



B20 UNDER THE RUSSIAN PRESIDENCY:

ACHIEVEMENTS
AND CHALLENGES

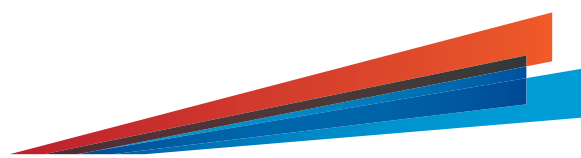
2013

This document describes the main features and key messages of the Russian B20 Presidency, gives an assessment of B20-G20 engagement under the Russian Presidency and aims to advance B20-G20 Dialogue. You can download this document as well as other B20 reports and papers at <http://www.b20russia.com>.

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Introduction: Main Features and Key Messages

The B20-G20 dialogue, born in the run up to the G20 Summit in London in 2009, has transformed into an ever more productive collaboration from Toronto to Seoul, from Cannes to Los Cabos. The B20's authority rests on three pillars: representing business interests and priorities; sharing the G20 goal of generating Strong, Sustainable and Balanced Growth; and engaging the private sector in generating growth and jobs. Since its inception the B20 has proactively engaged with the G20 to provide forward-looking recommendations responding to the key post-crisis challenges. The Task Forces which have become one of the B20 key mechanisms have gone through a series of transformations reflecting the strive to address the changing economic environment and the G20 agenda. The number of recommendations gradually increased, reaching a total of 403 by the time the Australian presidency takes over from Russia. On average more than 35 percent were reflected in the G20 documents as commitments and/or mandates. Under the Mexican presidency B20 committed to advancement of recommendations establishing the Task Force on Advocacy and Impact. In 2013 the B20 worked to implement the commitment through a structured dialogue with the G20.

The B20-G20 Partnership for Growth and Jobs under the Russian Presidency drew on this solid foundation and experience, as business leaders united to develop recommendations for the G20 St. Petersburg summit. The B20 guiding principles of transparency, a collaborative approach, inclusiveness, continuity and consistency have become the cornerstones of the 2013 B20 process under the leadership of the Russian Union of Industrialists and Entrepreneurs.

The B20 shares the Russian G20 Presidency's overarching priorities of generating growth through sound macroeconomic policies; productive investment and quality jobs; effective regulation; open, rules-based and beneficial trade; transparency and trust. Thus the B20 focused on the topics of investment and infrastructure; the financial system; trade; innovation and development; job creation, employment and investment in human capital; and transparency and anti-corruption. The Task Forces brought together leading CEOs and representatives of business organizations from the G20 members, heads of international organizations and expert partners.

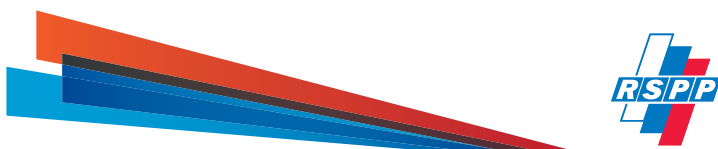
To support the work of the Task Forces, and to ensure continuity with the B20 established core agenda and consistency across the recommendations on the key policy areas, the B20 Task Force on G20-B20 Dialogue Efficiency carried out a review of all B20 recommendations made since Toronto and their impact on the G20 decision-making, as reflected in the G20 documents. This review and a catalogue of B20 recommendations consolidate the B20 members' individual wisdom into an institutional memory. For the first time in its history B20 has produced a report which assesses how G20 members comply with the B20 related commitments focusing on the decisions made in Los Cabos.

The debates on recommendations have been heated, open, multilevel, and represent diverse opinions. B20 have gone through many rounds of consultations with several milestones, such as the inception meeting in December 2012, the Russian Business week in March 2013, release of the draft Green book at the end of April in time for the G20 Sherpas' meeting in May, the B20 summit in June bringing together more than 600 CEOs from G20 countries and beyond, and finally the meeting with the G20 leaders during the St. Petersburg summit in September. Thus the recommendations are consensus-based and draw on results of the B20 members' intense deliberations.

We have enjoyed constructive engagement with the G20 throughout the Russian Presidency. With the benefit of being able to share our early drafts with the G20 Sherpas and members of the G20 working groups we have developed responsible and actionable recommendations for G20 collective actions to steer the global economy towards sustainable and inclusive growth.

The key messages can be summed up as follows:

Balanced policies. Macroeconomic stability is essential for business confidence to develop and invest. However, fiscal consolidation strategies should not adversely affect growth, business and consumer confidence, and global rebalancing. G20 should prioritize public debt management instruments which can contribute positively to the productive potential of both advanced and emerging economies. Thus corporate tax, social contributions and personal income tax hikes should be avoided, as well as cuts in public infrastructure spending that would help boost private investment.



Pro-growth regulation. Financial regulation should be growth-friendly. The G20 should undertake an independent assessment of the results of the financial reforms—especially Basel III and the impact of reforms in other areas such as trade financing, SME financing, and infrastructure financing. Implementation of new financial regulation standards and requirements should not lead to a deterioration in financing conditions for the real economy, especially SMEs, which need reliable access to credit to invest and to create employment.

Securing investment. To restart global growth the G20 governments need to act in concert to enable the free flow of capital and to support major investments in infrastructure. To address these challenges the G20 governments should identify and remove restrictions on the free flow of capital to reinforce cross-border investment activities; stimulate private investment in infrastructure and other real economy assets across all countries; and increase productivity of investments in infrastructure and green energy.

Efficient taxation. Tax base erosion and profit shifting (BEPS) threaten the sustainability of G20 members' budgets, and negatively affects the investment climate and competition. G20 members should address this issue through increasing the transparency of companies' financial flows, improving transfer pricing rules, and strengthening anti-avoidance legislation in the framework of comprehensive anti-BEPS plans. These plans should be subject to consultation with G20 business communities in order to ensure the transparency and confidence business needs to make long-term investment decisions.

Private sector led jobs creation. Employment should remain at the core of G20 agenda. Sustainable jobs are best created by the private sector. Governments must ensure an enabling environment for entrepreneurship and job creation that promotes a variety of forms of employment and enables companies to create new jobs as rapidly as possible.

Trade facilitation. The G20 members should reinforce their resolve to promote international trade and resist protectionist pressures. As a priority the G20 governments should commit to the WTO Trade Facilitation Agreement and call on all parties involved to finalize its text and conclude the final agreement at the Bali WTO Ministerial in December 2013.

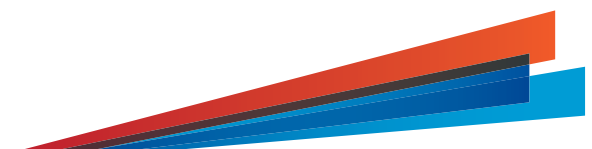
Innovations for development. The global Intellectual Property (IP) regime is crucial for both innovation and development. G20 should set a common agenda for enabling successful innovation and its dissemination by improving the global IP regime and balancing strong needs for stimulating innovation and development around the world with various societal and business interests.

Transparency and anti-corruption. The G20 governments should commit to ensuring fair and transparent public procurement, including through an agreement on transparency in government procurement in future global trade talks.

The President of the Russian Federation welcomed the recommendations of the B20 summit and emphasized the imperative to work together to find effective solutions to the challenges G20 faces. B20 appreciates the opportunity for constructive engagement with the G20. We are happy that almost 38 percent of our recommendations have been reflected in the G20 documents as concrete decisions and almost 16% were deliberated upon by the leaders.

Moreover we have taken a long-term approach in developing recommendations. We wanted to put our priorities forward to debate even if we knew the G20 would not take them aboard for being overly ambitious, too concrete or falling beyond the G20 agenda or mandate. However even if some of our proposals could not be addressed by the G20 within a short period, they may be in the longer perspective if B20 continues to prioritize them and consolidates efforts across presidencies to push member governments to act.

We stand ready to share with the G20 the responsibility for implementation of these recommendations for generating strong, sustainable and balanced growth within the forthcoming presidencies. In this spirit we offer our analysis of what we have accomplished together and our vision of the priorities for the future B20-G20 engagement.



B20-G20 Engagement under the Russian Presidency

The B20-G20 engagement under the Russian Presidency was built on the B20 heritage accumulated since Toronto. It has been guided by the principles of transparency, inclusiveness, continuity and consistency, and driven by the business leaders' commitment to contribute to economic recovery and growth. These three pillars constituted a solid foundation for an open, intense and productive dialogue culminating in 141 B20 recommendations to the G20 leaders presented in the final White Book.¹

The recommendations mainly pertaining to the G20 core mission and the Russian G20 presidency priorities ranged from macroeconomic issues to anti-corruption. The breakdown of 2013 recommendations by issue areas broadly reflects the general breakdown observed during the previous presidencies: the G20 core agenda priorities of employment, trade, financial regulation and corruption represent more than 60% of all recommendations (Table 1). The share of employment issues in 2013 (18.4%) was considerably higher than during the previous presidencies, raising this area to the top in the 2010-2013 list of priorities.

In terms of the recommendations reflection in the G20 documents the Toronto kick start proved the most productive (seven out of 11 recommendations were reflected in the G20 decisions and four deliberated upon). However, these recommendations came as a response to the G20 priorities on the first day of the summit, when G20 decisions by and large had been already agreed, and were not presented in a document but rather reported by the chair of the B20 meeting to the G20 Finance Ministers. Thus given its nature as a one-off G20 presidency-initiated meeting held on the very eve of the G20 summit, the Toronto summit indicators of inclusion were not included into the quantitative analysis. Hence the total number of B20 recommendation analyzed is 392.

The overall level of inclusion of 2013 recommendations into the G20 documents in the form of concrete decisions (almost 38%) is slightly above the average for the four summits since Seoul (36%). The St Petersburg summit outperforms Seoul (28%) and Los Cabos (33%) and almost reaches the level of Cannes (38%), which was the highest. The share of recommendations reflected by the G20 in the form of deliberation (15.6%) is below the historical average. Thus on the one hand the B20 prepared a wide range of highly relevant recommendations but on the other hand a number

of proposals could not be reflected by the G20, given their unconventionality for its established agenda (Table 2). The B20-G20 dialogue in 2013 is characterized by two opposing trends: most of the recommendations were either addressed in the G20 documents by concrete decisions or not included in the G20 documents at all.

It should be noted that the impact of B20 recommendations varies significantly across the agenda priorities.

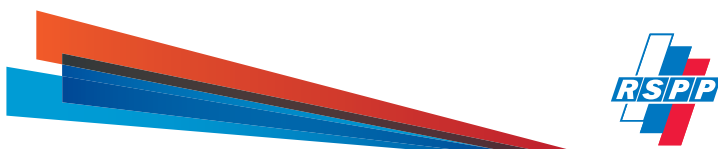


Table 1. B20 Recommendations Distribution by Areas and Summits

	Toronto		Seoul		Cannes		Los Cabos		St Petersburg		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Employment, Human Capital, Social Issues	1	9.1	8	14	8	6.8	12	15.8	26	18.4	55	13.6
Trade	2	18.2	6	10.5	10	8.5	11	14.5	23	16.3	52	12.9
Financial Regulation	3	27.3	6	10.5	11	9.3	5	6.6	23	16.3	48	11.9
Corruption	0	0	0	0	6	5.1	15	19.7	17	12.1	38	9.4
Green Growth	0	0	14	24.6	14	11.9	6	7.9	2	2.4	36	8.9
ICT, Technologies and Innovations	0	0	5	8.8	11	9.3	4	5.3	13	9.2	33	8.2
Food security	0	0	0	0	6	5.1	18	23.7	1	0.7	25	6.2
Macroeconomic Issues	5	45.5	4	7	6	5.1	0	0	9	6.4	24	6
Investment	0	0	5	8.8	6	5.1	3	3.9	8	5.7	22	5.5
Energy	0	0	1	1.8	12	10.2	0	0	5	3.5	18	4.5
Global Governance	0	0	0	0	8	6.8	0	0	8	5.7	16	4
Infrastructure	0	0	5	8.8	3	2.5	2	2.6	3	2.1	13	3.2
International Monetary System	0	0	0	0	11	9.3	0	0	1	0.7	12	3
Financing for Growth and Development	0	0	3	5.3	6	5.1	0	0	2	1.4	11	2.7
Total	11	100	57	100	118	100	76	100	141	100	403	100

Table 2. Recommendations Scores Distribution by Summits²

	Seoul		Cannes		Los Cabos		St Petersburg		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%
0	11	19.3	26	22	23	30.3	22	15.6	82	20.9
1	16	28.1	45	38.1	25	32.9	53	37.6	139	35.5
-1	30	52.6	47	39.8	28	36.8	66	46.8	171	43.6
Total	57	100	118	100	76	100	141	100	392	100

¹ It should be noted that both recommendations and actions supporting their implementation were included in the count.

² The following scoring system was applied:

(+1) means a B20 recommendation is addressed in the G20 documents and G20 actions or mandates are in line with the B20 recommendations.

(0) a B20 recommendation is addressed in the G20 documents but no actions / mandates in line with the B20 recommendation have been agreed.

(-1) a B20 recommendation is not addressed in the G20 documents.

For the description of methodology see report "[How B20 Recommendations Translate into G20 Decisions](#)". To ensure accuracy, comprehensiveness and integrity of our assessments the feedback is encouraged.

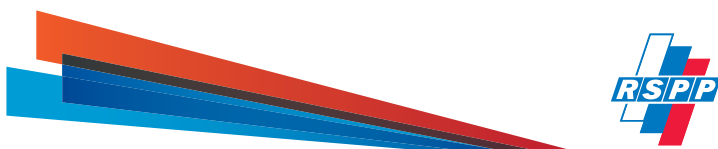
6 Macroeconomic Issues

Over the period between the Toronto and St Petersburg summits, B20 has made 24 recommendations on macroeconomic issues, which constitute 6% of all B20 recommendations. The share of macroeconomic recommendations in St Petersburg was almost the same (nine out of 141, or 6.4%). The level of B20 macroeconomic recommendations' reflection in the G20 documents is relatively high, amounting to 58%. It was significantly higher in St Petersburg, reaching 78% (seven out of nine). This can be explained by the fact that macroeconomic issues remain a priority for the G20 since the Washington summit, and some recommendations put forward by B20 thus support already agreed decisions.

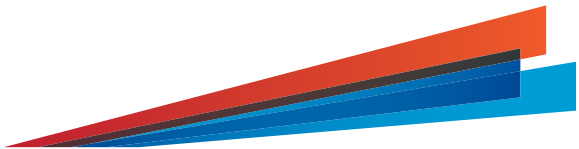
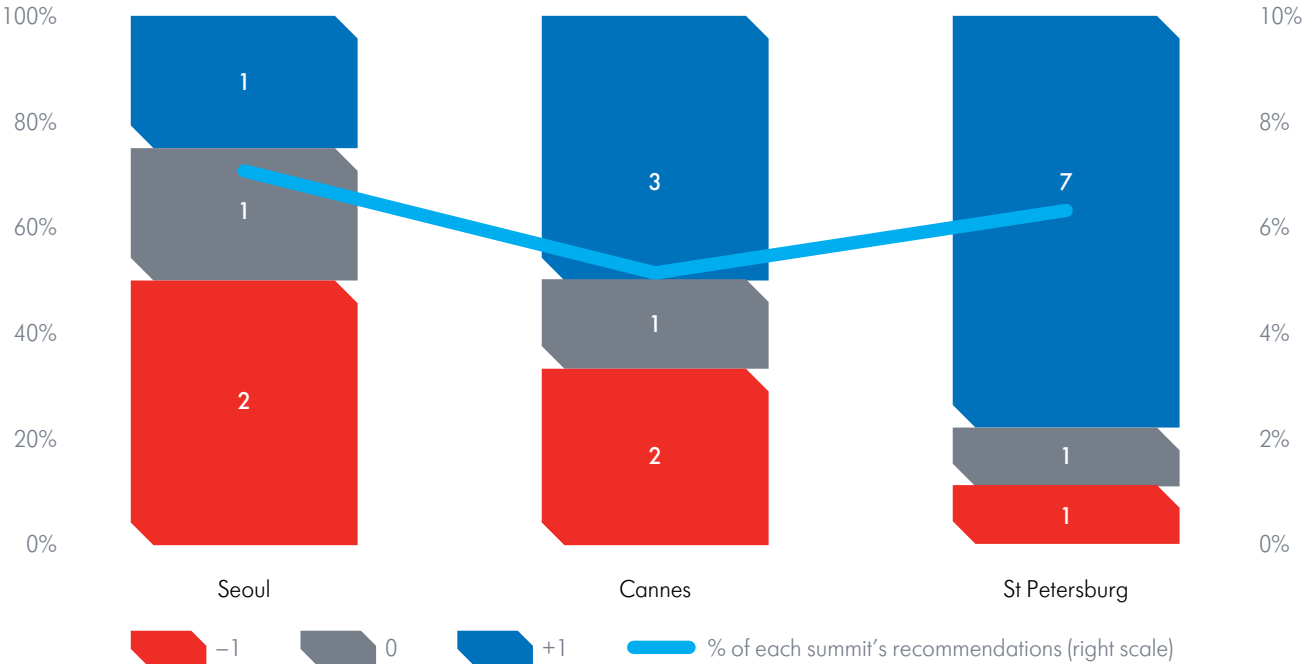
Under the Russian presidency B20 recommendations on macroeconomics focused on fiscal consolidation and structural reforms. B20 proposed that G20 should prioritize public debt management instruments which can contribute positively to the productive potential of both advanced and emerging economies avoiding corporate tax, social contribution and personal income tax hikes, as well as cuts in public infrastructure spending. It was emphasized that fiscal consolidation plans should be growth-friendly, providing for investment in structural reforms, prioritizing business and consumer confidence, and encouraging enterprise and private investment. B20 underlined that G20 should reinforce its efforts on structural reforms, with a focus on market liberalization and strengthening labour markets. These recommendations were fully reflected in the G20 Leaders' Declaration, Saint-Petersburg Action Plan and its annexes, while the recommendation to incorporate education into the G20 structural reform agenda was only deliberated upon.

Two of the St Petersburg macroeconomic recommendations focused on SME related issues. The recommendation on developing a common SME definition was addressed in the Study Group on Financing for Investment Work Plan. However, the recommendation on public entities coordination process to optimize support programs for SMEs has not translated into G20 decisions.

Analysis demonstrates that the B20 recommendations on macroeconomics addressed by the G20 mainly deal with traditional issues on the G20 agenda. Taking into account the limited value of reiterating recommendations already being dealt with by G20, B20 should consolidate the push for structural reforms which are key for generating growth and jobs with due regard to the members' individual national circumstances.



Picture 1. Recommendations on Macroeconomic Issues



Investment and Infrastructure

The 2013 B20 Task Force on Investment and Infrastructure faced a special responsibility in a combination of the two policy areas, which were previously addressed separately in the B20 recommendations and have had a very low track record of reflection in the G20 documents.

The number and share of recommendations on investment, which were for the first time made by the B20 to the Seoul summit, has decreased from Seoul to Los Cabos (8.8% in Seoul, 5.1% in Cannes and only 3.9% in Los Cabos). Given the significance of this area as one of the main priorities in the Russian G20 Presidency agenda, 5.7% of recommendations made by the B20 to the Saint Petersburg summit focused on investment. Most of the B20 recommendations on investment made under the Russian presidency (87.5%) were translated into the G20 decisions or deliberated upon. The only one which remained unaddressed was very specific and focused on establishment of the G20 Project Preparation Fund “to foster capital market financing of real economy assets”.

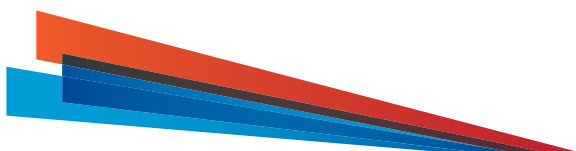
B20 reiterated its recommendation on removing restrictions to the free flows of capital, and that was translated into the G20 commitment. However, more specific recommendations in this sub-area, focused on the G20 multilateral investment framework and making financial reporting standards more conducive to long-term investments were just deliberated upon. The B20 recommendation to stimulate private investment in real economy assets across the G20 was fully in line with the Russian G20 Presidency priorities and, consequently, it was taken up by the G20. Again, the more specific recommendation on improving the mandate and funding of the Multilateral Investment Guarantee Agency was only partially addressed. Still, recommendations in both sub-areas have been heard by the G20, as reflected in the G20 Study Group on Financing for Investment Work Plan. The Study Group agreed to consider the results of the work of the B20 and relevant international organizations and then decide whether it will undertake further analysis on foreign direct investment issues. Thus, the abovementioned recommendations are likely to be fully reflected in the G20 future decisions. The recommendation on ensuring favorable conditions for long-term investments for both consumers and providers of capital was also acted upon. However, given that these issues were among the priorities of the Russian G20 Presidency agenda, the B20 influence on corresponding G20 decisions may be marginal.

In the area of infrastructure development B20 has made 13 recommendations over the period from the Toronto summit to the St Petersburg summit, which constitutes 3.2% of all B20 recommendations. Two out of five B20 recommendations made in Seoul, which focused on infrastructure, were addressed by the G20 leaders. In Cannes, only one of the three recommendations B20 made in this area was translated into the G20 decisions. In Los Cabos B20 produced two recommendations in the area, and both of them were neglected by the G20. The level of B20 infrastructure recommendations reflection in the G20 Saint Petersburg documents was the highest of all summits, with two out of four recommendations addressed in the G20 decisions.

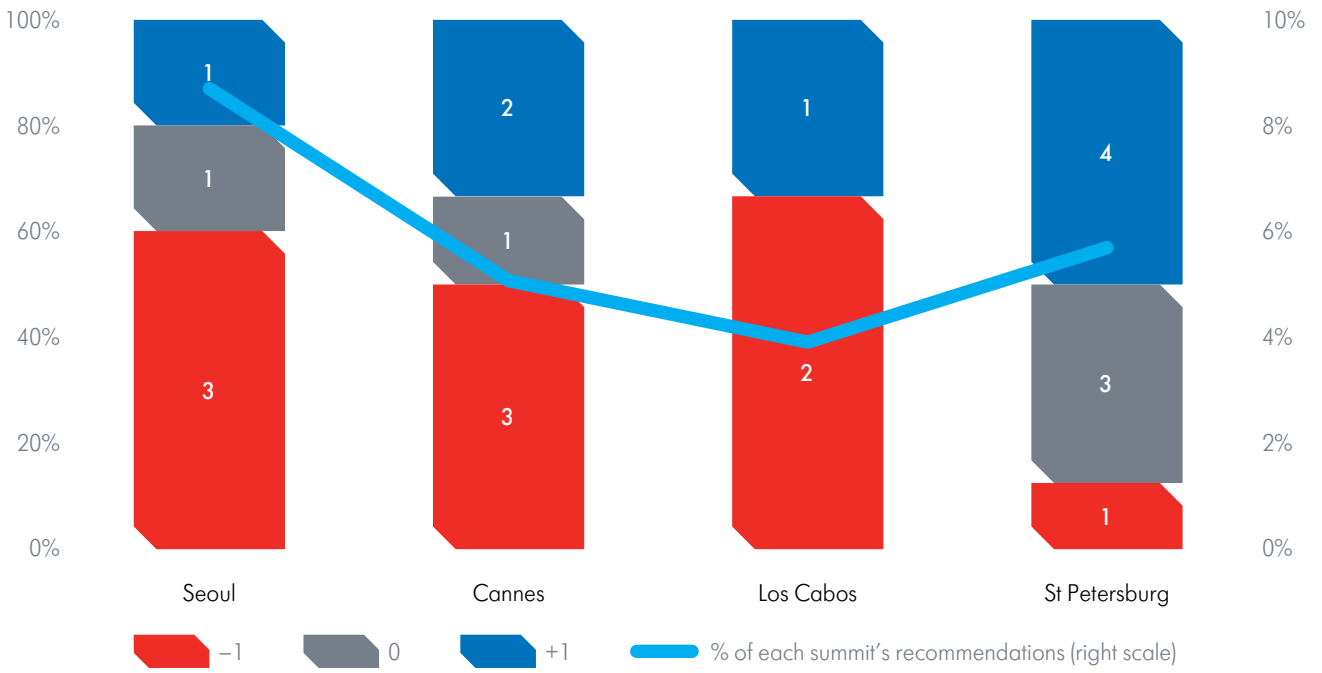
Recommendations on infrastructure made to the Saint Petersburg summit pertained to different issues. The general recommendation on stimulating infrastructure financing by promoting a range of instruments and sources was in line with the Russian G20 Presidency priority of financing for investment and thus was reflected in several G20 mandates.

Two more specific B20 recommendations on establishing an “infrastructure network”, including a Moscow-based Infrastructure Productivity Institute, and developing a “PPP Toolbox” within this network remained unaddressed. The G20 fully ignored the first one and deliberated upon the second one by committing to explore ways to improve the design of PPP arrangements.

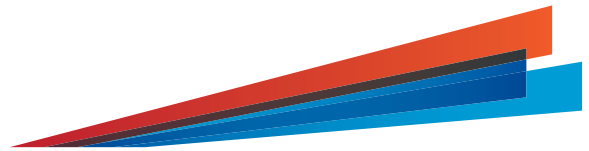
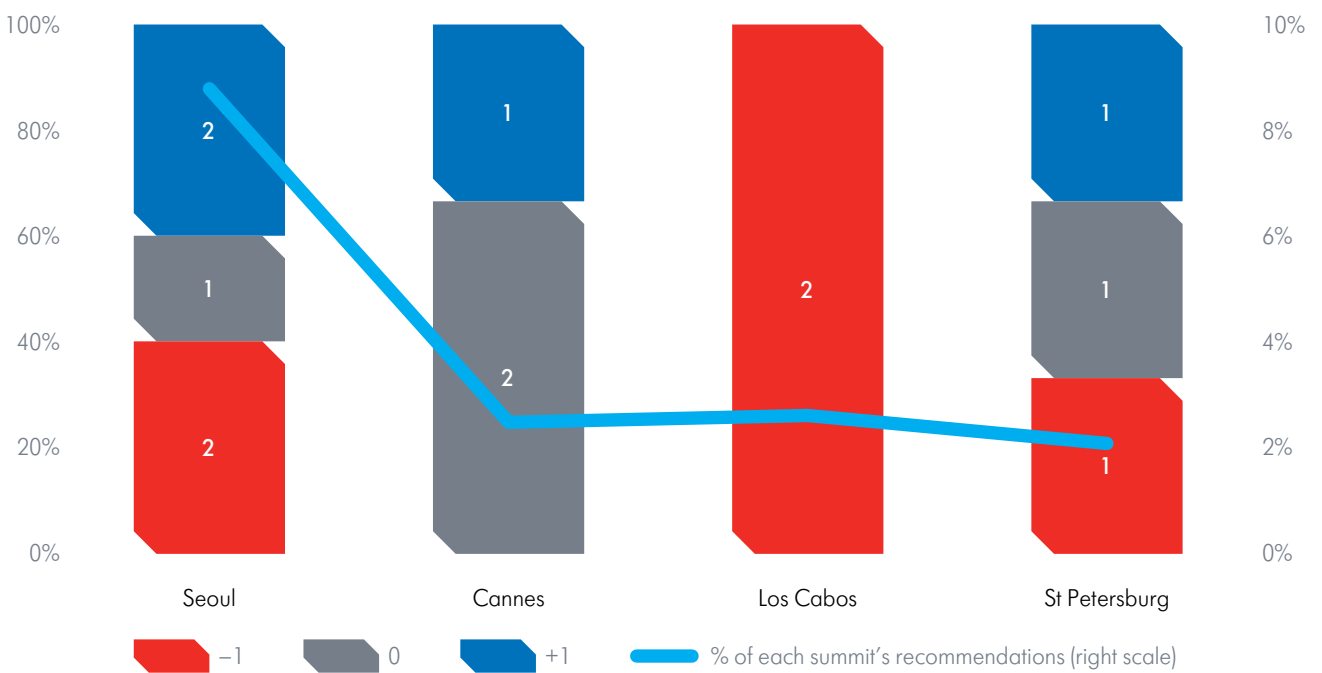
Thus, under the Russian presidency the G20-B20 dialogue on investment and infrastructure significantly advanced due to the G20 prioritization of the issue at various levels of its decision-making on the one hand and the B20 dedication to agree on actionable recommendations on the other hand.



Picture 2. Recommendations on Investment



Picture 3. Recommendations on Infrastructure

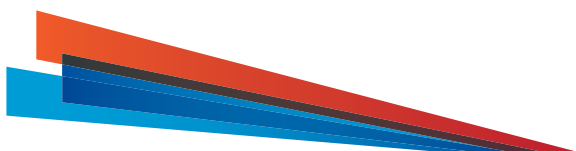


Jobs and Employment, Human Capital and Social Issues

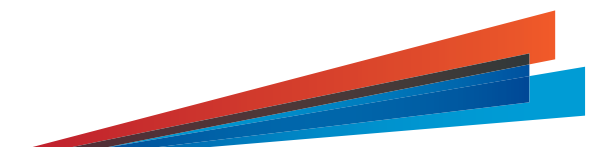
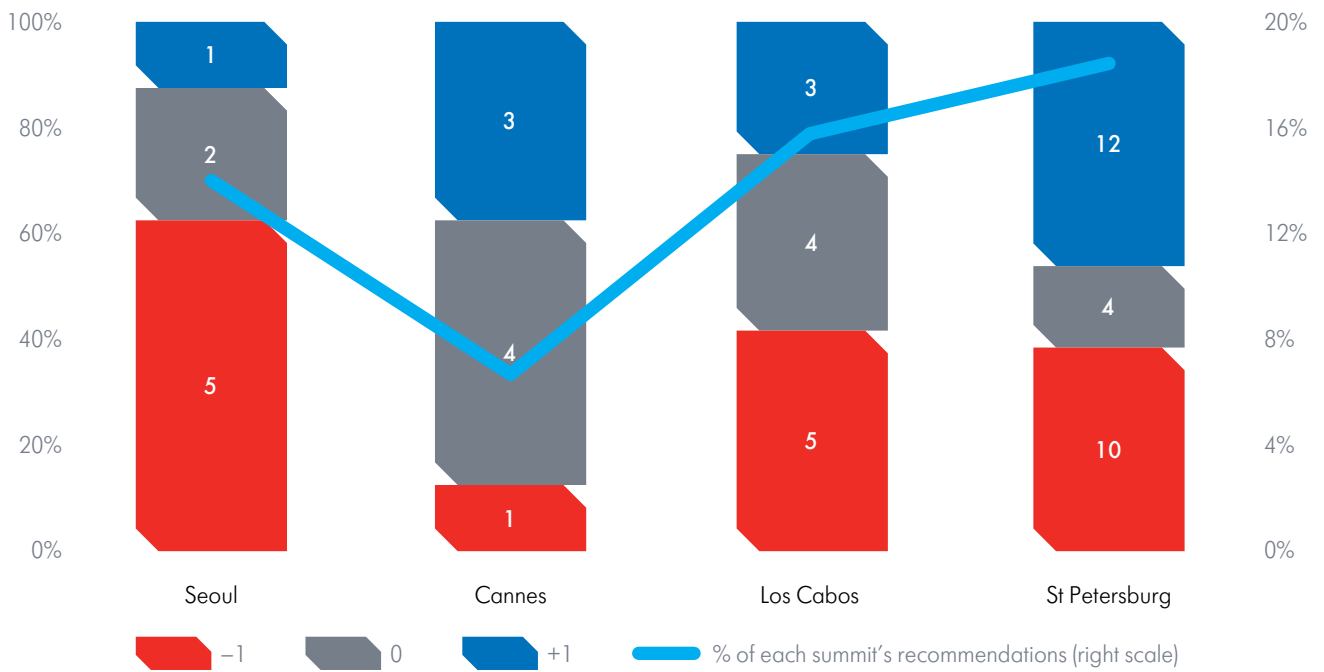
In 2013 the B20 prepared the largest number of recommendations on employment as compared to all previous summits (26 or 18.4% of all 2013 recommendations). The level of their inclusion into G20 decisions has been highest across all presidencies (46.2% compared to 35.2% for all summits).

The 2013 Task Force on Job Creation, Employment and Investment in Human Capital grouped the recommendations into three areas: developing education and training systems, creating an enabling environment for entrepreneurship and addressing the demographic challenge. Most of the recommendations in the first area were included in the G20 documents in the form of commitments, including member-specific commitments in the St Petersburg Action Plan. The G20 took note of the proposals from the B20-L20 Joint Understanding of Key Elements on Quality Apprenticeships and committed to encouraging better cooperation between different stakeholders, including businesses, to ensure “a successful matching of skills and qualifications with current and future job requirements”. However, the G20 did not act upon nor mentioned in the documents the need to ensure access to education for vulnerable groups and provide support for people with special needs. The G20 fully shared the B20 message of fostering entrepreneurship as an important source of quality jobs, but it did not make specific commitments on supporting entrepreneurs, including start-ups, through introducing tax incentives, adopting flexible labour legislation and promoting a diversity of forms of employment. The G20 did not act upon the three recommendations on adapting pension systems and immigration policies to new needs of the economy, opting not to expand the G20 agenda with issues which had not been addressed before.

Employment is a good example of B20 leading the dialogue, rather than following G20 on its core areas of coordination. The track record of the Task Forces dealing with employment and social policies provides evidence that B20 is capable of identifying key challenges which the G20 members face and pursuing their priorities consistently in the dialogue with G20 together with Labor 20 to get the issues addressed by the leaders. However, proposals on new areas such as pension systems and migration were largely ignored in the G20 documents indicating existing limitations of B20 leadership capabilities. Hopefully the B20 commitments on monitoring “national responses to G20 commitments” on employment implemented together with current and future G20 presidencies will consolidate the dialogue in this area.



Picture 4. Recommendations on Jobs and Employment, Human Capital and Social Issues



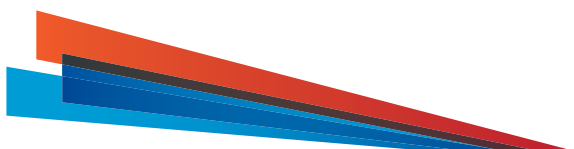
Financial Regulation

Over the period from the Toronto to the Saint Petersburg summit B20 has made 48 recommendations on financial regulation, which constitutes 12% of all B20 recommendations. In Toronto B20 made three recommendations in the area of financial regulation. In Seoul, five out of six B20 recommendations on financial regulation were translated into the G20 commitments and mandates. B20 made 11 recommendations on financial regulation issues in Cannes, and six of them were subsequently addressed in the G20 documents. In Los Cabos three out of five B20 recommendations were taken up by the G20. In Saint Petersburg B20 made 23 recommendations on financial regulation with 12 of them translated into the G20 documents as commitments or mandates. Overall, almost 58 % of the B20 recommendations received have been translated into the G20 decisions.

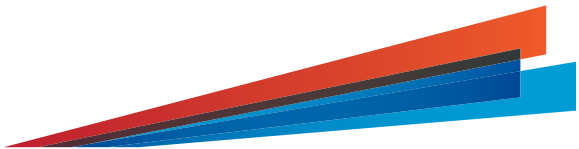
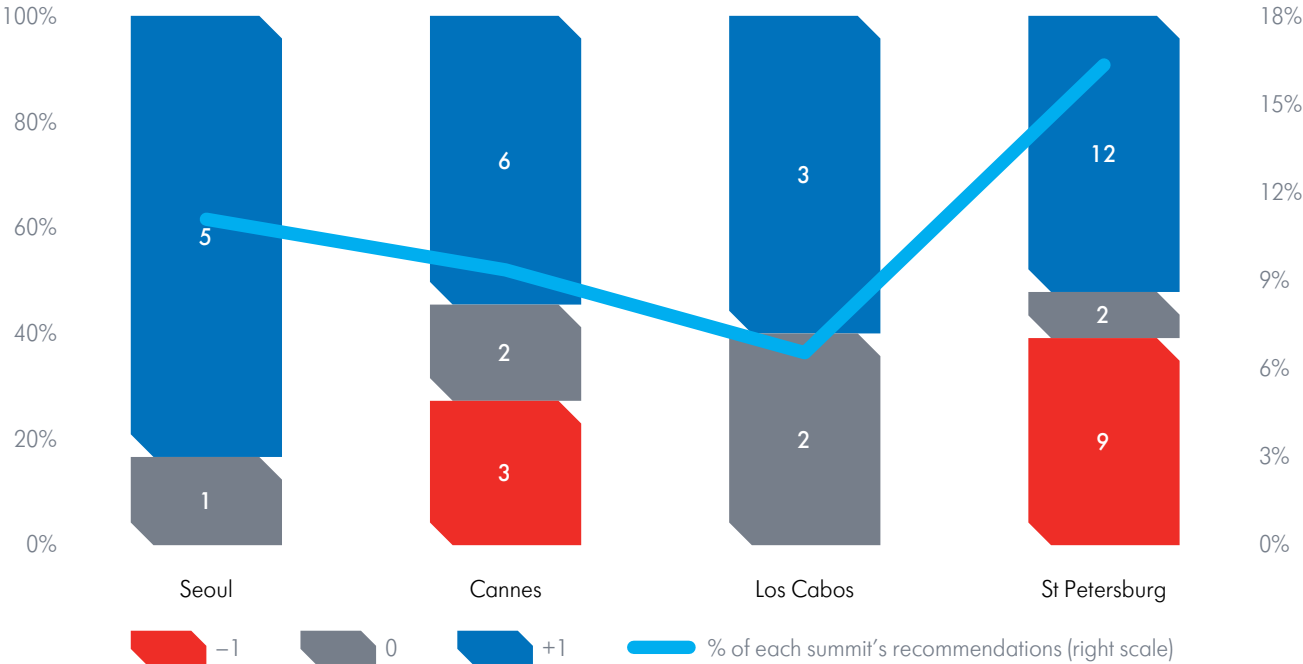
The B20 proposed 23 recommendations on financial regulation in its Saint Petersburg report, which constitutes almost half of all B20 recommendations in this area made since its inception. The G20 acted on 12 of them and deliberated on two, thus reflecting about 61% in their documents almost similarly to the previous summits. The B20 reiterated some of its previous recommendations. Recurring B20 recommendation on improving access to finance for SMEs was translated into the G20 decisions. However, an important recommendation on reforming tax systems to reduce compliance burdens for SMEs remained unaddressed. The B20 also put forward a number of new issues in the area of financial regulation. Recommendations on addressing shadow banking risks, establishing a mutual recognition process for national rules and practices, tackling base erosion and profit shifting, providing consistency between actions taken in the area of taxation and financial regulations, enhancing financial market infrastructures, and assessing the implications of financial reform on other areas were mainly reflected in the Saint Petersburg summit documents as commitments and mandates, or at least deliberated upon. The only exception is two very specific recommendations on financial market infrastructures, which were not taken up by the G20.

At the same time, all of the six recommendations on trade finance made by the B20 were ignored being very specific and relating more to the traditional activities of international financial institutions, such as the Basel Committee on Banking Supervision. To ensure these recommendations reflection in the G20 documents in the future, B20 should make them less specific and call on the G20 to mandate relevant institutions to take concrete actions.

Thus, financial regulation is an area where B20 has consistently identified and promoted relevant issues in the dialogue with the G20. Given that financial reforms remain at the core of the G20 agenda, B20 should enhance cooperation in this area, with due regard to newly emerging challenges and the relevance of previous B20 recommendations not addressed by the G20.



Picture 5. Recommendations on Financial Regulation



Innovation and Development

ICT, Technologies and Innovations

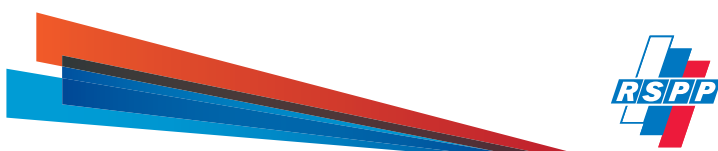
The Task Force on Innovation and Development as a Global Priority, established by B20 in 2013, brought into its agenda the issues of ICT, intellectual property rights, innovations, energy, and healthcare with a special emphasis on biotechnology. The task force came up with 12 recommendations on ICT, technologies and innovations, none of which were translated into the G20 commitments or mandates. Another B20 recommendation related to this area but put forward by the B20 at large—to disclose government information in an easily accessible way—was also ignored by the G20. The number of the B20 recommendations increased compared to the previous years. However, the impact on G20 deliberation and decision making remains low. One of the reasons for this low response rate may be the nature of the recommendations, characterized by a high degree of detail for such a leader-level event. Another reason is that many of the task force's recommendations fall beyond the G20 agenda, and thus could not be responded by the G20.

As ICT, Technologies and Innovations are not included in the G20 agenda, the effectiveness of a separate B20 task force devoted to these issues is questionable. The approach adopted by the B20 in 2013, uniting several issue areas under one group, however, did not result in enhancing G20 responsiveness. The B20 might consider the alternative of integrating technologies and innovations into the other task forces' recommendations, such as green growth, structural reforms or food security.

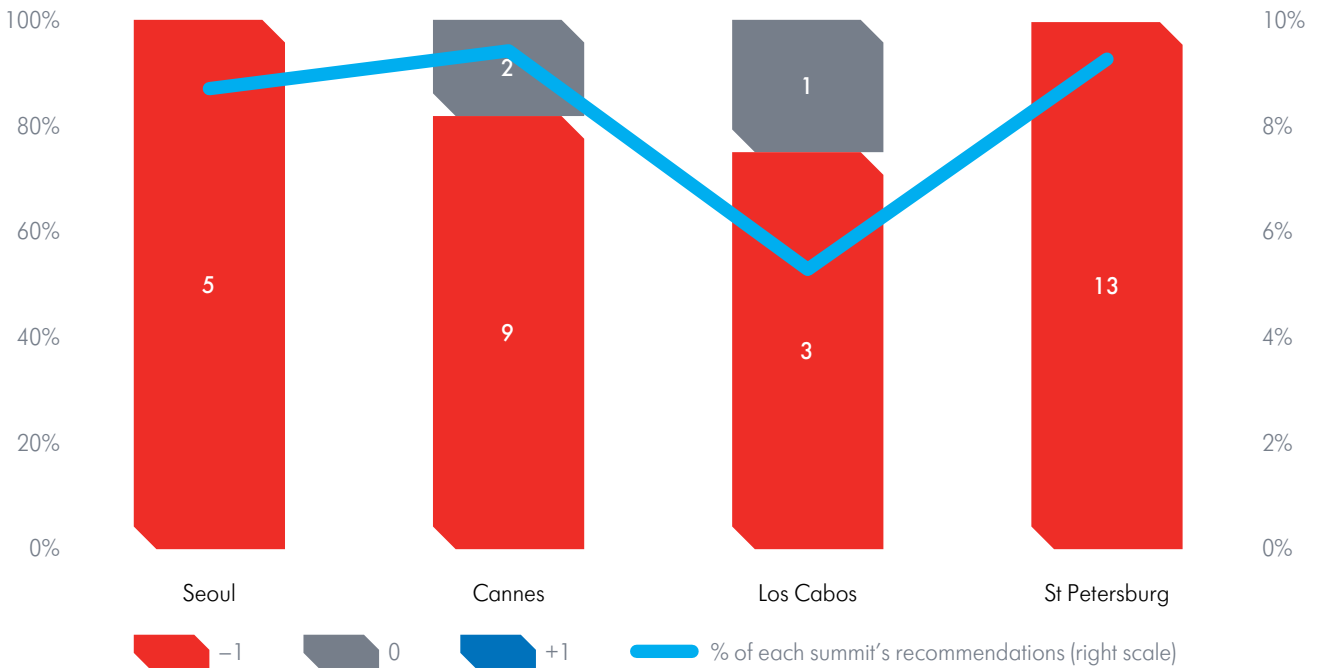
Food Security

The B20 recommendation to the St Petersburg summit called upon the G20 to increase agricultural productivity through promotion of advanced information technologies among farmers. It was ignored in the G20 documents, perhaps due to the recommendation's emphasis on the ICT aspects of agricultural productivity, which, despite the prominent position of the food security issues on the G20 agenda, was not addressed by the G20, as it falls beyond the scope of the institution's core agenda.

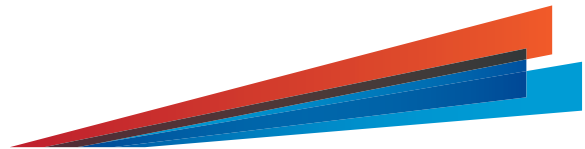
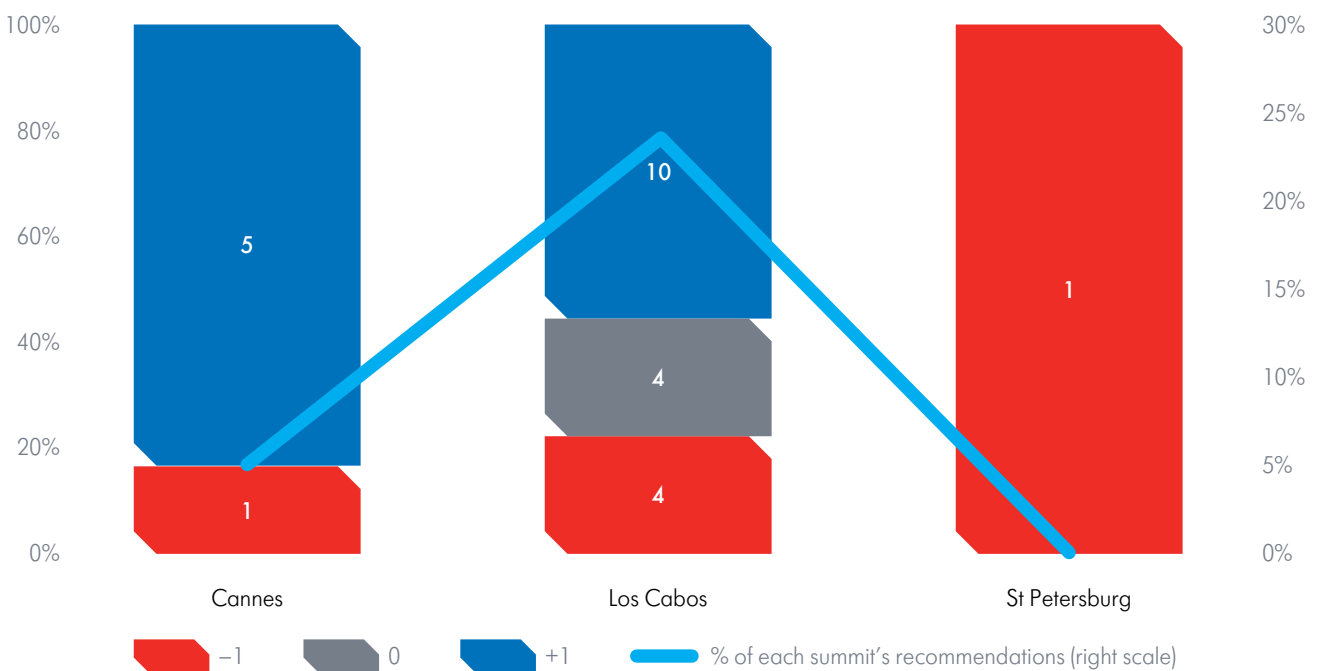
Given the G20 extensive and demanding agenda on food security, the B20 could add value by focusing on the specific aspects of the G20 decisions' implementation, and agreeing its own commitments which would support the G20 efforts. Thus, the B20 could transform recommendations on value chains into the B20 commitments. The B20 should align its recommendations more closely to the G20 core agenda in order to achieve higher level of the G20 responsiveness in the future.



Picture 6. Recommendations on ICT, Technologies and Innovations



Picture 7. Recommendations on Food Security



Innovation and Development (continued)

Financing for Development

At the St Petersburg summit the B20 made two recommendations on development finance. Both were partially addressed by the G20, receiving a score of 0.

The first recommendation proposed shifting the G20 emphasis from further increases in Official Development Assistance to project financing, development and implementation, while the second one urged the G20 to change the way multilateral development banks operated, concentrating on facilitating private sector involvement in development projects in the most vulnerable countries. The G20 leaders responded with deliberation touching upon these issues in the summit's official documents.

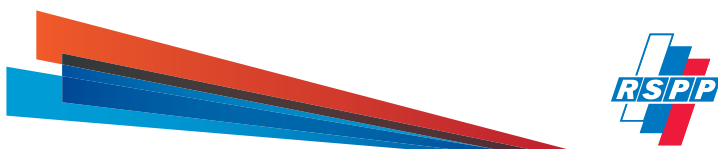
Given that development, including innovative approaches to private sector participation, was an important topic on the G20 agenda and one of the major priorities of Russia's Presidency, the B20 inclusion of the recommendations on these issues was a step in the right direction. Debate and recommendations in this area could promote better reflection of private sector interests in the Post-2015 Development Agenda. Priorities of almost all 2013 Task Forces included development related issues. A need to convene a special Task Force on Development Issues next year should be contemplated on the basis of balance between the Australia's Presidency priorities and business community interests.

Energy

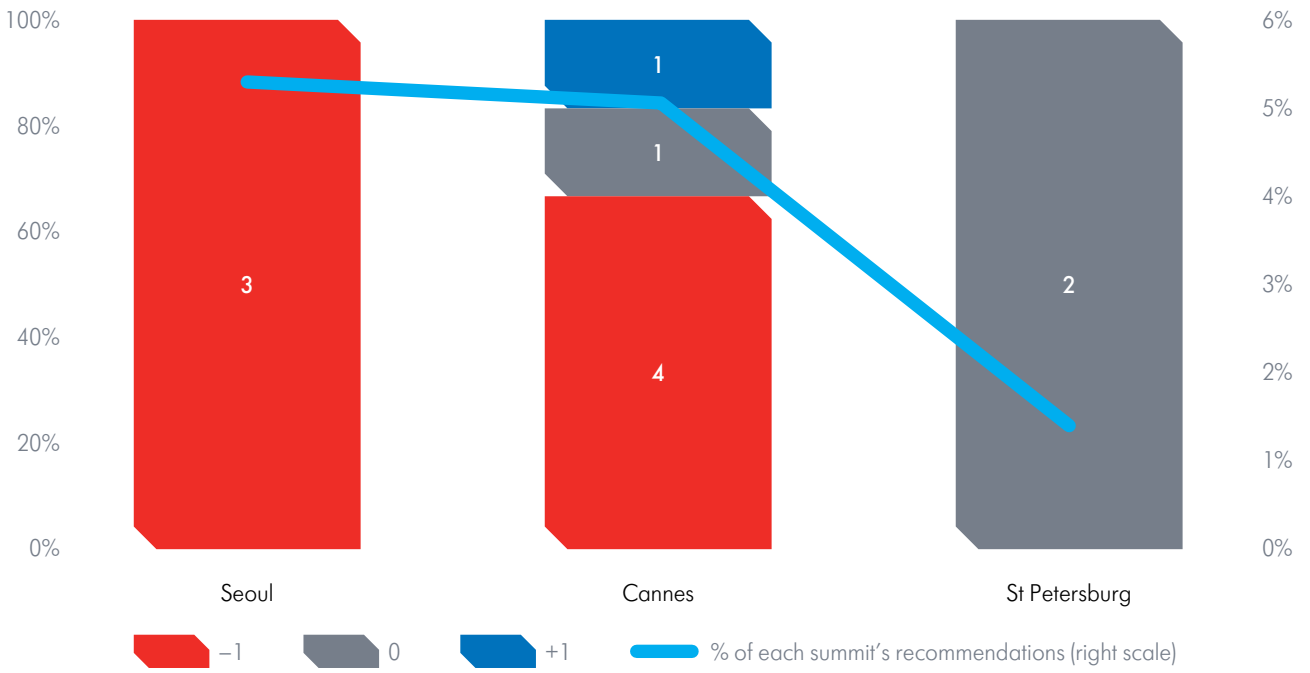
In St Petersburg the B20 made five recommendations, three of which translated into the G20 decisions. Thus, the level of the G20 responsiveness is 60%. It should be noted, however, that for the purposes of the analysis several energy-related issues from previous summits, most notably fossil fuel subsidies and carbon prices, were considered in the green growth area and, thus, were excluded from these calculations. However, in 2013 these issues were integrated within the G20 agenda under the auspices of the G20 Energy Sustainability Working Group and within the B20 Task Force on "Innovation and Development as a Global Priority", and hence are considered within the energy area.

The B20 St Petersburg recommendations that were translated into the G20 decisions included those on increasing energy efficiency, improving energy access, and enhancing energy sustainability and reliability. The G20 did not respond to the recommendations to enhance energy sustainability and ensure energy balance through natural and shale gas.

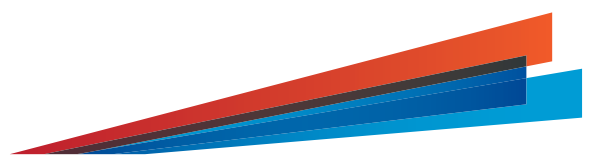
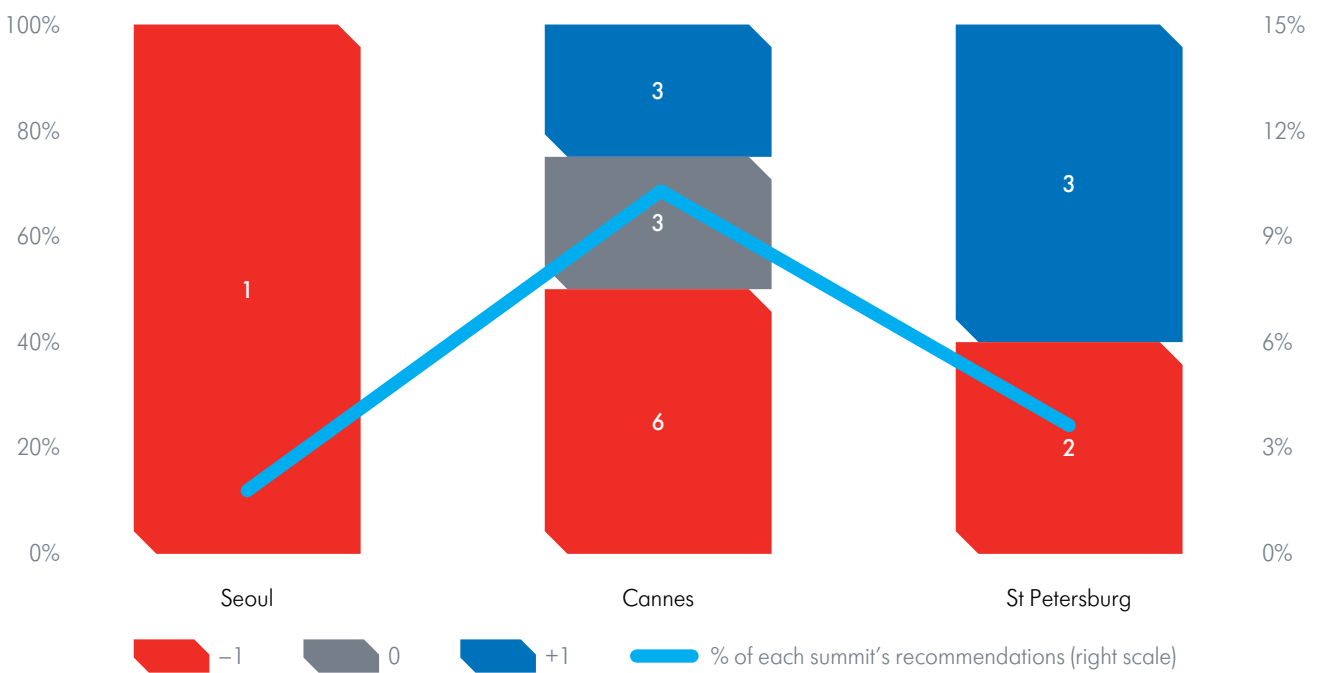
The consolidation of the energy and green growth agendas within both the G20 and the B20 provided for a much higher rate of responsiveness compared to the previous summits. However, this result is also due to the broad nature of the recommendations with multiple actions under each of them. The B20 impact on the G20 deliberation and decision making can be enhanced by focusing on the G20 priorities, agreeing fewer recommendations and following up on them across presidencies.



Picture 8. Recommendations on Financing for Development



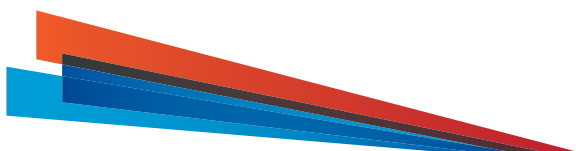
Picture 9. Recommendations on Energy



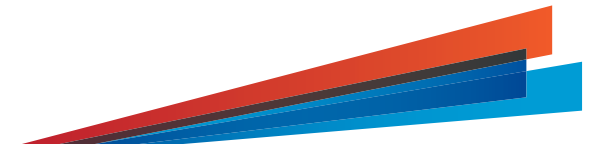
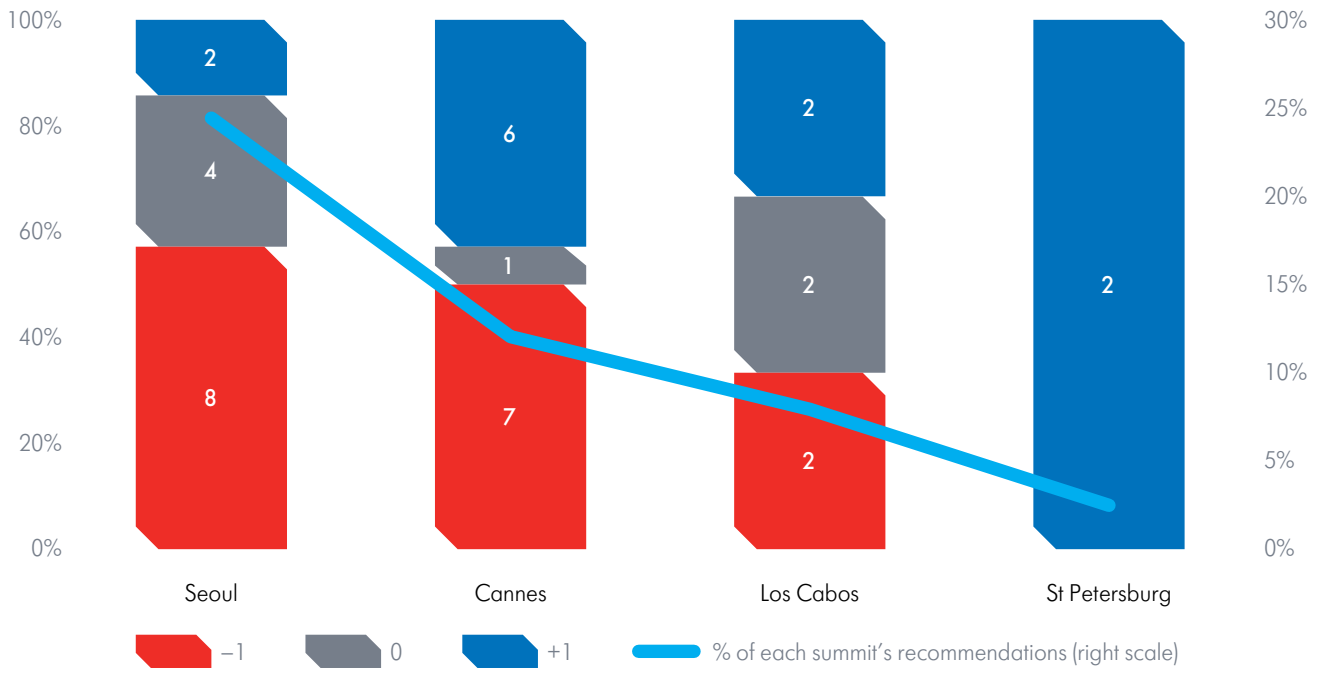
Innovation and Development (continued)

Green Growth

Two recommendations on green growth were made in St. Petersburg, both were reflected in the G20 documents. In particular the B20 recommended to encourage implementation of best practices to increase productivity of investments in infrastructure and green energy and to set up a working group to identify and support sharing of the best practices on effective integration of energy and environmental policies. On the first recommendation the G20 endorsed the work plan aimed at assessing factors which affect the availability and accessibility of long-term financing for investment and committed to start implementation of the measures to improve their domestic investment environments. The leaders also mandated the Finance Ministers to continue elaborating these issues and identifying approaches to climate finance, building on the G20 Climate Finance Study Group report. On the second recommendation the leaders called for a dialogue between the private sector, the MDBs, and the G20 Energy Sustainability Working Group to be launched in 2014. This dialogue would be aimed at discussing the factors hindering energy investment, including in clean and energy efficient technologies and would help to find ways to promote sustainable, affordable, efficient and secure energy supply.



Picture 10. Recommendations on Green Growth



Multilateral Trade

Under the Russian presidency the Task Force on Trade agreed 23 recommendations—almost a half of the total number of recommendations made over the period from Toronto to St Petersburg summit. However, only three of them (13%) were reflected in the G20 commitments and mandates and one was deliberated upon. This represents a slight decline from the previous year's result of 18.2%. To a certain extent, this is due to the fact that trade was not among the main priorities of the Russian presidency. Except for a small document on regional trade agreements and nine paragraphs in the Leaders' Declaration there were no statements devoted to trade issues. The Task Force had no partner within the G20. There were no ministerial meetings held or a working group with which the B20 task force could engage. Several recommendations were very detailed, dealing with technical aspects, not suitable for a leader-level event. Some recommendations pertained more to the WTO and other international organizations' mandates, than the G20.

In 2013 the Task Force on Trade chose three major issue areas to cover with its recommendations: combating protectionism, promoting trade facilitation, and enhancing preferential trade agreements.

The B20 reiterated the traditional recommendation on fighting protectionism, calling upon the G20 to extend the deadline for a standstill commitment and monitoring exercise after 2014, while further strengthening the monitoring system and exploring ways to roll back any new protectionist measures that may have arisen with full respect for existing multilateral trade commitments. Being a traditional G20 commitment, which dates back to the first summit in Washington, the standstill commitment was expectedly included in the text of the Leaders Declaration. The deadline was further extended until the end of 2016, while the WTO, the OECD and the UNCTAD were tasked with continuing and reinforcing monitoring, very much in line with what was recommended by the B20. Despite the seemingly positive results, actual impact of the B20 recommendations on the G20 decision making in this regard is highly questionable.

The St Petersburg B20 report contained 11 recommendations on trade facilitation, including the call to commit to the conclusion of the WTO Trade Facilitation Agreement—the cornerstone element of the trade facilitation agenda. This recommendation was partially reflected by the G20. The leaders' confirmed that a successful outcome of the WTO Ministerial Conference in Bali in December 2013 on trade facilitation, and some elements of agriculture and develop-

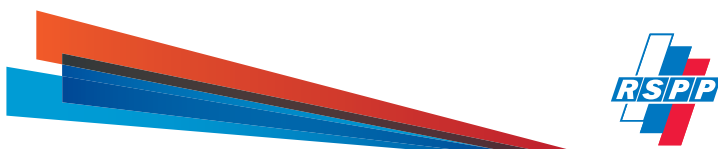
ment issues, would be a stepping stone to further multilateral trade liberalization and progress in Doha Development Agenda negotiations. However, there were no concrete decisions made on this issue. The other recommendations on trade facilitation were not taken up by the G20 at all.

As part of the trade facilitation agenda, the B20 called upon the G20 to avoid overregulation of trade finance in order to ensure its availability. The recommendation was left unheeded by the G20, as the trade finance issues were not discussed at the summit.

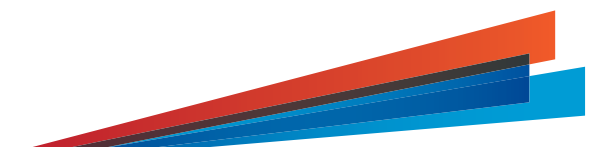
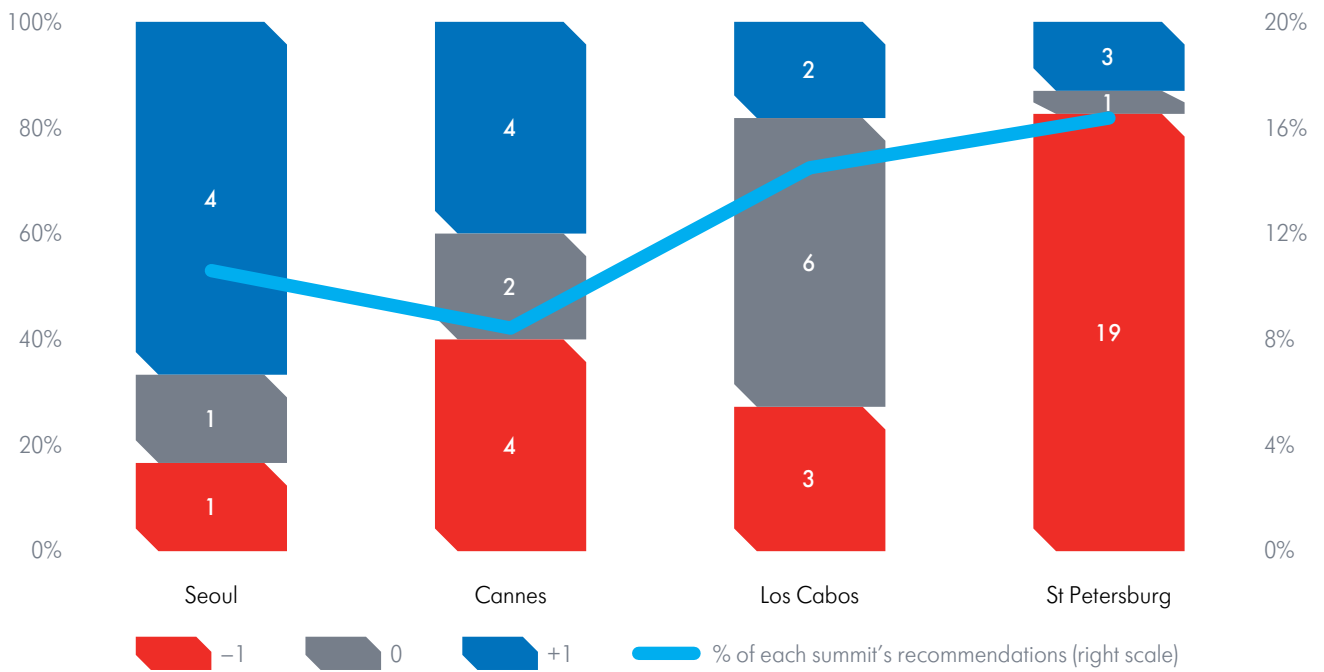
The third key issue area of the Task Force on Trade recommendations was preferential trade agreements (PTAs). There were four recommendations made in this area. Two of them (to encourage the WTO to take a leadership role in establishing principles to guide the design of PTAs, and to facilitate investment and capital mobility) were translated into the G20 actions, while the recommendations to address the complexities related to the "rules of origin" restrictions, and to carry out joint research on the best practices of trade regulation were neglected by the G20 leaders.

It should be noted that trade did not feature as one of the top priorities on the G20 agenda in 2013. Hence the leaders' documents are rather laconic on the topic and do not venture into details. The Russian Presidency did not continue the practice of G20 trade ministers meetings started by the Mexican Presidency, nor was there a Working Group which would act as the Trade Task Force G20 counterpart. The Trade Task Force Chair presented the B20 recommendations at the Sherpas meeting, but the Sherpas have too much on their plate to engage on the details.

The evidence base leads to three conclusions. First, the value of continued emphasis on trade liberalization, combating protectionism and completing the Doha Development Round is limited given that they constitute an inherent part of the G20 core agenda and B20 thus simply reiterates its support for the commitments made. Second, G20 fails to translate some of the more specific recommendations into commitments for obvious reasons: they fall short of the leaders' level, and belong to specialized organizations' mandates, and, finally, it is always more complicated to reach G20 consensus on concrete commitments than on broad decisions. Thus, the B20 needs to find a balance between the broad recommendations which form the core of the G20 agenda and the specific ones, which they prioritize in a consistent way consolidating positions across presidencies.



Picture 11. Recommendations on Multilateral Trade



Anti-Corruption and Transparency

The share of recommendations on fighting corruption in 2013 (12.1%) was above the average for all presidencies (9.4%) but lower than in 2012 (19.7%).

The recommendations of the 2013 Transparency and Anti-Corruption Task Force were structured in four areas: enhancing B20-G20 dialogue on anti-corruption, combating solicitation of bribes, training of companies personnel and public officials, and setting up a Collective Action Hub and Anti-corruption Centres of Excellence. All four areas were included on the G20 agenda, however the level of inclusion varied considerably.

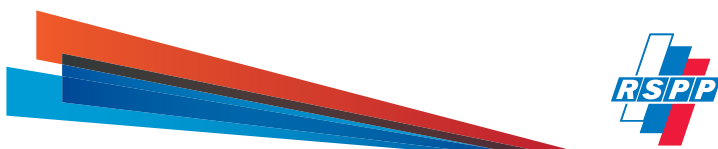
The engagement between the G20 Anti-Corruption Working Group (ACWG) and the B20 Task Force has been intense all through the presidency: B20 participated in all ACWG meetings and the G20 Russian Presidency organized the Third Annual High Level Anti-Corruption Conference for G20 Governments and Business. The G20 Leaders agreed that the ACWG will have the same status as other G20 working groups (B20 and C20 support of this action was specifically mentioned in the G20 documents). However, the G20 did not note the need to involve the private sector in the UN Convention Against Corruption review.

Although the G20 adopted special Guiding Principles to Combat Solicitation, they did not mention the specific B20 proposals on integrating an agreement on transparency in government procurement in global trade talks, supporting fair procurement practices through external trade and development programs, using the World Bank indicators to assess procurement, and introducing a High Level Reporting Mechanism.

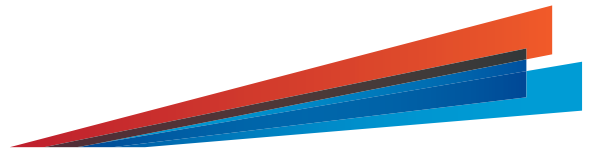
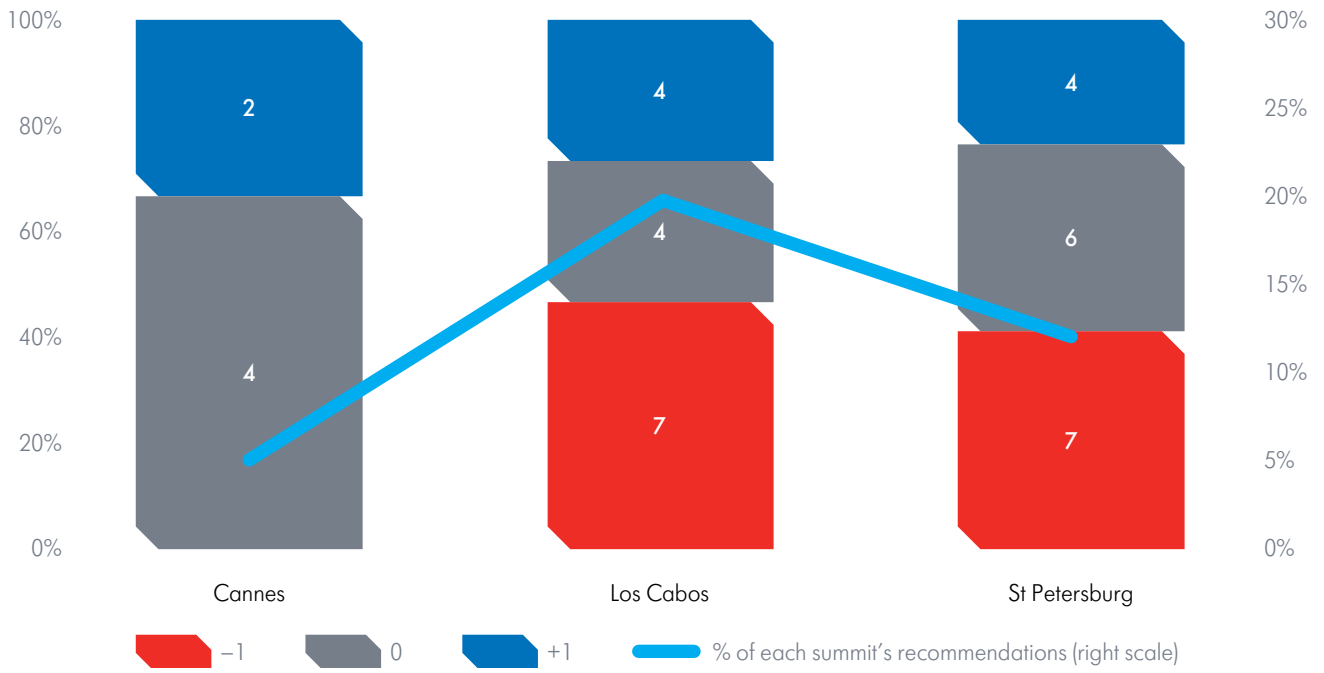
Despite the fact that G20 emphasized the importance of anticorruption education programs “to build and reinforce a culture of intolerance towards corruption” it did not make specific commitments on this issue except to promote awareness of the UNODC overview of educational and training tools in the G20 countries.

The G20 welcomed the B20 proposal of creating a Collective Action Hub but did not make any commitments nor clearly expressed its direct support for this initiative. The B20-G20 dialogue on combatting corruption was positively mentioned in the G20 documents several times and G20 committed to continue it. Despite a relatively low level of recommendations’ inclusion, the G20 acted upon a number of most important B20 messages and included all working areas proposed by B20 into its agenda. Thus the B20, proved its ability to constructively engage with the G20 on critical issues in the anti-corruption sphere. The B20 could further consider an emphasis on implementation of the G20 decisions given that the anti-corruption priority is fully established on the G20 agenda. It is important that the need to “cooperate closely with business community” through “keeping an open dialogue with the Business 20” is indicated in the St Petersburg Strategic Framework for the ACWG.

The Task Force adopted several recommendations with long-term perspective (for example, start using World Bank government procurement indicators, once they are launched in 2014), which were not acted upon or mentioned by the G20. It wasn’t possible to attain progress on some new initiatives and the recommendations with a long term perspective within several months of the Russian Presidency, these proposals build a foundation for future success within the forthcoming presidencies.



Picture 12. Recommendations on Corruption

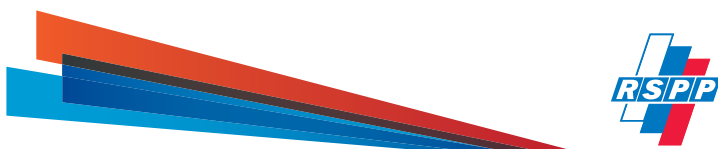


Global Governance and G20-B20 Dialogue Efficiency

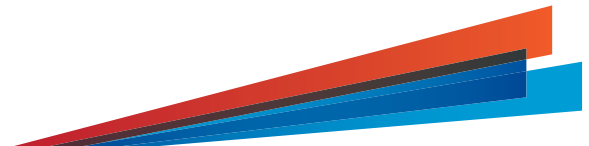
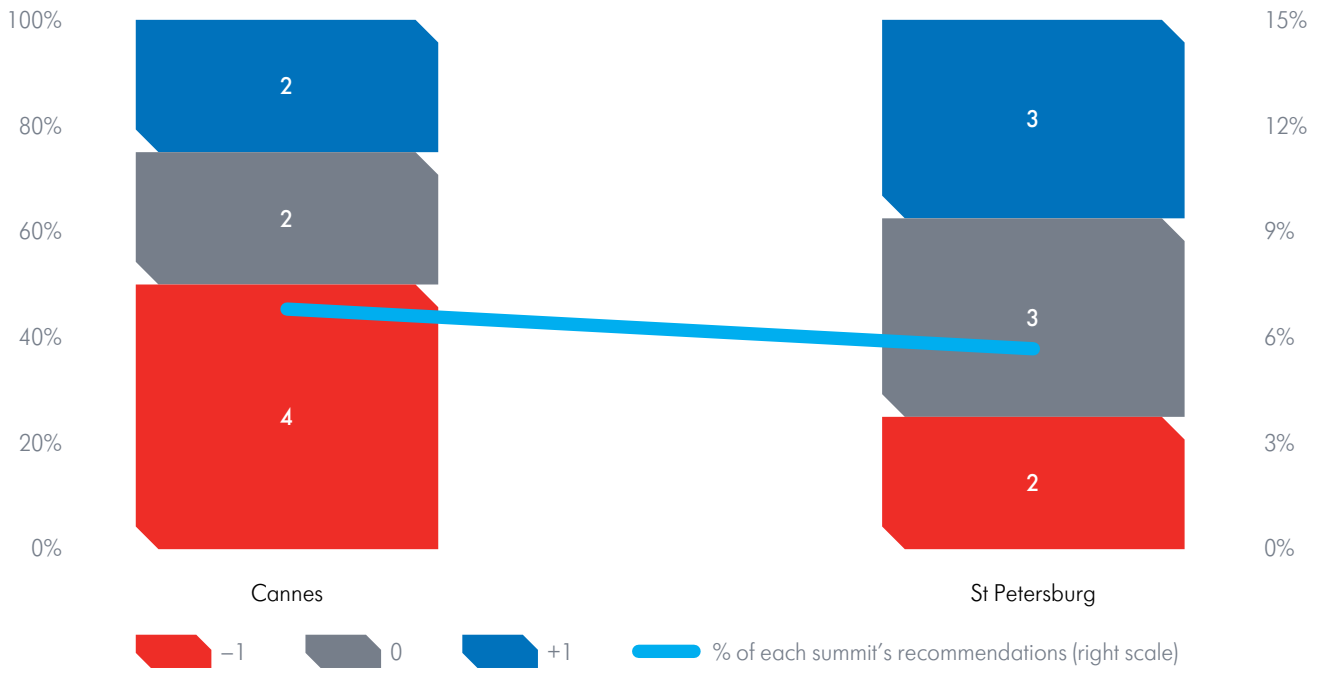
The B20 Task Force on G20-B20 Dialogue Efficiency under the Russian presidency built on the work of 2011 Global Governance Task Force focused on international architecture reform and the 2012 Advocacy and Impact Task Force which agreed concrete recommendations for B20 future actions.³ With the hindsight of the accumulated collaboration experience and planning for G20-B20 partnership B20 agreed a set of recommendations addressed to G20 and B20 in a balanced manner. Two of the recommendations were ignored by the G20, three deliberated upon and three reflected in actions or mandates. The ones ignored related to setting up joint G20-B20 working groups and encouraging international organizations to foster cooperation with the B20. Only on anti-corruption did G20 commit to maintain and build on the enhanced dialogue between the G20 Anti-Corruption Working Group and the B20 and C20. The Study Group on Investment stated preparedness to explore the scope for the Group deeper dialogue with private sector participants to better understand their perspectives on Financing for Investment.

The B20 recommendation to G20 to improve its transparency and monitoring of outcomes was supported by the G20 reiterated commitment to improve working practices for more effective outcomes by implementing a forward accountability process to improve monitoring and coordination, and ensure greater transparency of our work. The B20 aspiration that the G20 would continue to develop an effective dialogue with the B20 in a structured manner was acknowledged in the Leaders Declaration stating that G20 appreciated the contribution of the B20 and the Labour 20 and the crucial role of social dialogue as a means to achieve the G20 objectives of fostering growth, employment, and social cohesion, as well as in the Leaders' 5th Anniversary Vision Statement pledging to strengthen engagement with the social partners, including B20.

³ Given that the Task Force on Advocacy and Impact recommendations were limited to B20 actions, they were not included into the calculation.



Picture 13. Recommendations on Global Governance and Dialogue Efficiency



Conclusions: Looking Forward to 2014 Australian Presidency and Beyond

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From an ad hoc leaders' inspired meeting B20 has transformed into a reliable stakeholder in the G20 led process of steering the world to strong, sustainable and balanced growth. Given that this is the G20 led process, it comes as no surprise that B20 has been more successful in getting its recommendations heard when they relate to the G20 core agenda. Proposals outside the G20 conventional agenda stand little chance of being reflected in the G20 documents.

Under the Russian Presidency B20 advanced the B20-G20 engagement, consolidated its contribution to the G20 decision making and direction setting, made substantive progress towards B20 establishment as a global governance actor.

The B20 looks forward to productive future engagement with G20 and pursuit of the key recommendations agreed in 2013 steered by the Australian Presidency.

Investment should remain the centerpiece of the B20 agenda. The Task Force on Investments and Infrastructure under the Australian Presidency should continue focusing on three areas: enabling long-term cross-border investments; facilitating private sector participation in infrastructure; and increasing productivity of infrastructure investments.

We hope that the financial track will include the issue of stress-resilient financial markets infrastructure (FMI) within the broader framework of **financial regulation**. Attention should in particular be given to two key FMI-related aspects, namely increased transparency in derivatives trading and a proper functioning of centralized collateral management services.

The B20 should continue to urge G20 adherence to the Basel 3 timeline as well as monitoring consistency in application of Basel 3 principles as they relate to capital and liquidity requirements.

We recommend focusing on SMEs' access to finance and pro-growth taxation, given their role in job creation and sensitivity to even minor changes in regulation and economic environment.

There is a need to engage in a constructive dialogue as regards global regulatory policies within the framework of the OECD Base Erosion and Profit Shifting (BEPS) Project.

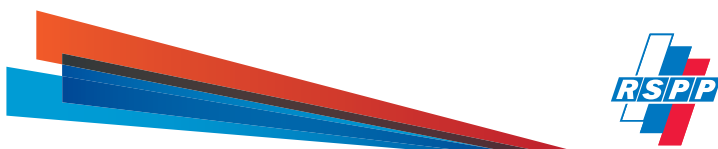
Given the progress achieved in the inclusion of the B20 recommendations on fighting protectionism, the B20 future **multilateral trade** agenda should be focused on two areas. On Preferential Trade Agreements the B20 should undertake practical steps towards implementation of best practices, for example by creating and running specific pilot projects on two or three areas where the WTO could develop and promote its findings. It could also be useful to explore how PTAs could not just be compatible with but complement multilateral trade agreements and WTO rules.

In the search for a constructive resolution of the deadlock around the Doha Round the G20 could lead the effort of the WTO membership in reviewing Doha, either finding new creative ways to complete it within a sensible timeframe or identifying and focusing on those elements that enjoy the highest chances to be agreed upon in the near future and hence harvest the low-hanging fruits of Doha Development Agenda.

Fostering **innovation**, which is important for finding new sources of growth and achieving sustainable development, should be pursued within several task forces. Thus, the issues of creating robust broadband infrastructure can be addressed by the Task Force on Infrastructure. The Task Force on Employment can explore innovative approaches to human capital development. At the same time, the B20 should continue and expand the work on a global intellectual property (IP) regime, despite the fact that the G20 agenda has not yet acknowledged its importance for economic development. Given the innovative industries' dependency on IP the B20 should find a way of rethinking the global IP regime for the needs of innovation and development throughout the world.

B20 should emphasize the imperative to accelerate **implementation of the Millennium Development Goals** and push for a post-2015 Development Agenda focus on inclusive economic growth, job creation and sustainable development. B20 can be an effective member of the international compact for development cooperation, assisting in capacity building by technology development and transfer.

In 2014 the B20 should continue prioritize the **employment and human capital** agenda on promoting job creation, with a focus on policies leading to an enabling busi-



ness environment and addressing the main obstacles, such as insufficient investment in education, skills and training; restricted labour markets and insufficient or untapped innovation and entrepreneurship.

Cross-border migration and the demographic challenge should be addressed within the Australian Presidency by facilitating the debate on how to make migration beneficial to all parties — the migrant, the host and the home country.

The demographic challenge should be included in the B20 priorities. The G20 must become a catalyst for comprehensive approaches to tackling the ageing of societies and securing the sustainability of social security systems without placing undue burdens on enterprises and on future generations.

Further and more detailed monitoring and benchmarking of members' implementation of G20 commitments is needed and will require comparable, accessible, accurate, up-to-date and robust statistics.

Successful B20-G20 collaboration on **anti-corruption** can be further consolidated through implementing a "cross-cutting" approach, where the topic is discussed within several or all Task Forces.

The traditional priorities of corporate compliance and anti-bribery could be supplemented by other important issues, such as tax havens, money-laundering, financial services, beneficial ownership, and further work on voluntary disclosure in collaboration with the Task Force responsible for financial regulation.

The plans of launching the Collective Action Hub and the Centres of Excellence could be pursued.

We look forward to pursuing **an effective engagement** with the G20 in a structured manner throughout the presidency, culminating in a productive dialogue in the summit. We hope the forthcoming presidencies will ensure that G20-B20 engagement is not limited to a separate outreach track. The G20 would benefit from consulting with the B20 on the Presidency agenda priorities. The practice of developing and presenting B20 recommendations in the relevant G20 formats well in advance of the summit should be consolidated. The B20 representatives acting as observers or invited members can add real value to the deliberations and decision making of the G20 Working Groups, Ministerial and Sherpas' meetings by providing a common B20

position. The B20 members look forward to fruitful collaboration in joint G20-B20 working groups bringing together the G20, the B20 and international institutions, such as the emerging collaboration in the Study Group on Financing for Investment.

We anticipate future G20 accountability reports. On the B20 side we propose to review how the B20 recommendations are implemented by the G20 and to present the reviews for public consultations on the eve of each summit. A consistent, rigorous and unbiased assessment of this engagement becomes an indispensable instrument for enhancing B20-G20 Dialogue transparency and effectiveness, as the B20 process matures and its members invest more and more of their time and resources into engagement with the G20. Building on the decisions made within the Mexican Presidency the Russian Presidency laid down the foundations of such assessment by creating the catalogue of all B20 previous recommendations as a resource for future presidencies; carrying out a systemic assessment of B20 recommendations impact on the G20 decision-making; and monitoring the G20 compliance with the B20 priorities-related G20 commitments made by the Leaders. We look forward to consolidation of this work within the future presidencies.

There is still a lot to be done for the B20 to become a recognized global governance actor. The B20 ought to ensure its own transparency, efficiency, legitimacy and accountability. To this end the B20 members must develop a mid-term strategy, communicate it clearly to other stakeholders, including international organizations and SMEs, and agree on a mid-term engagement pattern with the G20. B20 should share with the G20 responsibility for delivery on the commitments, and account for its own actions in a transparent, coherent and unbiased way. The B20 should ensure participation of all relevant stakeholders building on the established practice of inviting globally recognized business leaders, representatives of national business organizations, experts from international economic and financial organizations, professional institutions and consultancies, think tanks and the academic community. Thus the B20 process cannot stall. The forthcoming presidencies have the opportunity to consolidate B20's status as a recognized global governance actor in line with the B20 ambitious goals.

