rising Nine emerging countries included in the G20 are Argentina, Brazil, China, India, Indonesia, Mexico, South Africa, South Korea, and Turkey.
3. The G20 is comprised of one region – the European Union – and 19 countries, including the G7 (see footnote 1), the Rising Nine (see footnote 2), and Russia, Australia, and Saudi Arabia. Each G20 Summit host invites Spain (a permanent “observer”) and four additional countries. Two international organizations are permanent participants – the IMF and the World Bank. Eight other international organizations participate on a regular basis.
4. This paper refers to the UN Conference on Sustainable Development as “Rio +20” or the “2012 Earth Summit.”
5. See Box 6 for the priorities for the Mexican Presidency of the G20.
6. The Earth Summit expects to achieve gains in at least seven areas: jobs and social inclusion; energy (access, efficiency and renewables); water; oceans; agriculture and food security; disaster preparedness and resilience; sustainable cities. The cross-cutting objectives of Rio +20 include:
   • Promoting job creation, social inclusion, energy (access, efficiency, renewable), and agriculture and food security;
   • Initiating the process of crafting Sustainable Development Goals that draw upon lessons from the Millennium Development Goals (MDGs) and the creation of a roadmap for achieving such goals; and
   • Implementing Principle 10 of the 1992 Rio Declaration regarding the right to information and to participate in developmental decision-making.
7. The B20 recommendations appear here: http://www.boell.org/web/group_of_20-B20-Dossier.html. The chapter on green growth describes plans to use public money dramatically to leverage private investment, including in the energy sector. This plan would expand the number and scale of public-private blending mechanisms and incorporate leveraging private finance as a key performance indicator for public funding, including national and multilateral banks.
8. Cannes Summit Final Declaration, paragraph 92.
9. Principle 3 of the Rio Declaration states: “The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.”
10. In August 2011, the Statement from the BASIC (Brazil, South Africa, India, and China) Ministerial Meeting on Climate Change in Minas Gerais, Brazil, echoed a related principle, saying “Ministers welcomed the work undertaken by BASIC experts on a ‘framework for equitable access to sustainable development’”. Argentina was included as Chair of the G77.
12. LICs are defined as countries with GNI per capita below US$1,165 in 2011.
14. Cannes Summit Final Declaration, paragraph 73.
15. A term used by African Development Bank (AfDB) official Bobby Pittman to refer to
investment platforms, such as the Sokoni Africa Infrastructure Marketplace.


17 According to the World Bank’s new infrastructure strategy, the Bank has reformed its operational policy on guarantees “in order to streamline and consolidate the policy and remove restrictions which unnecessarily constrain their use.” “Transformation through Infrastructure”, p. 27, paragraph 54.

18 According to Guillermo Perry, MDB loans to private firms increased from US$6 billion at the end of the 1990s to more than US$22 billion in 2008; equity investments increased from less than US$1 billion in 2001/2003 to about US$3 billion in 2007/2009; and guarantees increased from about US$500 million in 2004/2005 to US$2.6 billion in 2009. See “Growing Business or Development Priority? Multilateral Development Banks’ Direct Support to Private Firms”, Center for Global Development, April 2011. The IFC provides nearly half of its investments to financial intermediaries which, at least to date, are not bound by the institution’s environment, labor, and social “performance standards.” In 2009, the IFC launched an asset management company managed by J.P. Morgan to administer about US$4 billion in private equity funds comprised of third-party capital.


20 The Least Developed Countries Report 2010, UNCTAD, p. 88.

21 The World Bank, the Asian, African, and Inter-American Development Banks, the Islamic Development Bank, and the European Investment Bank.

22 Cannes Summit Final Declaration, paragraph 75.


26 G20 Cannes Summit Final Declaration, paragraph 59.

27 Even if the term “Green Economy” is itself hotly contested within the Rio official and unofficial negotiating spaces.


30 G20 Ministerial Meeting on Development, Communiqué, September 23, 2011, Washington, DC.

31 See footnote 28.


36 G20 Cannes Summit Final Declaration, paragraph 43.

37 Specifically, the DAP addresses social issues through four pillars: a) “resilient growth,” which addresses social protection and remittances; b) “human resources,” which encompasses training for workforce skills; c) “private investment and job creation”; and d) financial inclusion. At the French Summit, Leaders made a commitment to advancing this work program pertaining to these four pillars; see Cannes Summit Final Declaration, paragraphs 77–78.


40 The term “sustainable” implies that growth is private sector-led; the term “balanced” implies that surplus countries would save less and spend more and that deficit countries would spend less and produce and export more. The idea is that greater spending by surplus countries would create global demand, which would power recovery. http://www.imf.org/external/np/exr/facts/pdf/g20map.pdf. See “The IMF’s Policy Advisory Role to the G20”, Breton Woods Project, June 25, 2010: http://www.brettonwoodsproject.org/art-566454.

41 Policies prescriptions (finance, fiscal, structural, and monetary measures) are significantly determined by which of the five categories the G20 member country falls into: advanced surplus countries (Canada, France, Germany, Japan, and South Korea); advanced deficit countries (Australia, United Kingdom, United States, and the eurozone minus France, Germany, and the Netherlands); emerging surplus countries (Argentina, China, and Indonesia); emerging deficit countries (Brazil, India, Mexico, South Africa, Turkey, and other EU countries); and major oil exporters (Russia and Saudi Arabia). It is interesting to compare this categorization to the stalemate regarding mitigation commitments in the UNFCCC, which at Durban occasioned a retreat from the principle of “common but differentiated responsibilities”.

42 The IMF’s former Managing Director Strauss-Kahn warned that “ultimately, we must extricate ourselves from the ruinous cycle of privatized gains and socialized losses.” http://www.imf.org/external/np/speeches/2010/120810.htm.

43 Following G20 instructions, the World Bank shifted the voting share of developing countries (Part II countries) from about 44% to about 47%, but this was only achieved by categorizing certain high income (Part I countries) as Part II, including South Korea, Singapore, Saudi Arabia, Kuwait, Poland, and Hungary. Also following G20 instructions, the IMF agreed to a shift which, ultimately, makes China the third largest shareholder after the US and Japan and includes India, Russia, and Brazil in the top ten. Due to US strong-armed tactics, Europeans lost the most. The US ceded neither voting share, nor veto power. By using the same gimmick as the World Bank – categorizing high-income countries as emerging markets, 6% of voting power was shifted to emerging market and developing countries, but Africa (as a group) actually lost voting share. (For details, see R.H. Wade: “Emerging World Order? From Multipolarity to Multilateralism in the G20, the World Bank, and the IMF”, Politics and Society, April 2011.)


45 The OECD’s 2011 Toward Green Growth estimates that carbon taxes in the OECD could potentially raise revenue equivalent to 3% of GDP.

46 This is based on the Intergovernmental Panel on Climate Change and the UNFCCC 2010 Conference of Parties call for cuts in greenhouse gas emissions of 50%–80% by 2050 and thereafter negative emissions in order to meet the target of 450 parts per million by volume which is consistent with the target of stabilizing global warming at an in-
crease of 2 degrees Celsius over pre-industrial efforts.  
47 Among other things, G20 leaders have expressed full dedication to  
- UN climate change negotiations  
- country-led green growth policies that promote environmentally sustainable global growth along with employment creation while ensuring energy access for the poor.  
- development and deployment of energy-efficiency and clean-energy technologies, including policies and practices in our countries and beyond, including technical transfer and capacity building.  
- investment in clean-energy technology, energy and resource efficiency, green transportation, and green cities by mobilizing finance, establishing clear and consistent standards, developing long-term energy policies, supporting education, enterprise, and R&D, and continuing to promote cross-border collaboration and coordination of national legislative approaches.

48 The concepts “Green Economy” and “green growth” are most prominently represented in the Organization for Economic Cooperation and Development’s 2011 Towards Green Growth; the UN Environment Program’s 2011 Green Economy Report (GER), and the 2011 WESS by the UN’s Department of Economic and Social Affairs.

49 The history of the “Green Economy” (broadly defined) and the failure of the G20 to embrace the concept are set forth in an important report by N. Simon and S. Droge, “Green Economy: Connecting the Dots”, German Institute for International and Security Affairs: SWP Comments 29, October 2011.


53 For instance, the World Bank has 186 member countries, but the G20 countries represent approximately 65% of the votes on the institution’s Executive Board. The World Bank gives assurances that the full Board takes responsibility for the policies and operations of the institutions. Nothing, however, prevents the G20 from “pre-cooking” decisions and then presenting them to the full Executive Board, rendering non-G20 members of the Executive Board even more powerless than they ordinarily are. Similarly, the G20 countries dominate the decision-making bodies of the UN and its agencies and, while they cannot orchestrate a consensus among the 192 member states, they can significantly influence the shaping of one.

54 “Supporting Infrastructure in Developing Countries: Submission to the G20 by the MDB Working Group on Infrastructure”, June 2011, page 19, paragraph 56.

55 This work is being carried out under the DAP Private Investment and Employment pillar led by Germany and Saudi Arabia and the following institutions: UNCTAD, OECD, WB/IFC, UNDP, ILO, MDB.

56 Cannes Final Declaration, paragraphs 21–22.

57 The World Bank drafted these principles jointly with the International Fund for Agricultural Development, UN Food and Agriculture Organization, and UNCTAD in April 2010. GRAIN and La Via Campesina criticize the PRAI, stating that facilitating the “take-over of rural people’s farmlands is completely unacceptable no matter which guidelines are followed.” A petition drafted in February at the World Social Forum that makes similar appeals to national governments and the international financial institutions will be presented to the G20 agriculture ministers when they convene in June.

58 www.constructiontransparency.org.

59 The Global Compact is the largest global corporate citizenship initiative in the world, with 6,500 signatories, 5,000 from business and 1,500 from civil society and other non-
business organizations based in 135 countries.
60  www.oecd.org/daf/investment/guidelines.


62  If properly implemented, the Dodd Frank Law in the U.S. and the EU Transparency Directive place binding requirements for country-by-country and project-by-project reporting by industries.

63  The WSSD spawned about 280 informal partnerships (e.g., PPPs, multi-stakeholder processes, global public policy networks).

64  Infrastructure at the Crossroads: Lessons from 20 Years of World Bank Experience, World Bank, 2006, p. 49 and 59.

65  www.idfc.org.

66  Broad participation should help ensure greater integrity in standards. For instance, corporations’ supply chain responsibilities should not run in only one direction – from the multinational corporation down to the smallest and most remote supplier. This approach encourages an unhealthy passivity in downstream entities, reinforcing relationships in which local communities are disempowered. [need to proposed an alternative here?]

67  A 2011 joint report of 31 multilateral and bilateral development finance institutions, International Finance Institutions and Development through the Private Sector, gives examples of where IFIs contribute standards: environmental and social standards, corporate governance, health and safety, corporate social responsibility, sponsor and business integrity, offshore financial centers, responsible finance, labor and human rights, mortgage lending standards, revenue transparency, commodity standards in agribusiness, tourism standards, international financial reporting standards, international private equity and venture capital valuation guidelines, and investment exclusion lists (e.g., alcohol, tobacco, weapons, and hazardous substances).

68  The IFC’s performance standards are not only for application by the IFC and its clients, but also (with some modifications) by commercial “Equator” banks engaged in project finance around the world. Seventy (70) financial institutions (17 from emerging markets) have adopted the Equator Principles, which are the de facto standard for project finance and, in 2009, applied to about 53% of total project finance debt in emerging markets.


70  See footnote 12.


74  See http://www.financialtaskforce.org/2011/02/11/joint-civil-society-submission-to-the-g20-anti-corruption-working-group/. The civil society groups also appealed to the G20 to establish transparent and consultative processes for each of its working and expert groups by disclosing the terms of reference and the names of the principal government officials who serve as members of G20 Expert and Working Groups; publishing the schedules of meetings; seeking input from international organizations, governments, and civil society on a regular basis; and releasing meeting notices 20 days before scheduled meetings.