

## Seoul Development Consensus for Shared Growth

*“Narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient global economy for all.”*

*~Toronto Declaration, June 26-27, 2010*

In the wake of the most severe economic shock in recent history, the G20 has the opportunity to contribute to the reconstruction of the world economy in a form conducive to strong, sustainable, inclusive and resilient growth. Through the Seoul Development Consensus for Shared Growth, we seek to add value to and complement existing development commitments, particularly those made at the recent High-Level Plenary Meeting on the Millennium Development Goals, and in other fora.

### ***Why Growth Must be Shared***

At Pittsburgh we agreed to work together in an unprecedented process of mutual assessment to ensure our individual economic policies collectively achieved an outcome of strong, sustainable and balanced growth. This Framework was borne of a recognition that for the world to enjoy continuing levels of prosperity it must find new drivers of aggregate demand and more enduring sources of global growth. We recognize as a crucial part of this exercise that we need to enhance the role of developing countries and low income countries (LICs) in particular, for the following reasons:

- First, because for prosperity to be sustained it must be shared.
- Second, because we acknowledge that the impact of the recent crisis demonstrated a global interconnectedness that is disproportionately affecting the most vulnerable in the poorest countries. It has been estimated that, as a result of the recent crisis, an additional 64 million people will be living in extreme poverty (i.e., living on less than USD 1.25 a day) by the end of 2010. We therefore have a responsibility to fulfill.
- Third, as the premier forum for our international economic cooperation, because the G20 has a role to play, complementing the efforts of aid donors, the UN system, multilateral development banks (MDBs) and other agencies, in assisting developing countries, particularly LICs, achieve the Millennium Development Goals (MDGs). Our role must relate to our mandate on global economic cooperation and recognize that consistently high levels of inclusive growth in developing countries, and LICs in particular, are critically necessary, if not sufficient, for the eradication of extreme poverty.
- Fourth, because the rest of the global economy, in its quest for diversifying the sources of global demand and destinations for investing surpluses, needs developing countries and LICs to become new poles of global growth – just as fast growing emerging markets have become in the recent past.

Our overarching objective of helping LICs improve and maintain the levels and quality of growth, thereby reducing poverty, improving human rights and creating decent jobs, requires strengthening the relationships among high, middle and low income countries. This entails

promoting sustainable economic, social and environmental development; honoring equity in the partnerships that exist; building stronger and more effective partnerships among advanced countries, emerging countries and LICs; engaging the private sector and civil society; and refocusing our priorities and efforts to remove the bottlenecks for LIC growth. We further believe there is no “one-size-fits-all” formula for development success and that developing countries must take the lead in designing and implementing development strategies tailored to their individual needs and circumstances.

### ***G20 Development Principles***

We therefore commit ourselves to a Multi-Year Action Plan to achieve these objectives. This Plan will be based on the following principles, intended to capture the key characteristics of our actions and policies:

1. ***Focus on economic growth.*** *Be economic-growth oriented and consistent with the G20 Framework for Strong, Sustainable and Balanced Growth, which requires narrowing of the development gap. More robust and sustainable economic growth in LICs will also go hand-in-hand with their capacity to achieve the MDGs. Actions and policies should have the capacity to significantly improve the prospects for inclusive, sustainable and resilient growth above business as usual.*
2. ***Global development partnership.*** *Engage developing countries, particularly LICs, as equal partners, respecting their national ownership and recognizing that the most important determinant of successful development is a country’s own development policy. Ensure that actions foster strong, responsible, accountable and transparent development partnerships between the G20 and LICs.*
3. ***Global or regional systemic issues.*** *Prioritize actions that tackle global or regional systemic issues such as regional integration where the G20 can help to catalyze action by drawing attention to key challenges and calling on international institutions, such as MDBs, to respond. Focus on systemic issues where there is a need for collective and coordinated action, including through South-South and triangular cooperation, to create synergies for maximum development impact.*
4. ***Private sector participation.*** *Promote private sector involvement and innovation, recognizing the unique role of the private sector as a rich source of development knowledge, technology and job creation. Encourage specific ways to stimulate and leverage the flows of private capital for development, including by reducing risks and improving the investment climate and market size.*
5. ***Complementarity.*** *Differentiate, yet complement existing development efforts, avoiding duplication, and strategically focus on areas where the G20 has a comparative advantage and can add value focusing on its core mandate as the premier forum for international economic cooperation.*
6. ***Outcome orientation.*** *Focus on feasible, practical and accountable measures to address clearly articulated problems that are serious blockages to significantly improving growth prospects for developing countries. Such measures should have the potential to provide tangible outcomes and be significant in impact. Implementation of G20 action on development should be monitored through an adequate accountability framework.*

In close consultation with our developing country and LIC partners, as well as relevant international and regional organizations with development expertise, we have also identified nine areas, or “key pillars,” where we believe action and reform are most critical to ensure inclusive and sustainable economic growth and resilience in developing countries and LICs. These areas are: **infrastructure, private investment and job creation, human resource development, trade, financial inclusion, growth with resilience, food security, domestic resource mobilization** and **knowledge sharing**. Creating optimal conditions for strong, sustainable and resilient economic growth in developing countries will require reform and transformation across each of these interlinked and mutually reinforcing key pillars.

Guided by our development principles and oriented around the key pillars, we have developed the following Multi-Year Action Plan on Development. We believe these action plans address some of the most critical bottlenecks to strong and sustainable economic growth and resilience in developing countries, in particular LICs, and have high potential for transformative, game-changing impact on people’s lives, helping to narrow the development gap, improve human rights and promote gender equality. We commit to full, timely and effective implementation of these action plans and, to this end, will continue to closely monitor their progress, in synergy with other processes, including preparations for the Fourth High-Level Forum on Aid Effectiveness to be held in Korea in late 2011.



## MULTI-YEAR ACTION PLAN ON DEVELOPMENT

The following sets out our concrete actions and outcomes to be delivered and developed over the medium term. Dates in parentheses denote deadlines to be met. The Development Working Group will continue its work and will monitor progress on the Multi-Year Action Plan by reporting to the Sherpas.

### INFRASTRUCTURE

*Gaps in infrastructure, including with respect to energy, transport, communications, water and regional infrastructure, are significant bottlenecks to increasing and maintaining growth in many developing countries. We are committed to overcoming obstacles to infrastructure investment, developing project pipelines, improving capacity and facilitating increased finance for infrastructure investment in developing countries, in particular low income countries (LICs).*

#### **ACTION 1: DEVELOP COMPREHENSIVE INFRASTRUCTURE ACTION PLANS**

We request the regional development banks (RDBs) and the World Bank Group (collectively, multilateral development banks, or MDBs) to work jointly to prepare action plans that increase public, semi-public and private finance and improve implementation of national and regional infrastructure projects, including in energy, transport, communications and water, in developing countries, LICs in particular. The MDBs will pursue actions in the following five areas:

##### **Information and needs assessment**

- Identify infrastructure gaps, needs and funding requirements, particularly with respect to regional and rural infrastructure, as well as opportunities to promote public-private and semi-public partnerships (*June 2011*); and
- Working with developing countries and regional agencies, deliver bankable growth-supporting regional connectivity projects, building on the momentum created by existing initiatives and facilities (e.g., Infrastructure Project Preparation Facility (IPPF), New Partnership for Africa's Development (NEPAD), African Water Facility (AWF) and Asian Infrastructure Financing Initiative (AIFI)). (*November 2011*)

##### **Internal practices**

- Identify possible improvements in their lending guidelines, internal policies and practices with a view to overcoming bottlenecks that constrain infrastructure lending, disbursements and the speed of project implementation (*June 2011*); and
- Assess the sufficiency of internal resources for project preparation, institutional capacity development and risk mitigation. (*June 2011*)

##### **Improving the domestic infrastructure investment climate**

- Working with LICs on a demand driven basis, assess and diagnose institutional, regulatory, policy, and public sector capacity bottlenecks in LICs that hamper public, semi-public and private investment in infrastructure and assist LICs in developing action plans within the context of national development goals and strategies to:
  - (i) remove the bottlenecks to development, whole life costing and planning for investments in new infrastructure, operations and maintenance of existing infrastructure and rehabilitation of aging infrastructure;
  - (ii) improve internal resource mobilization and increase fiscal space; and
  - (iii) increase energy access, including by supporting more sustainable paths that make maximum use of cost effective renewable energy and resources, support energy conservation, and increase efficiency. (*November 2011*)

### **Special measures for regional integration**

- Identify and make recommendations with respect to specific institutional, regulatory and policy changes needed for national policies and regional architecture to respond to the physical and economic needs of regional projects (*November 2011*);
- Identify a limited number of regional initiatives with a plan for action to reduce bottlenecks and deliver concrete outcomes in these initiatives (*November 2011*); and
- Identify MDBs' institutional bottlenecks that may impede investment in cross-border and regional infrastructure projects. (*November 2011*)

### **Transparency and sustainability**

- Working with existing pilots, develop an initiative ready for implementation to significantly improve transparency in procurement, construction and infrastructure finance (*November 2011*); and
  - Assess how best to integrate environmental safeguards into infrastructure development in an effective and cost efficient manner. (*November 2011*)

The final outcomes of these MDB action plans should be reported to the Summit in France and be accompanied by an endorsement and commentary by the HLP (see below). (*June 2011 for preliminary report; November 2011 for final report*)

## **ACTION 2: ESTABLISH A G20 HIGH-LEVEL PANEL FOR INFRASTRUCTURE INVESTMENT**

We have created a High-Level Panel for Infrastructure Investment (HLP) to mobilize support for scaling up infrastructure financing. The HLP will last for one year, until the Summit in France.

### *Composition*

- Approximately 12 members will be appointed in a non-executive capacity for their expertise and authority in developing country public infrastructure investment needs, public finance and economics, constraints in LICs, sovereign wealth fund investment criteria, public private partnerships, project finance, innovative finance, and risk management (*February 2011; December 2010 for appointment of Chair*); and
- Administrative and technical support and resources will be provided by a dedicated group of experts from the MDBs and the private sector.

### *Terms of Reference*

The HLP will:

- Review MDB policy frameworks and identify and recommend concrete measures to scale up finance and diversify the sources of affordable financing for infrastructure needs, including from public, semi-public and private sector sources;
- Take into account the limitations of risk bearing capacity of private and semi-public finance, lessons of successes and failures from the past and ongoing programs, best practice, the importance of durability and whole life costing, and innovative ways to mitigate and intermediate risks to attract finance; and
- Review the MDB Action Plan and provide independent comment in an iterative process to ensure workability, the maximization of the outcomes and a focus on environmental sustainability and transparency.
- The final outcomes of the HLP should be reported to the Finance Ministers meeting and to the Leaders at the Summit in France. (*June 2011 for preliminary report; November 2011 for final report*)

## HUMAN RESOURCE DEVELOPMENT

*Developing human capital is a critical component of any country's growth and poverty reduction strategy. Adding to education initiatives related to the Millennium Development Goals (MDGs), it is important for developing countries, in particular LICs, to continue to develop employment-related skills that are better matched to employer and market needs in order to attract investment and decent jobs.*

### **ACTION 1: CREATE INTERNATIONALLY COMPARABLE SKILLS INDICATORS**

We call upon the World Bank, ILO, OECD, and UNESCO to work together to develop internationally comparable and practical indicators of skills for employment and productivity in developing countries, particularly LICs, to assist them to:

- Better match training to employers' needs and future labor market opportunities in developing countries;
- Identify gaps in the education system for basic level employable skills;
- Identify the links between education, health problems, gender gaps and life-long skills development; and
- Produce a comparable database across countries to serve as a monitoring tool for assessing employable skills development in LICs.

The relevant institutions will submit an interim report at the Summit in France, a final report on the skills indicators by 2012, and a final report on the comparable database by late 2014. (2012; late 2014)

### **ACTION 2: ENHANCE NATIONAL EMPLOYABLE SKILLS STRATEGIES**

The MDBs, ILO, OECD and UNESCO have agreed today to form a unified and coordinated team with the aim of supporting a pilot group of self-selected LICs to enhance their national strategies to develop skills, improve productivity in existing jobs, and promote investment in new jobs. This action should:

- Focus on strengthening national and regional vocational education and training institutions and programs;
- Build on the G20 Training Strategy submitted at the Toronto Summit and begin by identifying existing gaps that act as barriers to increasing investment in skills development and productivity, including through considering the impact of gender gaps and health problems such as non-communicable diseases; and
- Review the work done and, based on the results achieved, consider a wider roll-out of the program to LICs and middle income countries.

(2012)

## TRADE

*No country has grown and reduced poverty without access to and the ability to trade. Recognizing both the capacity and access to trade as key elements in economic growth and poverty reduction, we are committed to facilitating trade with and between developing countries, in particular LICs.*

### **ACTION: ENHANCE TRADE CAPACITY AND ACCESS TO MARKETS**

- We agree to make progress towards duty-free and quota-free (DFQF) market access for the least developed country (LDC) products in line with Hong Kong commitments without prejudice to other negotiations, including as regards preferential rules of origin. We will explore, in collaboration with the relevant international organizations, the scope for further improvement and cooperation among G20 members leading to the implementation of this commitment.
- We are committed to at least maintaining, beyond 2011, Aid for Trade levels that reflect the average of the last three years (2006 to 2008). We are also resolved to strengthen the role of South-South trade cooperation and to reinforce the involvement of the private sector in these measures. In parallel with the implementation of these commitments, we will ensure that aid flows to other sectors are sustained. *(2011 and beyond)*
- We will engage fully in the ongoing processes of relevant institutions, in particular the WTO, OECD, World Bank and other multilateral and regional development bodies, to monitor these commitments and evaluate their impact on LICs' capacity to trade. We will consider the outcome of the Global Aid for Trade Review of July 2011 and adjust our Multi-Year Action Plan on Development accordingly. *(2011)*
- To follow up on the Toronto Declaration, which asks international agencies, including the World Bank and other MDBs, to step up their capacity and support trade facilitation, we call on such institutions to coordinate a collective multilateral agency response by the time of the Global Aid for Trade Review in 2011. *(July 2011)*
- We ask the G20 Trade Finance Expert Group, together with the WTO Experts Group on Trade Finance and OECD Export Credit Group to further assess the current need for trade finance in LICs and, if a gap is identified, will develop and support measures to increase the availability of trade finance in LICs. We call on the WTO to review the effectiveness of existing trade finance programs for LICs and to report on actions and recommendations for consideration by the Sherpas through the G20 Development Working Group in February 2011. *(February 2011)*
- In order to develop practical measures that can be pursued nationally and regionally to support successful regional trade integration, in particular between African countries, we ask the African Development Bank, in collaboration with the WTO and MDBs, to identify before the Summit in France the existing obstacles and barriers to regional trade integration in Africa. *(June 2011)*



## PRIVATE INVESTMENT AND JOB CREATION

*Domestic and foreign private investment are key sources of employment, wealth creation and innovation, which in turn contribute to sustainable development and poverty reduction in developing countries. The decisions and actions in this area are primarily those of investors themselves and those of developing countries in improving the policy environment for investment. Recognizing the centrality of private investment to development and job creation, we will support and assist investors, developing countries and key development partners, such as the International Finance Corporation and International Development Association, in their work to better leverage and maximize the economic value-added of private investment and to create globally competitive industries. We will work with successful existing initiatives such as the UN Global Compact, the Investment Climate Facility for Africa, the World Bank's Annual Doing Business Report and indicators, and the MDG Call to Action.*

### **ACTION: SUPPORT RESPONSIBLE VALUE-ADDING PRIVATE INVESTMENT AND JOB CREATION**

- We will 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. *(June 2011)*
- We request UNCTAD, UNDP, ILO, OECD and the World Bank to review and, consistent with best practice of responsible investment, develop key quantifiable economic and financial indicators for measuring and maximizing economic value-added and job creation arising from private sector investment in value chains. Based on these indicators, these international organizations should make recommendations to assist developing countries to attract and negotiate the most value-adding investment to their economies. *(June 2011; Summer 2012)*
- We request the World Bank and relevant agencies, in association with the G20, to establish a G20 Challenge on Innovation to provide a platform for innovative solutions to be brought to scale and to showcase entrepreneurship aimed at solving social challenges (e.g. innovative services on business strategies focusing on youth unemployment). *(November 2011)*

Based on the outcome, we will recommend how to engage the private sector to find innovative business solutions that meet the needs of the poor in a sustainable way. *(Summer 2012)*

- The G20, MDBs, UNCTAD, UNDP, ILP and OECD will, based on the outcomes of this and other work, assist developing countries, in particular LICs, to develop action plans with the view to strengthen financial markets to boost small and medium enterprises (SMEs), improve the business investment climate, maximize the value-added of private investment and support the regulatory framework for foreign and domestic investment. Existing international investment arrangements between G20 countries and LICs will be strengthened to promote investment in LICs. *(June 2012)*

## FOOD SECURITY

*We emphasize the need for increased investment and financial support for agricultural development and welcome commitments made through the Global Agriculture and Food Security Program (GAFSP) and other bilateral and multilateral channels. We encourage additional contributions by the private sector, the G20 and non-G20 actors to support country-led plans and ensure predictable financing. We endorse the Rome Principles for enhancing global policy coherence and mitigating risks to sustainable agricultural productivity, access to food, nutrition and crisis prevention.*

### **ACTION 1: ENHANCE POLICY COHERENCE AND COORDINATION**

- In order to strengthen existing agriculture research systems we request the FAO and the World Bank to examine and recommend potential innovative results-based mechanisms, such as those examined by the Consultative Group on International Agricultural Research (CGIAR) and advanced market commitments for enhanced agricultural productivity. *(March 2011)*
- We underline the need to fulfill our existing commitments on food security and sustainable agricultural development. We will review and monitor progress on G20 commitments and request the FAO, World Bank and OECD, in cooperation with the l'Aquila Food Security Initiative (AFSI), to monitor progress and report back at the Summit in France. *(March 2011 for preliminary report; June 2011 for final report)*
- We call for support to build capacity in tropical agriculture technologies and productive systems. *(Medium-term)*
- We request key international organizations, including the UN Committee on World Food Security (CFS), to identify bottlenecks and opportunities to increase policy coherence for food security consistent with the Rome Principles. The work should focus on harnessing the potential of the agriculture sector to advance sustainable economic growth and poverty reduction, enhance engagement with the private sector and strengthen North-South, South-South and triangular cooperation. *(March 2011 for preliminary report; June 2011 for final report )*

### **ACTION 2: MITIGATE RISK IN PRICE VOLATILITY AND ENHANCE PROTECTION FOR THE MOST VULNERABLE**

- We request that FAO, IFAD, IMF, OECD, UNCTAD, WFP, the World Bank and WTO work with key stakeholders to develop options for G20 consideration on how to better mitigate and manage the risks associated with the price volatility of food and other agriculture commodities without distorting market behavior, ultimately to protect the most vulnerable. We ask the World Bank to work with other relevant international agencies to develop measures to improve information on national and regional food stocks and food production projections, provide nutrition intervention for the most vulnerable, and ensure access to humanitarian supplies. *(March 2011 for preliminary report; June 2011 for final report)*
- We are committed to promoting increased procurement from smallholder producers and to strengthen their access to markets, in line with domestic and regional strategies. *(Medium-term)*
- We encourage all countries and companies to uphold the principles of Responsible Agricultural Investment. We request UNCTAD, the World Bank, IFAD, FAO and other appropriate international organizations to develop options for promoting responsible investment in agriculture. *(March 2011 for preliminary report; June 2011 for final report)*

## GROWTH WITH RESILIENCE

*Social protection systems and international remittances, together with improved access to financial services, play an important role in providing income security for poor communities in developing countries, and in particular LICs, providing buffers to those communities from the impact of external shocks and contributing to the maintenance and enhancement of aggregate demand. Lessons can be learned from the performance of specific social protection mechanisms in developing countries during the recent crisis, and applied for the benefit of LICs, including through South-South cooperation. Measures can also be taken to facilitate and increase the efficiency of international remittances, building on existing work in this area.*

### **ACTION 1: SUPPORT DEVELOPING COUNTRIES TO STRENGTHEN AND ENHANCE SOCIAL PROTECTION PROGRAMS**

Recognizing the vulnerabilities exposed by the global financial crisis, we call upon the UNDP, in consultation with the ILO, MDBs and other relevant international organizations, to:

- Identify lessons learned from the implementation of social protection mechanisms in developing countries, in particular LICs, during and after the crisis;
- Prepare best practice guidelines based on this experience; and
- Make recommendations on how to surmount barriers inhibiting cross-country knowledge sharing and program replication or expansion.

The primary focus of this work will be on social protection mechanisms that support resilient and inclusive growth by helping vulnerable communities to deal with external shocks. It should consider options for improving the timeliness and accuracy of poverty data, including through further implementation of the UN Global Pulse Initiative.

The outcomes of this work, and of any relevant programs being taken forward by G20 members under North-South, South-South or triangular cooperation arrangements, will be reported to the Summit in France. (*March 2011 for preliminary report; June 2011 for final report*)

### **ACTION 2: FACILITATE THE FLOW OF INTERNATIONAL REMITTANCES**

We recognize the importance of facilitating international remittance flows and enhancing their efficiency to increase their contribution to growth with resilience and poverty reduction. We ask the World Bank, RDBs and other relevant organizations, including the Global Remittances Working Group, to work with individual G20 members and non-G20 members in order to progress further the implementation of the General Principles for International Remittance Services and related international initiatives aimed at a quantified reduction of the global average cost of transferring remittances. The outcomes of this work will be reported to the Summit in France. (*November 2011*)

## FINANCIAL INCLUSION

*Given that more than two billion adults are excluded from financial services and millions of micro-, small- and medium- sized enterprises (MSMEs) face serious constraints in accessing finance, financial inclusion is fundamental for improving the livelihoods of the poor and in supporting MSMEs, and work as the engines of economic growth and job creation.*

### **ACTION 1: ESTABLISH THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION**

We will launch the Global Partnership for Financial Inclusion (GPI) to provide a systematic structure for implementing the G20 Financial Inclusion Action Plan in close collaboration with the Alliance for Financial Inclusion (AFI), the Consultative Group to Assist the Poor (CGAP), and the International Finance Corporation (IFC). *(November 2010)*

The GPI will (i) facilitate an efficient and effective information sharing mechanism; (ii) coordinate the various financial inclusion efforts (iii) provide systematic monitoring of progress over time (iv) mobilize financial support for activities as needed, and (v) launch and coordinate taskforces to address specific financial inclusion issues (e.g. financial inclusion data). The GPI will coordinate its work with the APEC initiative and other financial inclusion initiatives.

The progress and annual report of the GPI will be submitted to the Summit in France.

### **ACTION 2: SME FINANCE CHALLENGE AND FINANCE FRAMEWORK FOR FINANCIAL INCLUSION**

#### **SME Finance Challenge**

We will announce the 14 winning proposals of the SME Finance Challenge that offer innovative models for catalyzing private capital for SME finance. *(November 2010)*

#### **Finance Framework for Financial Inclusion**

We commit to establishing a finance framework that mobilizes grant and risk capital for winning proposals from the SME Finance Challenge and for scaling up successful SME financing models. The framework will use existing funding mechanisms and the SME Finance Innovation Fund, a newly created multilateral trust fund.

### **ACTION 3: IMPLEMENT THE ACTION PLAN FOR FINANCIAL INCLUSION**

We will adopt the G20 Financial Inclusion Action Plan to promote the application of the Principles for Innovative Financial Inclusion (the Principles) and the lessons learned from the SME stocktaking exercise. *(November 2010)*

The actions to be implemented include (i) advancing the implementation of the Principles through a commitment by each G20 member to implement at least one of the Principles; (ii) encourage the Standard Setting Bodies to further incorporate financial inclusion objectives into their work; (iii) encouraging further private sector activities to increase access to financial services; (iv) strengthening and expanding data availability for measuring financial inclusion and methodologies for countries that wish to set financial inclusion targets; (v) supporting peer-learning capacity building and training; (vi) improving coordination at the national and international levels; and (vii) integrating financial inclusion into financial assessment programs.

The GPI will submit a progress report on implementation at the next Summit in France *(November 2011)*.

## DOMESTIC RESOURCE MOBILIZATION

*It is essential to continue to strengthen tax regimes and fiscal policies in developing countries to provide a sustainable revenue base for inclusive growth and social equity, as well as to enhance the transparency and accountability of public finances.*

### **ACTION 1: SUPPORT THE DEVELOPMENT OF MORE EFFECTIVE TAX SYSTEMS**

We ask the expanded OECD Task Force on Tax and Development, UN, IMF, World Bank and regional organizations such as the Inter-American Center for Tax Administration and African Tax Administration Forum and other relevant organizations to:

- Identify key capacity constraints faced by developing countries in their tax systems and make recommendations on capacity building to (i) improve efficiency and transparency of tax administrations and (ii) strengthen tax policies to broaden the tax base and combat tax avoidance and evasion (*June 2011*);
- Develop a knowledge management platform and promote South-South cooperation to support the capacity of developing countries in tax policy and administration systems (*Medium-term*);
- Survey and disseminate all G20 and international organizations' actions on supporting tax systems in developing countries (*June 2011*);
- Set up objective measures to track progress in the capacity improvement of LICs' tax administration systems (*June 2011*); and
- Identify ways to help developing countries' tax multinational enterprises (MNEs) through effective transfer pricing. (*June 2011*)

The results will be reported at the Summit in France. (*November 2011*)

### **ACTION 2: SUPPORT WORK TO PREVENT EROSION OF DOMESTIC TAX REVENUES**

We ask the Global Forum to enhance its work to counter the erosion of developing countries' tax bases and, in particular, to highlight in its report the relationship between the work on non-cooperative jurisdiction and development. (*Medium-term*)

The results will be reported at the Summit in France. (*November 2011*)

## KNOWLEDGE SHARING

*Sharing development experiences, including through North-South, South-South and triangular cooperation, contributes to the adoption and adaptation of the most relevant and effective development solutions. We encourage international organizations such as the UN, World Bank, OECD and RDBs that operate knowledge sharing platforms to strengthen and broaden sources of knowledge on growth and development. We agree that knowledge sharing initiatives should be mainstreamed in each pillar in this Multi-Year Action Plan.*

<b>ACTION: ENHANCE THE EFFECTIVENESS AND REACH OF KNOWLEDGE SHARING</b>
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We request the Task Team on South-South Cooperation (TT-SSC) and UNDP to recommend how knowledge sharing activity, including North-South, South-South, and triangular cooperation, can be scaled up. These recommendations should include measures to broaden knowledge sources, improve brokering functions, strengthen the dissemination of best practices and expand funding options. <i>(June 2011)</i>
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## **G20 Anti-Corruption Action Plan**

### ***G20 Agenda for Action on Combating Corruption, Promoting Market Integrity, and Supporting a Clean Business Environment***

Corruption threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust, and undermines the rule of law. Corruption is a severe impediment to economic growth, and a significant challenge for developed, emerging and developing countries. As leaders of major trading nations, we have a special responsibility to prevent and tackle corruption, to establish legal and policy frameworks that promote a clean business environment and to continue to assist G20 countries in their capacity building efforts to combat corruption.

Building on our Leaders' declarations, the G20 commits to supporting a common approach to an effective global anti-corruption regime, the principles of which are enshrined in the provisions of the United Nations Convention against Corruption (UNCAC); showing collective leadership by taking action in high priority areas that affect our economies; and to directly engaging our private sector stakeholders, who represent the leading share of global businesses, in the development and implementation of innovative and cooperative practices in support of a clean business environment. In that respect, the G20 agreed in Toronto to establish a Working Group to make comprehensive recommendations for consideration by Leaders in Korea in November 2010 on how the G20 could continue to make practical and valuable contributions to international efforts to combat corruption and lead by example

In this regard, we recognize the importance of building upon and complementing existing global mechanism, i.e., the UNCAC, including other international instruments such as the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and regional instruments.

To this end the G20 will lead by example in key areas, including but not limited to, as follows:

1. To ratify or accede, and fully implement the UNCAC by G20 countries as soon as possible, to invite non-G20 states to ratify or accede the UNCAC and to strengthen the individual reviews in line with the current Terms of Reference of the Mechanism for the Review of Implementation of the UNCAC, by ensuring that our individual reviews, under the new implementation review mechanism, are conducted in an effective and thorough manner, and endeavor to enhance the level of transparency and inclusivity.
2. To adopt and enforce laws and other measures against international bribery, such as the criminalization of bribery of foreign public officials, and begin by 2012 the necessary discussions to lead to, on a voluntary basis, more active engagement within the OECD Working Group on Bribery with regards to the standards of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or to the ratification of the Convention. G20 countries will as well promote the effective implementation of Article 16 on bribery of foreign public officials and public international organizations of the UNCAC.

3. To prevent corrupt officials from accessing the global financial system and from laundering their proceeds of corruption, we call upon the G20 to further strengthen its effort to prevent and combat money laundering, and invite the Financial Action Task Force (FATF) to continue to emphasize the anti-corruption agenda as we urged in Pittsburgh and report back to us in France on its work to: continue to identify and engage those jurisdictions with strategic Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) deficiencies; and update and implement the FATF standards calling for transparency of cross-border wires, beneficial ownership, customer due diligence, and due diligence for “politically exposed persons”.
4. To prevent corrupt officials from being able to travel abroad with impunity, G20 countries will consider a cooperative framework to deny entry and safe haven in our jurisdictions to corrupt officials and those who corrupt them. To that end, G20 experts will examine the possibility to develop common principles for national measures to deny entry of corrupt officials, taking into account existing practices and barriers, and recommend frameworks for bilateral cooperation on the application of this authority.
5. To strengthen international cooperation and to lead by example through our own efforts to tackle corruption and bribery, the G20 will promote the use of the UNCAC, particularly those provisions related to extradition, mutual legal assistance and asset recovery and offer technical assistance where needed, and encourage the signing of bilateral and multilateral treaties on extradition, mutual legal assistance and asset recovery. We will endeavor to address the technical assistance requirements identified by state parties through the implementation of the review mechanism of the UNCAC to further promote implementation of the Convention.
6. To support the recovery of proceeds of corruption stowed abroad, all G20 countries will adopt measures related to, inter alia, preventing and detecting transfers of proceeds of crime; measures for direct recovery of property; mechanisms for recovery of property through international cooperation in asset tracing, freezing and confiscation; measures for special cooperation in voluntary disclosure; and return and dispose of assets as enshrined in Chapter V of the UNCAC. To this end, G20 countries will by the time of the 2011 Summit in France, establish clear and effective channels for mutual legal assistance, and other forms of international cooperation, on corruption and asset recovery, in particular, if they have not done so already, designate an appropriate authority responsible for international mutual legal assistance requests relating to corruption and asset recovery; establish points of contact for law enforcement and international cooperation on corruption cases; and develop specialized expertise for asset recovery in an appropriate agency.
7. To protect whistleblowers, who report in good faith suspected acts of corruption, from discriminatory and retaliatory actions, G20 countries will enact and implement whistleblower protection rules by the end of 2012. To that end, building upon the existing work of organizations such as the OECD and the World Bank, G20 experts will study and summarize existing whistleblower protection legislation and enforcement mechanisms, and propose best practices on whistleblower protection legislation.
8. To strengthen the effective functioning of anti-corruption bodies or enforcement authorities in the prevention and fight against corruption and enable these authorities to carry out their function free from undue influence, G20 countries will take as soon as possible the necessary actions to implement Article 6 (anti-corruption body or bodies) and Article 36 (specialized authorities) of the UNCAC.



9. To promote integrity, transparency, accountability and the prevention of corruption, in the public sector, including in the management of public finances.

The G20 will exercise its voice in the governance of international organizations to encourage that they operate with transparency, high ethical standards, effective internal safeguards and the highest standard of integrity. To that end, we call for continued dialogue among international organizations and national authorities on defining good practices and ways forward on this objective.

Business is a stakeholder in anti-corruption efforts, and its engagement on the issue is essential. The G20 will encourage public-private partnerships and offers a significant opportunity for developing and implementing initiatives that engage the private sector in the global fight against corruption.

To this end, the G20 will:

- strengthen corporate efforts, by extending an invitation to the private sector to meet during the French Presidency, to examine best practices and other forms of business engagement in combating corruption and to consider how G20 corporations could share their on-going efforts.
- combat corruption in specific sectors, by working with industry and civil society to identify vulnerabilities in commercial transactions in a subset of specific sectors, with the goal of recommending multi-stakeholder initiatives for improvements in propriety, integrity and transparency by the end of 2011, for consideration by Leaders and implementation thereafter as appropriate.

Leading by example, the G20 holds itself accountable for its commitments. Beyond our participation in existing mechanisms of peer review for anti-corruption standards, reports, agreed within the working group, on individual and collective progresses made by G20 countries in the implementation of the Action Plan will be submitted on an annual basis to the G20 Leaders for the duration of this Action Plan.

In this context, the Anti-Corruption Working Group will prepare a first monitoring report for the Leaders at next Summit in France.